

Sustainable
Markets
Initiative

ALLOCATABILITY RISK BOUNDING

From De-Risking to Risk-Bounding

The Institutional Underwriting Doctrine

An SMI Lighthouse Report for Sovereigns, Institutional Investors
& Development Partners

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African Sovereign Wealth and
Pension Fund Leaders Forum



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FIGURE 1

FROM UNCERTAINTY TO ALLOCATABILITY

UNBOUNDED RISK



BOUNDED



STANDARDISED



OBSERVABLE



PRICEABLE



BENCHMARKABLE



ALLOCATABLE

ARB

ADMISSIBILITY

GEMs3.0

OBSERVABILITY

DIS/DISX

EXECUTION

ALLOCATION FOLLOWS ADMISSIBILITY.
ADMISSIBILITY FOLLOWS RISK-BOUNDING.

Chair's Foreword

From De-Risking to Risk-Bounding

Global capital markets are entering a new infrastructure regime. Infrastructure requirements continue to expand. Fiscal capacity does not.

As this divergence widens, the defining challenge is no longer whether infrastructure can be financed — it is whether infrastructure can scale through systems capable of operating at institutional scale.

Institutional portfolios do not require uncertainty to be eliminated. They require uncertainty to become observable, measurable, governable and priceable within portfolio systems.

Allocatability Risk-Bounding (ARB) was developed to address this challenge. It establishes the conditions through which infrastructure exposure becomes institutionally admissible.

Guarantees may improve project viability. Insurance may reduce downside outcomes. Blended finance may improve financing conditions. None of these mechanisms, in isolation, necessarily creates exposure capable of systematic portfolio integration.

**THE TRANSITION UNDERWAY IS NOT FROM RISK TO SAFETY.
IT IS FROM DE-RISKING TO RISK-BOUNDING.**

As infrastructure systems become larger, more interconnected and increasingly central to economic competitiveness, energy security, industrial productivity and digital growth, the importance of admissible exposure rises.

This is particularly evident in sovereign infrastructure systems, where long-duration capital formation increasingly depends upon institutional allocatability rather than balance-sheet absorption. ARB defines the underwriting discipline through which such exposure can emerge.

This report sets out the doctrine, laws, governance conditions and structuring disciplines through which infrastructure exposure may satisfy the requirements for institutional allocation at scale.

Its central proposition is simple. Risk need not be removed to allocate. It must be bounded sufficiently to become admissible. The transition underway is structural. Capital increasingly reallocates through institutional eligibility. The challenge is no longer how risk is removed. It is how uncertainty becomes admissible.



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The Case at a Glance

THE CONSTRAINT

Projects can be financeable without being allocatable. Guarantees, insurance, and subsidies improve project outcomes.

They do not, in isolation, produce exposure that can be integrated into portfolios.

WHAT ARB IS

ARB is the institutional underwriting discipline through which non-standard risk becomes institutionally admissible exposure.

It:

- ▶ bounds residual uncertainty
- ▶ improves portfolio comparability
- ▶ supports benchmark compatibility

INSTITUTIONAL REQUIREMENT Institutional portfolios do not require certainty. They require risk to be measurable and governable.

It defines the conditions under which risk becomes priceable within institutional systems.

ALLOCATION PATHWAY

Institutional participation follows benchmark recognition and portfolio integration.

Eligibility → Benchmark → Allocation

POSITION IN SYSTEM

Sovereign Infrastructure → IIPP → ARB → DIS → GEMs → DISX

Non-standard exposure becomes standardised exposure.

RETURN LOGIC

Return arises from repricing as exposure transitions from:

Non-allocatable → Allocatable → Benchmark-Integrated

DECISION FRAME

The relevant question is not: "Is this a good project?". It is: "Is this exposure allocatable?"

IMPLICATION FOR IC

This is an exposure conversion process.

- ▶ non-standard infrastructure risk,
- ▶ bounded, standardised exposure,
- ▶ benchmark-compatible allocation.

FIGURE 2

THE ARB ALLOCATION CONDITION

FROM DE-RISKING TO RISK-BOUNDING



THE DISTINCTION

De-risking improves project finance.
Risk-bounding enables institutional allocation.

THE LAW

**Institutional allocation requires
admissible exposure, not project viability alone.**

Institutional Exposure Formation

Infrastructure does not scale because risk is removed. Infrastructure scales because uncertainty becomes institutionally admissible. ARB defines the underwriting conditions through which this transformation occurs.

® **Uncertainty Becomes Observable**

Fragmented, opaque risk is standardised and made visible within institutional risk systems.

® **Observable Uncertainty Becomes Priceable**

Once measurable, exposure can be assigned a required return consistent with institutional pricing systems.

® **Priceable Exposure Becomes Admissible**

Priced, governed exposure satisfies portfolio, mandate, and benchmark eligibility requirements.

® **Admissible Exposure Becomes Allocatable**

Institutional capital flows to exposure that is measurable, governable and benchmark-recognised.

SECTION 1

Executive Summary

Admissibility Precedes Allocatability

Institutional capital allocates to exposure that satisfies portfolio, governance and benchmark requirements.

Recent international cost-of-capital reform initiatives have highlighted the role of allocation inefficiencies and risk transparency in shaping financing outcomes.

The allocatability implications of these findings arise from the relationship between uncertainty, admissibility and allocation.

Allocatability Risk-Bounding (ARB) is the institutional underwriting framework through which residual infrastructure uncertainty becomes institutionally admissible exposure.

ARB does not remove risk. It defines the conditions under which uncertainty becomes measurable, governable and priceable within portfolio systems.

Institutional markets reprice exposure when risk becomes standardised and benchmark-compatible

FIGURE 3

THE ALLOCATION LAW

HOW EXPOSURE BECOMES INSTITUTIONALLY ALLOCATABLE

NON-STANDARD EXPOSURE



RISK-BOUNDED EXPOSURE



ADMISSIBLE EXPOSURE



ALLOCATABLE EXPOSURE



REPRICING

Admissibility precedes allocatability.

The Structural Constraint

Global institutional portfolios now exceed \$300 trillion. Industrial infrastructure frequently fails to meet institutional requirements because risk remains bespoke, partially open-ended, and non-standardised.

Institutional participation depends on whether exposure satisfies portfolio and benchmark requirements.

THE CURRENT ALLOCATION ENVIRONMENT

Industrial systems are scaling beyond project-based structures into platform-level exposure,

- Ⓜ Institutional portfolios require long-duration, benchmark-compatible assets to absorb capital at scale,
- Ⓜ Benchmark expansion required,
- Ⓜ Yield compression in developed markets,
- Ⓜ Convergence of energy, compute, and infrastructure.

FIGURE 4

PARTICIPATION REQUIREMENTS

I

BOUNDED EXPOSURE

Contractually limited risk.

II

MEASURABLE RISK

Consistent exposure measurement.

III

COMPARABLE CONTEXT

Benchmark-compatible standards.

THREE REQUIREMENTS. ONE STANDARD.

The Limit of Guarantee-Based Approaches

Existing de-risking approaches have focused primarily on guarantees, insurance, and balance-sheet risk absorption.

Guarantee-based approaches remain constrained because they:

- ▶ absorb risk rather than structurally transform it,
- ▶ depend on third-party balance sheets,
- ▶ remain episodic rather than systemic,
- ▶ do not standardise exposure formation,
- ▶ do not create benchmark-compatible market instruments.

They do not necessarily enable allocation.

FIGURE 5

RISK TRANSFER \neq ALLOCATABILITY

GUARANTEE-BASED STRUCTURES

Project-Specific

Episodic

Non-Standard

Non-Benchmarkable

Portfolio-Isolated

ALLOCATABLE EXPOSURE

Standardised

Measurable

Benchmark-Compatible

Continuously Observable

Portfolio-Integrated

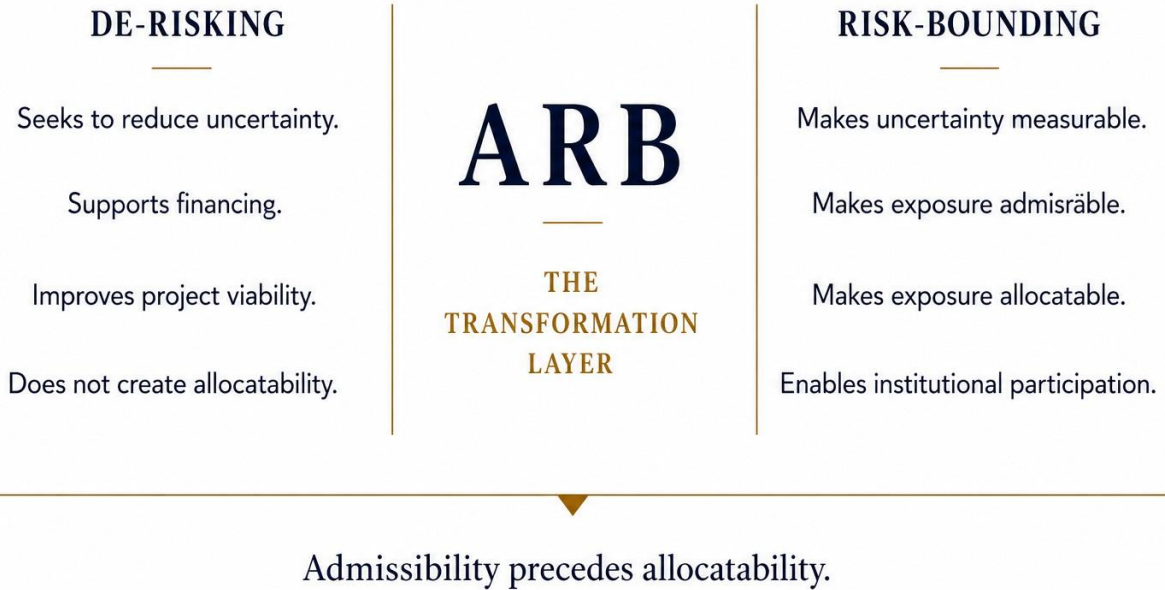
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Risk transfer does not create allocatability.
Allocatability requires admissible exposure.

FIGURE 6

THE REGIME SHIFT

FROM DE-RISKING TO RISK-BOUNDING



The Financeability–Allocatability Gap

Infrastructure can succeed without becoming allocatable

CONDITION	STATUS
Financeable Project	✓ YES
Construction Completed	✓ YES
Operational Asset	✓ YES
Revenue Generation	✓ YES
Positive Performance	✓ YES
Institutional Admissibility	✗ NO
Benchmark Eligibility	✗ NO
Mandate Compatibility	✗ NO
Institutional Allocation	✗ NO

THE STRUCTURAL CONSTRAINT

The challenge is not project formation.

It is exposure formation.

Infrastructure may be economically successful while remaining absent from institutional portfolios.

Institutional portfolios do not allocate to projects.

They allocate to admissible exposure.

Financeability and allocatability are not equivalent.

Institutional allocatability and sovereign value creation are complementary, but distinct outcomes.

Core Doctrine

The constraint is not risk itself.

It is whether risk can be transformed into admissible exposure.

Institutional underwriting transforms non-standard risk into admissible exposure.

The Admissibility Law

Only bounded, measurable and benchmark-compatible exposure enters allocation systems..

BOUNDING • STANDARDISATION • ADMISSIBILITY • ALLOCATION

The Admissibility Constraint

Existing infrastructure structuring disciplines optimise for bankability.

ARB optimises for admissibility.

These conditions are not equivalent.

Infrastructure may be economically viable, operational and financeable while remaining absent from institutional allocation systems.

FIGURE 7

THE FISCAL CAPACITY CONSTRAINT

THE SCALING CONSTRAINT SHIFTS FROM LIABILITIES TO ALLOCATIONS

FINANCING SYSTEM	SCALING CONSTRAINT	SCALING MECHANISM
Sovereign Balance Sheets	Fiscal Capacity	Liability Capacity
MDB Balance Sheets	Capital Adequacy	Balance-Sheet Capacity
Development Finance	Public Resources	Resource Capacity
Institutional Portfolios	Admissible Exposure	Portfolio Capacity

SCALING SHIFTS FROM LIABILITY CAPACITY TO PORTFOLIO CAPACITY.

The Institutional Consequence

The long-term constraint on infrastructure investment is increasingly not capital availability. It is the capacity of financing systems to transform uncertainty into institutional exposure. Sovereign balance sheets absorb liabilities. Institutional portfolios absorb admissible exposure. These systems scale through different mechanisms.

Foundational Principles

- Ⓜ Fiscal Capacity Principle
- Ⓜ Allocation Law
- Ⓜ Admissibility Law
- Ⓜ Repricing Law

SECTION 2

Defining ARB

Institutional underwriting transforms residual infrastructure risk into admissible exposure.

Risk Transfer ≠ Admissibility

Guarantees, insurance mechanisms and blended-finance structures transfer or absorb specific sources of downside risk.

Institutional admissibility depends on whether exposure becomes measurable, governable, comparable and benchmark-compatible.

Risk transfer may improve financeability. It does not independently establish admissibility.



ARB: The Risk Transformation Layer

ARB operates as the institutional risk-transformation layer. As infrastructure systems scale beyond the capacity of public balance sheets alone, institutional participation increasingly depends upon exposure satisfying portfolio, benchmark and governance requirements.

Institutional Underwriting Framework

Institutional underwriting operates through four disciplines:

- Ⓜ Structural Bounding,
- Ⓜ Revenue Bounding,
- Ⓜ Portfolio Aggregation,
- Ⓜ Financial Stabilisation,

Institutional Conditions

Institutional Investors require:

- Ⓜ Bounded exposure
- Ⓜ Long-duration contracted cashflows,
- Ⓜ Portfolio comparability,
- Ⓜ Diversified integration,
- Ⓜ Pricing visibility.

Sovereign Conditions

Sovereigns require:

- Ⓜ Standardised infrastructure structuring,
- Ⓜ Governance and contractual visibility,
- Ⓜ Corridor and platform aggregation,
- Ⓜ Revenue continuity,
- Ⓜ Capital formation at scale.

Investment Committees, Consultants & Ratings Agencies

Evaluate:

- Ⓜ Risk-boundary integrity,
- Ⓜ Contractual visibility,
- Ⓜ Diversification integrity,
- Ⓜ Ratings trajectory,
- Ⓜ Benchmark compatibility,
- Ⓜ Execution certainty.

These conditions determine admissibility, benchmark readiness and institutional participation.

Implementation Layer

ARB operates through four integrated disciplines:

- Ⓜ Structural Standardisation,
- Ⓜ Revenue Formation,
- Ⓜ Portfolio Aggregation,
- Ⓜ Financial Stabilisation.

Institutional Rule

Institutional portfolios require measurable, governable and priceable exposure.

Portfolio Requirement

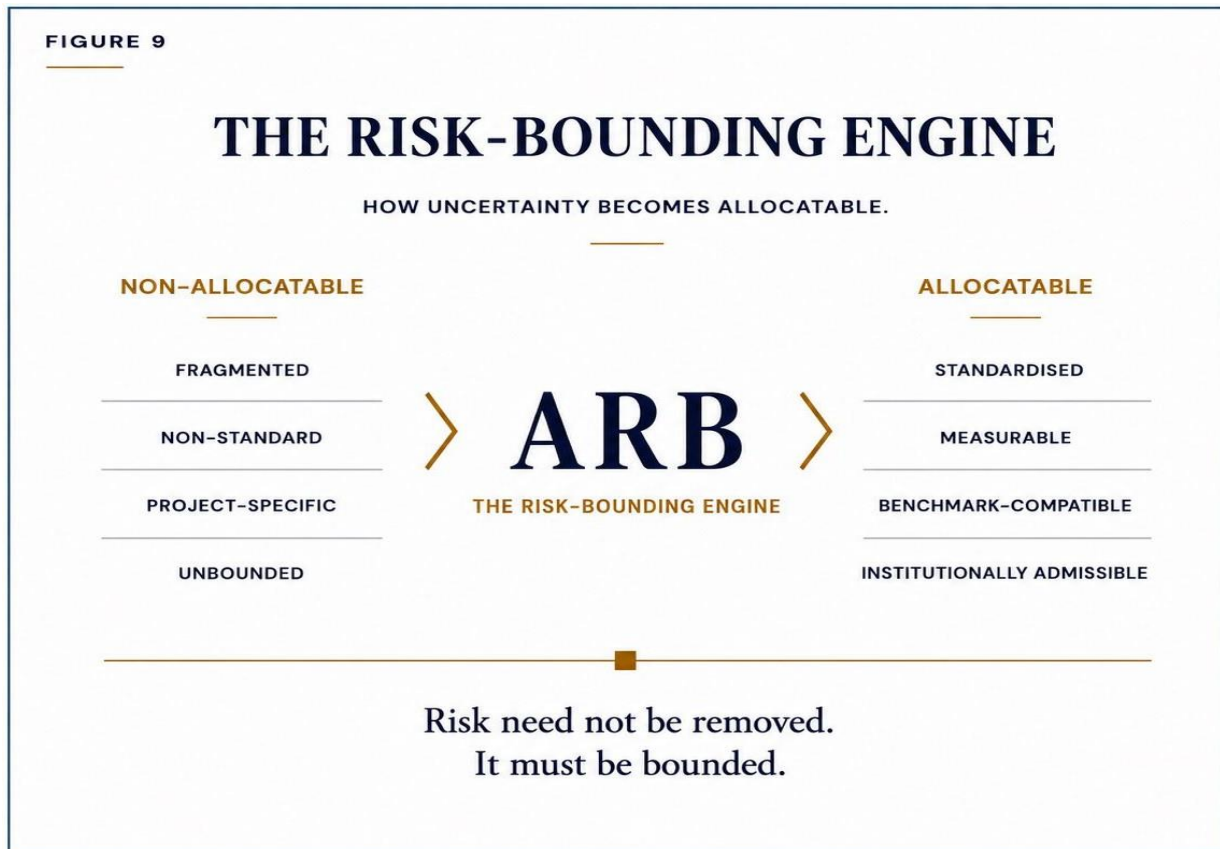
- Ⓜ Projects may be financeable without becoming allocatable.
- Ⓜ As fiscal constraints increase, institutional participation increasingly depends upon exposure compatibility.

SECTION 3

The ARB Mechanism

Institutional underwriting parameters determine the conditions under which exposure becomes institutionally admissible.

- Ⓜ Structural Bounding
- Ⓜ Portfolio Aggregation
- Ⓜ Revenue Bounding
- Ⓜ Financial Bounding



Structural Bounding

Governance, contractual and execution uncertainty remain primary sources of institutional inadmissibility.

Structural Bounding establishes:

- Ⓜ Contractual framework harmonisation
- Ⓜ Sovereign-aligned execution authorities

Where governance cannot be standardised, exposure remains non-allocatable.

Portfolio Aggregation

Individual projects frequently fail institutional thresholds due to concentration, scale and idiosyncratic risk.

Portfolio Aggregation converts project risk into diversified exposure.

Aggregation may occur across:

- Ⓜ Asset types
- Ⓜ Revenue streams
- Ⓜ Geographic jurisdictions
- Ⓜ Infrastructure corridors
- Ⓜ Industrial systems

Diversification improves comparability, cashflow visibility and execution certainty.

Revenue Bounding

Revenue Bounding transforms variable infrastructure revenues into long-duration contracted or quasi-contracted cashflows.

- Ⓜ Long-term offtake agreements
- Ⓜ Aggregated demand platforms
- Ⓜ Sovereign or utility-backed purchase frameworks

Revenue structures must preserve duration integrity and cashflow visibility.

Where revenues remain materially merchant or speculative, exposure remains non-allocatable.

Financial Bounding

Financial Bounding addresses residual volatility after governance, diversification and revenue transformation

Residual risks include:

- Ⓜ Debt service volatility
- Ⓜ Foreign exchange exposure
- Ⓜ Downside tail risk

Bounding mechanisms may include:

Debt service reserve and DSCR stabilisation structures

- Ⓜ FX hedging and currency shielding frameworks
- Ⓜ Liability matching and tenor alignment
- Ⓜ Selective first-loss or subordinate structuring where required

They bound residual volatility within institutional underwriting tolerances.

Financial Bounding is applied only to the extent necessary to satisfy underwriting conditions.

Integrated ARB Architecture

Allocatability emerges when governance, diversification, revenue and financial risks are bounded within a coherent exposure architecture.

Institutional exposure emerges through integrated risk transformation.

SECTION 4

Empirical Precedent

Institutional Repricing: Principle, Evidence, Pathway, Law

Principle

Institutional markets reprice exposure when non-standard risk becomes standardised, observable and benchmark-compatible.

Evidence

Market	Transformation	Compression
Merchant Solar	Contracted Offtake	300–600bps
Whole Loans	ABS Structuring	200–500bps
Single Infra Debt	Diversified Platform	300–500bps
Private Credit	Rated CLO	200–400bps

Fragmented risk becomes structured exposure.

Structured exposure becomes benchmark-compatible.

Benchmark-compatible exposure reprices.

Institutional Repricing Pathway

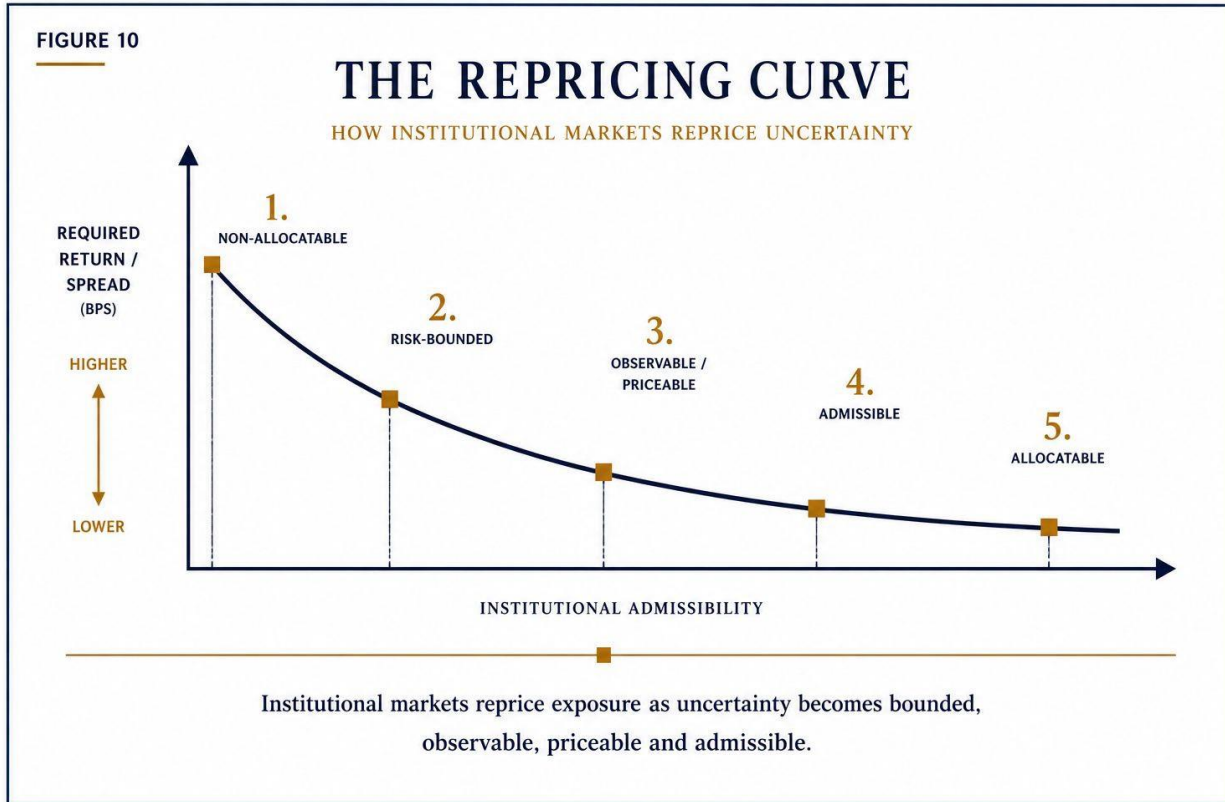
Exposure reprices as it migrates from non-standard risk into benchmark-recognised institutional form.

Repricing Law

Institutional repricing follows admissibility migration.

The Repricing Curve

Institutional markets historically assign lower required returns as fragmented risk becomes standardised, benchmark-compatible, and institutionally processable.



Institutional repricing has historically accompanied improvements in observability, comparability, benchmark recognition and admissibility.

Empirical Institutional Repricing Transitions

Historical Transition	Exposure Transformation	Institutional Shift	Indicative Spread Compression
Merchant Renewables	Merchant projects → contracted infrastructure platforms	Long-duration cashflow visibility	300–600bps
Whole Loans → ABS	Bilateral credit → securitised exposure	Portfolio comparability & liquidity	200–500bps
Telecom Towers	Single-site assets → diversified tower platforms	Benchmark-compatible infrastructure	250–450bps
Infrastructure Debt	Project loans → diversified debt platforms	Ratings comparability & institutional scaling	200–400bps
REIT Institutionalisation	Illiquid property → listed real estate exposure	Index eligibility & portfolio integration	150–350bps
Municipal Infrastructure	Fragmented issuance → pooled bond structures	Standardised credit observability	100–300bps
Private Credit → CLOs	Bilateral credit → rated portfolio structures	Institutional admissibility & benchmark visibility	200–400bps

Conditions of Institutional Repricing

Institutional markets rarely reprice exposure because underlying economics change.

They reprice exposure because admissibility improves.

Structural Condition	Institutional Effect
Governance Standardisation	Improves comparability and reduces uncertainty
Revenue Visibility	Improves cashflow predictability
Diversification & Pooling	Reduces concentration risk
Ratings & Benchmark Recognition	Expands institutional eligibility
Liquidity & Execution Infrastructure	Supports participation at scale

When Admissibility Changed Allocation

Market	Before	Admissibility Shift	Allocation Outcome
EM Sovereign Debt	Specialist Exposure	Benchmark Standardisation	Mainstream Institutional Allocation
Municipal Infrastructure	Fragmented Issuance	Pooled Rated Structures	Institutional Bond Participation
Renewable Infrastructure	Project Finance	Contracted Aggregated Exposure	Pension and Insurance Participation
Telecom Towers	Single Assets	Diversified Platforms	Infrastructure Asset-Class Inclusion

SECTION 5

The Repricing Law

The Institutional Repricing Premium

Institutional markets reprice exposure as uncertainty becomes:

- Ⓜ measurable
- Ⓜ standardised
- Ⓜ governable
- Ⓜ benchmark-recognised

Repricing follows admissibility.

Allocatability Alpha

The Institutional Repricing Premium reflects the spread between non-allocatable and admissible exposure. It emerges as exposure migrates from fragmented, non-standard risk into bounded, benchmark-compatible institutional form.

The premium reflects admissibility migration rather than operational outperformance.

Return is realised through admissibility migration.

The Repricing Pathway



Institutional repricing reflects changes in admissibility rather than changes in narrative.

Return Lifecycle

Phase 1 — Eligibility Migration

Return drivers:

- Ⓜ Spread compression
- Ⓜ Ratings migration,
- Ⓜ Removal of the non-standard discount,
- Ⓜ Structural transformation premium.

Phase 2 — Core Infrastructure

Return drivers:

- Ⓜ Contracted cashflow yield
- Ⓜ Duration income,
- Ⓜ Inflation-linked revenue,
- Ⓜ Benchmark-aligned pricing.

Returns converge toward core infrastructure characteristics as exposure becomes benchmark-integrated.

Why Guarantees Alone Do Not Create Allocatability

Guarantees may improve financing conditions without independently creating institutional allocatability. Credit enhancement improves financeability. Allocatability depends upon exposure that is measurable, governable, comparable and benchmark-compatible.

Guarantees absorb or transfer risk. Risk-bounding improves institutional admissibility.

Research assessing MDB-supported renewable energy transactions found that guarantee structures improved financing outcomes while leaving refinancing, tail-risk and recovery-risk conditions materially relevant.

Risk reduction alone does not establish admissibility.

Institutional participation depends upon whether residual uncertainty remains bounded within admissible institutional parameters.

Prudential Compatibility Principle

Prudential systems do not allocate on the basis of geography. They allocate on the basis of admissibility.

Institutional allocation constraints frequently reflect non-standardisation, limited comparability, pricing opacity, benchmark incompatibility and limited observability rather than geography itself.

The Scope of ARB

The framework operates within existing prudential, fiduciary, governance and benchmark systems. Exposure compatibility improves within those systems.

ARB does not determine:

- Ⓜ Capital requirements,
- Ⓜ Solvency treatment,
- Ⓜ Fiduciary obligations,
- Ⓜ Benchmark methodologies,
- Ⓜ Investment committee decisions,
- Ⓜ Portfolio construction mandates.

These remain the responsibility of regulators, benchmark providers, fiduciaries and institutional investors.

The Uniqueness Principle

Discipline	Institutional Function
Guarantees	Risk Transfer
Insurance	Loss Protection
Ratings	Credit Assessment
Diversification	Concentration Management
Securitisation	Exposure Formation
Benchmarking	Portfolio Comparability
ARB	Admissibility Determination

Admissibility expands possibility.

Allocation remains an institutional decision.

SECTION 6

Operational Discipline

The Allocatability Boundary Condition (ABC)

ARB requires objective rules governing when bounded risk is sufficient for institutional representation. ABC defines the institutional boundary between uncertainty and admissibility. Exposure forms only where uncertainty is measurable, priceable, or bounded within established institutional parameters.

Where risk remains materially open-ended or non-measurable, exposure does not form. Institutional representation begins at the ABC.

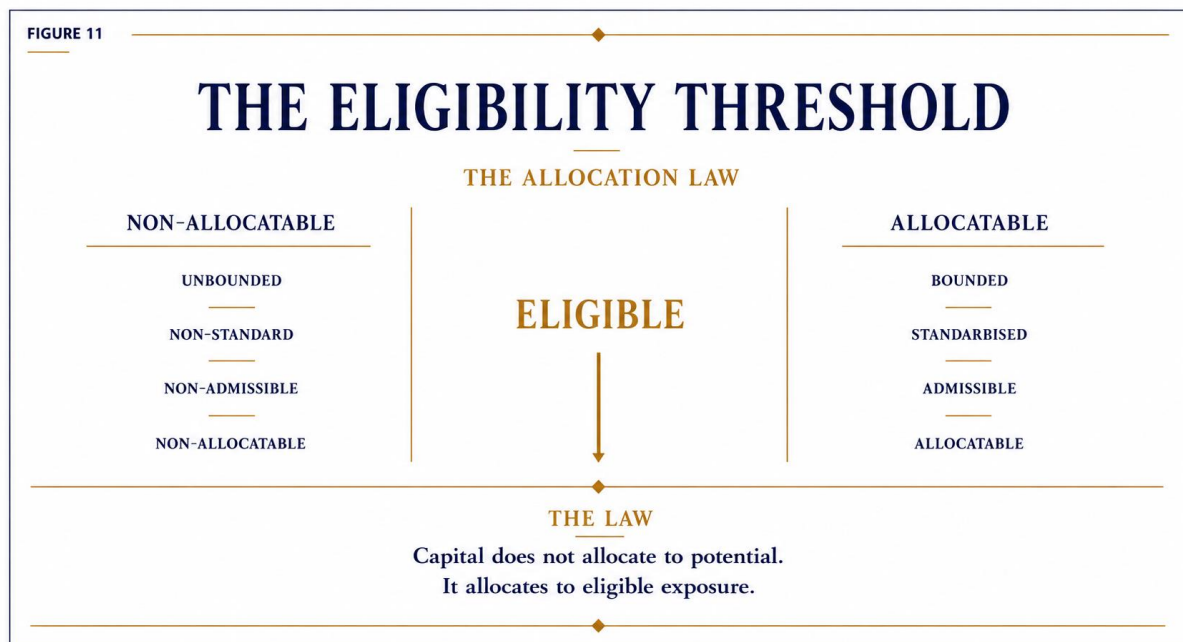
Bounding Thresholds and Verification

ABC is operationalised through institutional admission thresholds, used to assess whether infrastructure exposure has been structured within allocatable parameters.

Minimum thresholds include:

Criterion	Illustrative Threshold
Minimum DSCR	>1.4x
Contracted Revenue Duration	10+ Years
FX Hedge Coverage	70%+
Diversification	Minimum 3 Asset Pools
Ratings Pathway	BB+ / IG Trajectory
Offtake Coverage	>75% Contracted

Full eligibility methodology is set out in Annex A.



ABC operationalises ARB through measurable admission criteria, replacing discretionary judgement with transparent institutional eligibility rules.

Verification should occur through independent governance and validation processes, including:

- ▶ technical due diligence
- ▶ financial structuring review
- ▶ ratings / consultant assessment
- ▶ independent ARB certification committee
- ▶ ongoing compliance monitoring

CONTINUOUS RISK-BOUNDING CONDITIONS Institutional admissibility is not permanent. Exposure must remain continuously observable within underwriting tolerances.

Boundary Monitoring

- ▶ DSCR deterioration
- ▶ revenue impairment
- ▶ execution instability
- ▶ observability failure
- ▶ concentration deterioration

Dynamic Recertification

Institutional admissibility remains conditional rather than permanent. Exposure may require:

- ▶ periodic reassessment
- ▶ deterioration review
- ▶ conditional revalidation
- ▶ threshold recertification

BOUNDARY BREACH CONDITIONS Where uncertainty exceeds institutional tolerances, exposure may transition from admissible to non-admissible. Allocatability requires continuous observability rather than one-time structuring.

Allocatability is not permanent. Institutional admissibility must remain continuously observable.

Residual Risk Hierarchy & Dynamic Boundary Maintenance

ARB Does Not Eliminate Residual Risk

It distinguishes between risks that are:

- Ⓜ Governable,
- Ⓜ Diversifiable,
- Ⓜ transferable
- Ⓜ sovereign,
- Ⓜ systemic and non-diversifiable.

All infrastructure exposure retains residual downside risk.

ARB defines not a zero-risk condition, but an institutional tolerance framework.

Residual risks may include: sovereign discontinuity | convertibility constraints | macroeconomic instability | force majeure events | transmission failures | climate and physical disruption | concentration deterioration | long-duration demand impairment

Dynamic Boundary Maintenance

Institutional admissibility requires continuous monitoring of residual-risk conditions. ARB incorporates:

- Ⓡ downgrade triggers,
- Ⓡ covenant escalation mechanisms,
- Ⓡ recertification thresholds,
- Ⓡ diversification tests,
- Ⓡ execution reviews,
- Ⓡ liquidity assessments.
- Ⓡ benchmark-removal conditions

Where residual volatility exceeds institutional tolerances, exposure may transition outside allocatable conditions.

Governance and Verification

ARB requires governance processes to ensure allocatability thresholds are applied consistently and independently.

Core governance functions may include:

- Ⓡ Independent structuring review
- Ⓡ Technical and financial due diligence
- Ⓡ Validation of bounding thresholds
- Ⓡ Ratings and consultant assessment
- Ⓡ Ongoing compliance monitoring
- Ⓡ Periodic recertification of ARB eligibility

ARB is not self-declared. It is institutionally verified.

Certification must remain independent of originating sponsors to preserve market credibility and avoid adverse selection.

Allocatability must be maintained. Where bounding conditions deteriorate, exposure is reassessed.

ARB Certification Framework

ARB Certification is a formal institutional validation process.

It assesses whether exposure satisfies allocatability conditions across:

- Ⓡ governance,
- Ⓡ revenue,
- Ⓡ diversification,
- Ⓡ financial resilience,
- Ⓡ credit comparability,
- Ⓡ benchmark readiness.

Certification converts allocatability into measurable institutional readiness.

It complements underwriting. It does not replace it. Institutional portfolios favour exposure that is measurable, comparable, and benchmark-recognised.

FIGURE 12

ARB CERTIFICATION SCORECARD

ILLUSTRATIVE INSTITUTIONAL READINESS FRAMEWORK

DIMENSION	WEIGHT	KEY ASSESSMENT CRITERIA
GOVERNANCE & REGULATORY CERTAINTY	20%	Legal framework, approvals, sovereign alignment
REVENUE VISIBILITY	20%	Contracted duration, offtake quality, demand certainty
DIVERSIFICATION & AGGREGATION	15%	Asset pool count, sector mix, concentration
FINANCIAL RESILIENCE	15%	DSCR, reserves, refinancing profile
FX / MACRO STABILITY	10%	Hedge coverage, currency shielding
RATINGS / CREDIT TRAJECTORY	10%	Ratings visibility, underwriting comparability
BENCHMARK / MARKET READINESS	10%	Scale, standardisation, benchmark relevance

ARB SCORE	CLASSIFICATION	STATUS
<60	NON-ALLOCATABLE	Fails ARB Certification
60–74	TRANSITIONAL	Further Structuring Required
75–89	ARB-CERTIFIED	Institutionally Allocatable
90+	BENCHMARK READY	Eligible for Core Benchmark Integration

Figure 4A — ARB Certification Scorecard Weighted institutional readiness framework for assessing whether infrastructure exposure satisfies allocatability thresholds required for ARB certification. The ARB Score converts allocatability assessment from discretionary judgement into measurable certification criteria.

Development Impact & Sovereign Value Creation

SUPPLEMENTAL CERTIFICATION DIMENSION

ARB is principally concerned with institutional admissibility.

Its purpose is to establish the conditions through which infrastructure exposure becomes suitable for institutional allocation.

Institutional allocatability and sovereign value creation are related, but distinct.

The Development Impact & Sovereign Value Creation dimension operates as a supplemental assessment layer within the ARB Certification Framework.

It does not independently determine institutional admissibility.

OPTIONAL DEVELOPMENT IMPACT ASSESSMENT

Supplemental Certification Weighting

Certification Dimension	Illustrative Weight
Governance & Regulatory Certainty	20%
Revenue Visibility	20%
Diversification & Aggregation	15%
Financial Resilience	15%
FX & Macroeconomic Stability	10%
Benchmark & Market Readiness	5%

The weighting framework is illustrative.

Assessment should reflect applicable sovereign priorities and institutional mandates.

Certification Principle

Institutional admissibility determines whether capital can participate.

Sovereign value creation determines whether infrastructure contributes to long-term economic transformation.

The most durable infrastructure systems achieve both.

African Union 5% Institutional Allocation Agenda

Institutional allocation targets do not create allocation.

Admissible exposure creates allocation.

Allocation follows admissibility.

ARB CERTIFICATION & VERIFICATION ARCHITECTURE

FROM CERTIFICATION TO ENFORCEMENT

Institutional admissibility requires continuous verification.

Exposure is assessed against predefined admissibility conditions within the ARB Certification Framework.

Certification assesses whether exposure remains consistent with:

- Governance continuity
- Contractual enforceability
- Revenue visibility
- Diversification integrity
- Execution certainty
- Financial resilience
- Benchmark compatibility

Certification Status

- Provisional
- Certified
- Watchlist
- Boundary Breach
- Non-Admissible

Certification Review Triggers

Review Triggers

Certification review may be triggered by:

- Revenue deterioration
- Execution disruption
- Contractual impairment
- Concentration deterioration
- Benchmark-threshold breach
- Observability failure

Institutional Principle

Certification is not permanent.

Admissibility must remain continuously observable.

Institutional allocation requires continuously enforceable admissibility.

Empirical Validation Architecture

Empirical Validation Architecture

Institutional allocation systems require observable evidence that exposure behaves within bounded underwriting tolerances over time.

The ARB empirical validation architecture defines the continuous measurement conditions against which exposure is assessed.

Contractually stable | Operationally observable | Benchmark-compatible | Pricing-consistent |
Institutionally governable

ARB validation may include:

- ▶ DSCR performance persistence
- ▶ spread compression observation
- ▶ downgrade frequency analysis
- ▶ revenue continuity verification
- ▶ benchmark correlation analysis
- ▶ volatility stability measurement
- ▶ refinancing behaviour assessment
- ▶ liquidity observability metrics

Institutional admissibility strengthens when exposure demonstrates repeatable bounded behaviour across time rather than theoretical structuring alone.

Empirical Validation Layers



The objective is not the elimination of uncertainty. The objective is measurable institutional behaviour.

Institutional systems allocate where bounded exposure demonstrates operational persistence under observable market conditions.

How bounded exposure demonstrates institutional allocatability.

Metric	Observation Objective	Allocation Signal
DSCR Stability	Revenue persistence	Cashflow durability
Spread Compression	Market repricing	Risk standardisation
Downgrade Frequency	Credit stability	Institutional durability
Revenue Visibility	Contract continuity	Duration confidence
Liquidity Observability	Secondary market function	Portfolio scalability
Benchmark Correlation	Portfolio integration	Mandated compatibility

Institutional allocatability strengthens when bounded exposure becomes empirically observable.

Institutional systems trust observable persistence more than theoretical structure.

Ratings & Benchmark Integration Layer

Institutional allocation systems scale through benchmark recognition, ratings comparability, and portfolio-system interoperability.

ARB requires translation into institutional representations compatible with:

Ratings Methodologies | Consultant Review Frameworks | Benchmark Eligibility Standards | Index Inclusion Criteria | Institutional Custody Systems | Portfolio Risk Systems | Secondary Market Infrastructure

The Institutional Representation Pathway



Benchmark systems do not allocate to projects. They allocate to recognised institutional exposure.

Infrastructure exposure becomes interoperable with institutional allocation systems through the ARB compatibility architecture.

This transition enables: spread compression | benchmark integration | portfolio comparability | institutional scale formation | secondary market participation

Benchmark recognition converts bounded exposure into allocatable institutional representation.

Institutional Allocation Constraints & ARB Response Architecture

Institutional Constraint	Prudential Concern	Traditional Response	ARB Response
Non-investment-grade sovereign exposure	Elevated capital treatment	Guarantees / MDB support	Diversified bounded exposure architecture
Non-standard project structures	Underwriting inconsistency	Bespoke structuring	Standardised admissibility framework
Illiquidity	Portfolio integration difficulty	Hold-to-maturity financing	DIS / DISX market infrastructure
Ratings uncertainty	Benchmark exclusion	Credit enhancement	Ratings visibility & certification
Governance fragmentation	Fiduciary concern	Sovereign guarantees	IIPP execution architecture
Operational opacity	Risk-system incompatibility	Due diligence	Continuous admissibility surveillance
Benchmark incompatibility	Mandate exclusion	Bilateral allocation	Benchmark integration pathway
Concentrated project risk	Volatility concentration	Insurance overlays	Corridor aggregation & diversification

Institutional Governance Operating Stack

Institutional allocation does not scale through structuring alone. It scales through governance systems capable of continuously validating admissibility conditions.

Allocatability Operating Stack



Institutional scale emerges when governance, certification, benchmark recognition, execution certainty, and market infrastructure operate simultaneously. ARB functions not merely as a structuring framework, but as continuous institutional admissibility infrastructure.

The allocation constraint is operational before it is financial.

Institutional allocation scales through governance-operable admissibility systems.

Continuous Governance Functions

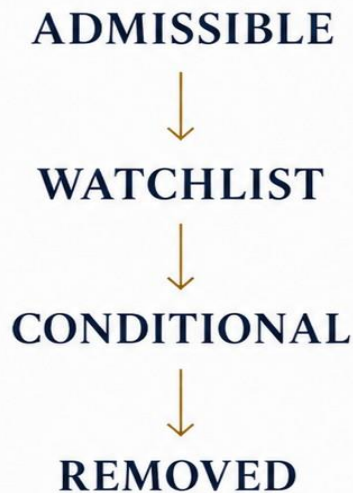
- Ⓜ certification surveillance
- Ⓜ downgrade escalation
- Ⓜ covenant monitoring
- Ⓜ benchmark continuity review
- Ⓜ liquidity observability
- Ⓜ periodic recertification
- Ⓜ execution continuity assessment
- Ⓜ disclosure verification

Allocatability is continuously maintained through institutional operating discipline.

FIGURE 13

THE ADMISSIBILITY MAINTENANCE LAW

ALLOCATABILITY MUST BE CONTINUOUSLY MAINTAINED



THE LAW

Institutional admissibility is not permanently granted.
It is continuously maintained through ongoing
compliance with allocatability thresholds.

Institutionalisation Pathway

ARB adoption requires institutionalisation across governance, validation, and market systems.

This includes:

- Ⓡ Independent governance body for ARB oversight
- Ⓡ Standardised certification and validation methodology
- Ⓡ Consultant and ratings agency engagement
- Ⓡ Benchmark and index methodology development
- Ⓡ Integration into secondary market infrastructure

ARB becomes durable when recognised as institutional market infrastructure.

FIGURE 14

THE BOUNDARY OF ALLOCATION

OPEN-ENDED

FRAGMENTED

UNBOUNDED

ARB

MEASURABLE

BENCHMARKED

PORTFOLIO-READY

ONLY BOUNDED EXPOSURE ALLOCATES.

SECTION 7

Allocation Implementation

Portfolio Integration

Institutional allocation occurs through existing mandates, benchmarks and portfolio structures.

ARB-enabled exposure enters portfolios through those same allocation mechanisms.

Primary portfolio classification is expected within:

- Ⓜ Real Assets,
- Ⓜ Infrastructure,
- Ⓜ Long-Duration Contracted Assets,
- Ⓜ Income-Oriented Alternatives.

Its portfolio role is expected to include:

- Ⓜ Duration extension,
- Ⓜ Yield enhancement,
- Ⓜ Inflation-linked income,
- Ⓜ Diversification, including rebalancing from concentrated public market exposures,
- Ⓜ Transitional alpha capture during eligibility migration.

ARB-enabled exposure does not require immediate mandate redesign.

Opportunistic and core-plus infrastructure mandates provide the natural entry point for institutional participation. Compatibility with core infrastructure allocation increases as benchmark integration matures.

Institutional access occurs through pooled, standardised vehicles and securities structures satisfying requirements for pricing, governance and portfolio integration.

Instrument Translation, Benchmark Integration & Fiduciary Governance

Translating ARB into Institutional Allocation Systems.

Institutional portfolios allocate through instruments, mandates, benchmarks and execution systems rather than through abstract infrastructure concepts alone.

Portfolio integration requires benchmark-compatible institutional representation.

Admissible exposure may be represented through:

- Ⓜ pooled infrastructure vehicles,
- Ⓜ corridor-level exposure platforms,
- Ⓜ sovereign infrastructure securities,
- Ⓜ benchmark-compatible debt structures,
- Ⓜ infrastructure sleeves within institutional portfolios,
- Ⓜ Digital Infrastructure Securities (DIS),
- Ⓜ index-eligible pooled exposure structures.

:

Benchmark compatibility requires:

- Ⓜ pricing observability,
- Ⓜ ratings comparability,
- Ⓜ contractual visibility,
- Ⓜ duration consistency,
- Ⓜ liquidity standards,
- Ⓜ covenant transparency,
- Ⓜ reporting standardisation.

Institutional allocation depends on whether exposure can be represented within benchmark and portfolio systems in forms compatible with fiduciary governance requirements.

This includes:

- Ⓜ investment committee review frameworks,
- Ⓜ consultant validation processes,
- Ⓜ ratings agency assessment pathways,
- Ⓜ benchmark inclusion standards,
- Ⓜ portfolio risk measurement systems,
- Ⓜ governance and disclosure requirements.

Fiduciary participation requires clear accountability architecture. Accordingly, ARB governance frameworks must establish:

- Ⓜ certification authority structures,
- Ⓜ disclosure responsibilities,
- Ⓜ audit and verification protocols,
- Ⓜ benchmark monitoring systems,
- Ⓜ downgrade escalation procedures,
- Ⓜ implementation oversight responsibilities.

Institutional allocation occurs where admissibility, execution certainty, benchmark integration and fiduciary governance converge.

ARB defines the institutional conditions for allocatable infrastructure exposure.

The Sovereign Capital Formation Principle

Institutional allocatability determines whether capital can participate at scale.

Sovereign value capture determines whether infrastructure contributes to long-term economic transformation.

These objectives are complementary rather than equivalent.

Infrastructure should not only attract capital.

It should strengthen sovereign wealth creation, deepen domestic capital markets, improve fiscal resilience and expand productive capacity.

The most successful infrastructure systems achieve both.

Sovereign Capital Formation

By transforming infrastructure uncertainty into admissible exposure, ARB may expand participation by:

- Domestic pension funds
- Insurance companies
- Sovereign wealth funds
- Public investment funds
- National development finance institutions

This enables domestic savings to participate in national development while generating long-duration investment returns.

Sovereign Balance Sheet Efficiency

ARB focuses on exposure transformation rather than balance-sheet expansion.

Where infrastructure becomes institutionally admissible, capital may increasingly participate through exposure quality rather than sovereign guarantee capacity.

This may contribute to:

- Reduced contingent liabilities
- Improved fiscal resilience
- More efficient deployment of public capital
- Enhanced debt sustainability

Economic Multipliers

Allocatable infrastructure may contribute to:

- Industrialisation and value addition
- Productivity improvements
- Trade expansion
- Employment creation
- SME development
- Technology transfer
- Regional integration
- Domestic capital formation

Allocation Implementation Pathway

Institutional allocation to ARB-certified exposure develops progressively.
 Participation expands as admissibility, benchmark integration and execution certainty mature.

STAGE I

ADMISSIBLE EXPOSURE

- ARB Certification achieved
- Institutional representation established
- Initial institutional participation begins

STAGE II

BENCHMARK INTEGRATION

- Consultant and market validation
- Benchmark compatibility established
- Allocation eligibility expands

STAGE III

INSTITUTIONAL SCALE

- Broad institutional participation
- Portfolio-level integration
- Mature market execution

Implementation Principle

Institutional allocation does not occur simultaneously.
 It expands progressively as exposure moves from admissibility to benchmark integration and from benchmark integration to institutional scale.
 Allocation follows admissibility.
 Scale follows participation.

Benchmark Pathway

THE BENCHMARK LAW:

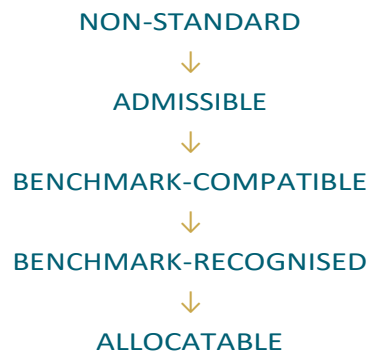
Capital does not allocate because opportunity exists.
 It allocates when exposure becomes eligible for benchmark systems.
 Eligibility precedes allocation.
 Prudential systems allocate to exposure that is institutionally interoperable.
 Institutional participation expands as exposure becomes benchmark-compatible.

ELIGIBILITY • BENCHMARK RECOGNITION • MANDATED PARTICIPATION

As exposure becomes: admissible | standardised | observable | benchmark-compatible
 institutional participation may increasingly transition from discretionary evaluation toward benchmark-integrated allocation systems.

The benchmark pathway reflects the progressive institutionalisation of bounded exposure.

From Non Standard to Allocatable



Benchmark recognition transforms bounded exposure into institutionally institutional exposure.

Institutional Consequence

Allocatability is not unique to infrastructure.

As uncertainty becomes bounded, measurable, governable and benchmark-compatible, non-standard exposure becomes institutionally admissible.

The same conditions increasingly apply across:

- Ⓡ Industrial decarbonisation
- Ⓡ Sovereign infrastructure
- Ⓡ Transition assets
- Ⓡ Natural capital platforms
- Ⓡ Emerging-market industrial systems

BEYOND INFRASTRUCTURE

Institutional allocation systems absorb admissible exposure.

Any asset domain characterised by fragmented, non-standard or institutionally inadmissible exposure may be subject to the same allocatability conditions.

Illustrative domains include:

- Ⓡ Natural Capital
- Ⓡ Sovereign Security Infrastructure
- Ⓡ Energy Transition Systems
- Ⓡ Digital Infrastructure
- Ⓡ Emerging-Market Industrial Systems

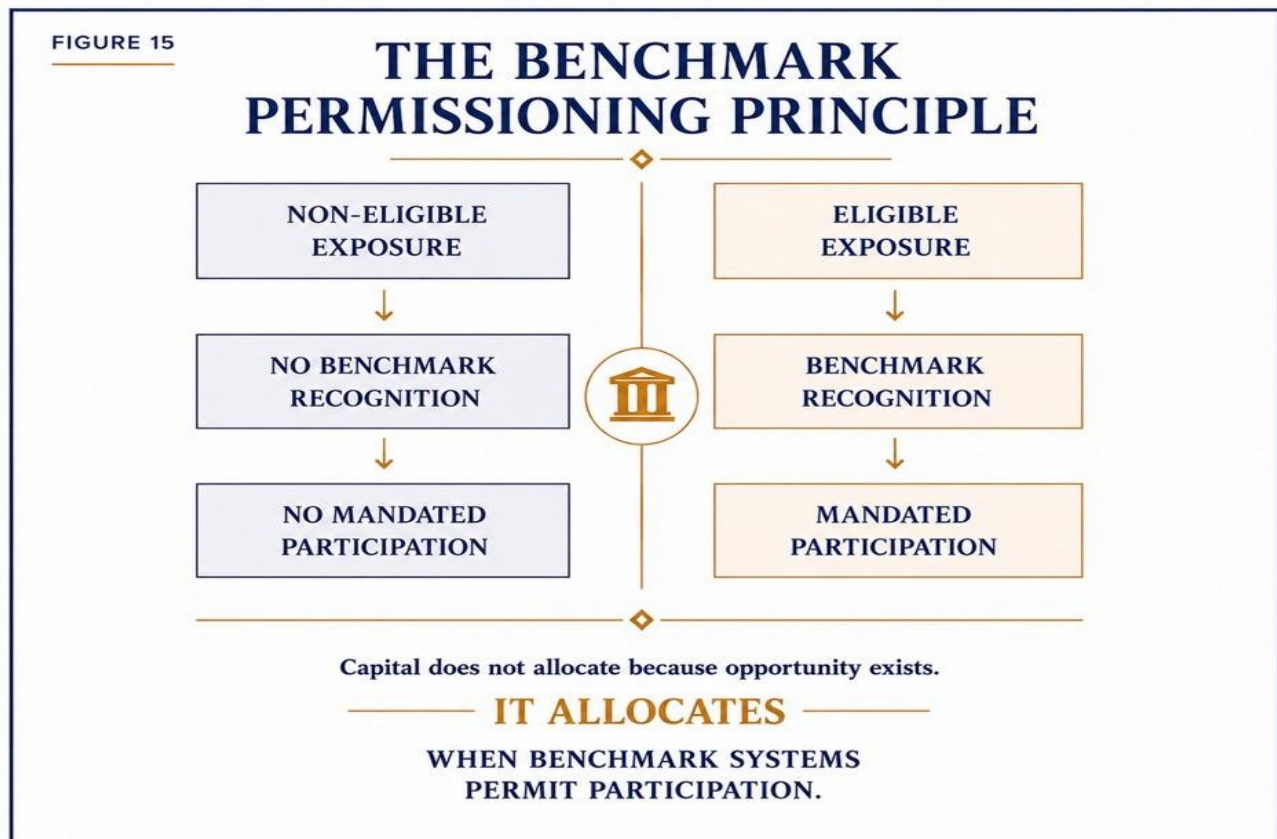
LIMITS OF ALLOCATABILITY

Exposure remains non-allocatable where:

- Ⓜ Risk cannot be contractually bounded
- Ⓜ Revenue remains structurally speculative
- Ⓜ Scale is insufficient for benchmark relevance
- Ⓜ Governance lacks enforceability
- Ⓜ Market depth cannot emerge

Allocatability does not expand beyond the structural limits of governance, revenue visibility and enforceability.

Where these conditions cannot be satisfied, exposure remains non-allocatable irrespective of economic merit.



SECTION 8

Conclusion

THE ARB ADMISSIBILITY LAW

Admissibility precedes allocatability. Risk-bounding establishes the institutional conditions through which exposure becomes admissible.

THE ALLOCATABILITY CONDITION

Infrastructure remains outside institutional allocation systems where exposure remains inadmissible.

Allocatability is not a function of project quality alone.

It is a function of institutional admissibility.

THE IMPLEMENTATION CONDITION

Allocatability establishes eligibility. Implementation enables allocation. Institutional portfolios do not allocate to admissible exposure in abstract form.

Allocation requires:

- Ⓜ Observable pricing
- Ⓜ Executable market access
- Ⓜ Portfolio integration capability
- Ⓜ Operational continuity

Exposure that is admissible but not implementable remains under-allocated.

THE INSTITUTIONAL CONSEQUENCE

As infrastructure systems scale beyond the capacity of public balance sheets alone, institutional participation increasingly depends upon allocatability. The long-term constraint is not capital availability. It is the capacity of financing systems to transform uncertainty into admissible institutional exposure.

THE ARB LAW

Financeability determines participation.

Allocatability determines scale.

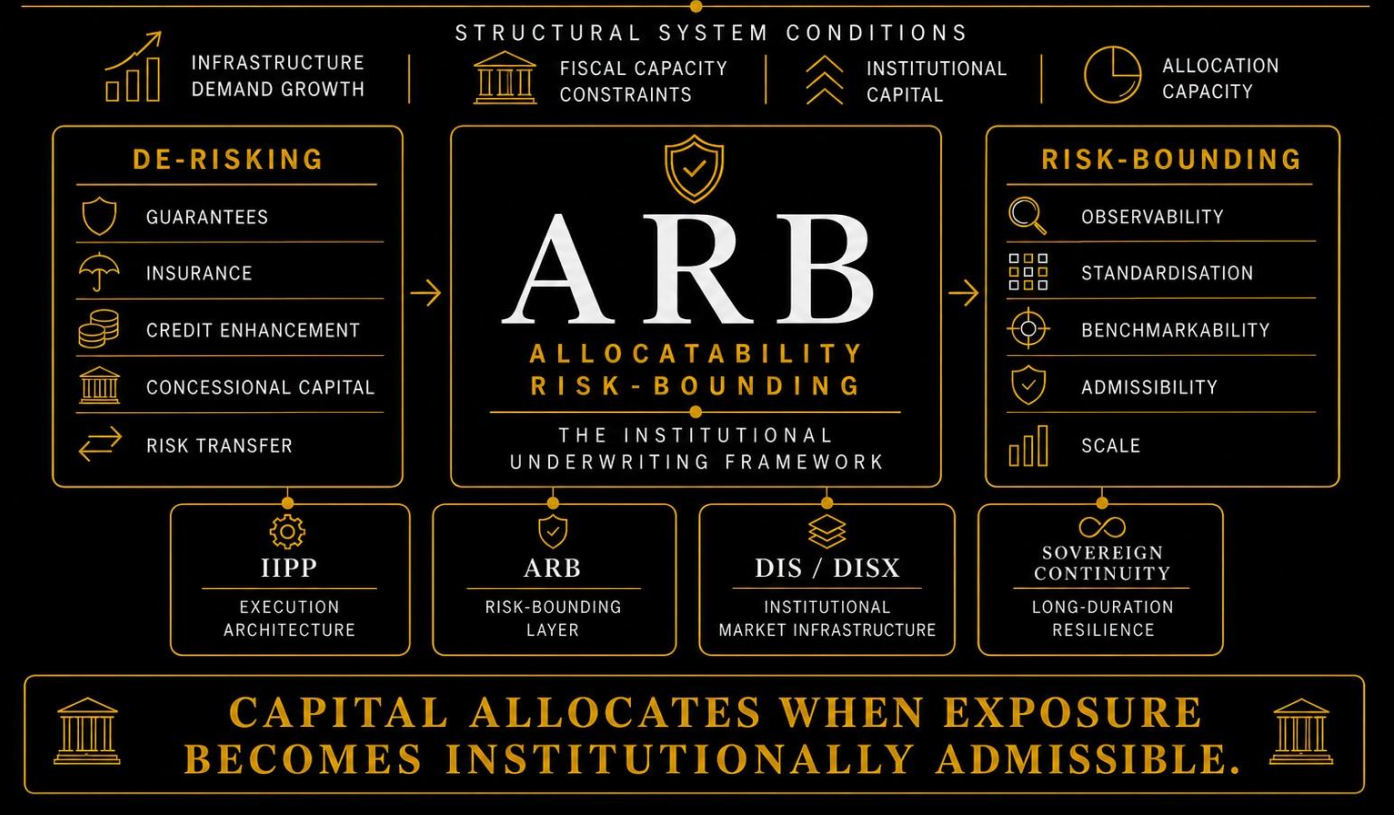
Scale determines the cost of capital.

ARB resolves the allocatability constraint. It establishes the underwriting conditions through which infrastructure exposure becomes suitable for institutional portfolio integration. Where exposure becomes both admissible and implementable, institutional allocation becomes increasingly compatible with benchmark-driven portfolio systems.

FIGURE 16

The Allocatability Risk-Bounding Engine

FROM DE-RISKING TO RISK-BOUNDING



Admissibility Standards, Certification Frameworks & Institutional Reference Materials

The following annexes provide the technical standards, certification methodologies, allocation pathways, and institutional reference frameworks supporting ARB as the risk-bounding architecture through which non-standard uncertainty becomes admissible, benchmark-compatible and institutionally admissible exposure.

Annex A - Institutional Roles & Validation Architecture

Institutional Roles in the ARB Process

Participant	Function
Sovereigns	Establish governable infrastructure conditions
MDBs & DFIs	Bound early-stage risk
Ratings & Consultants	Validate admissibility and benchmark compatibility
Institutional Investors	Allocate to benchmark-compatible exposure
Index Providers & Gatekeepers	Integrate admissible exposure into allocation systems

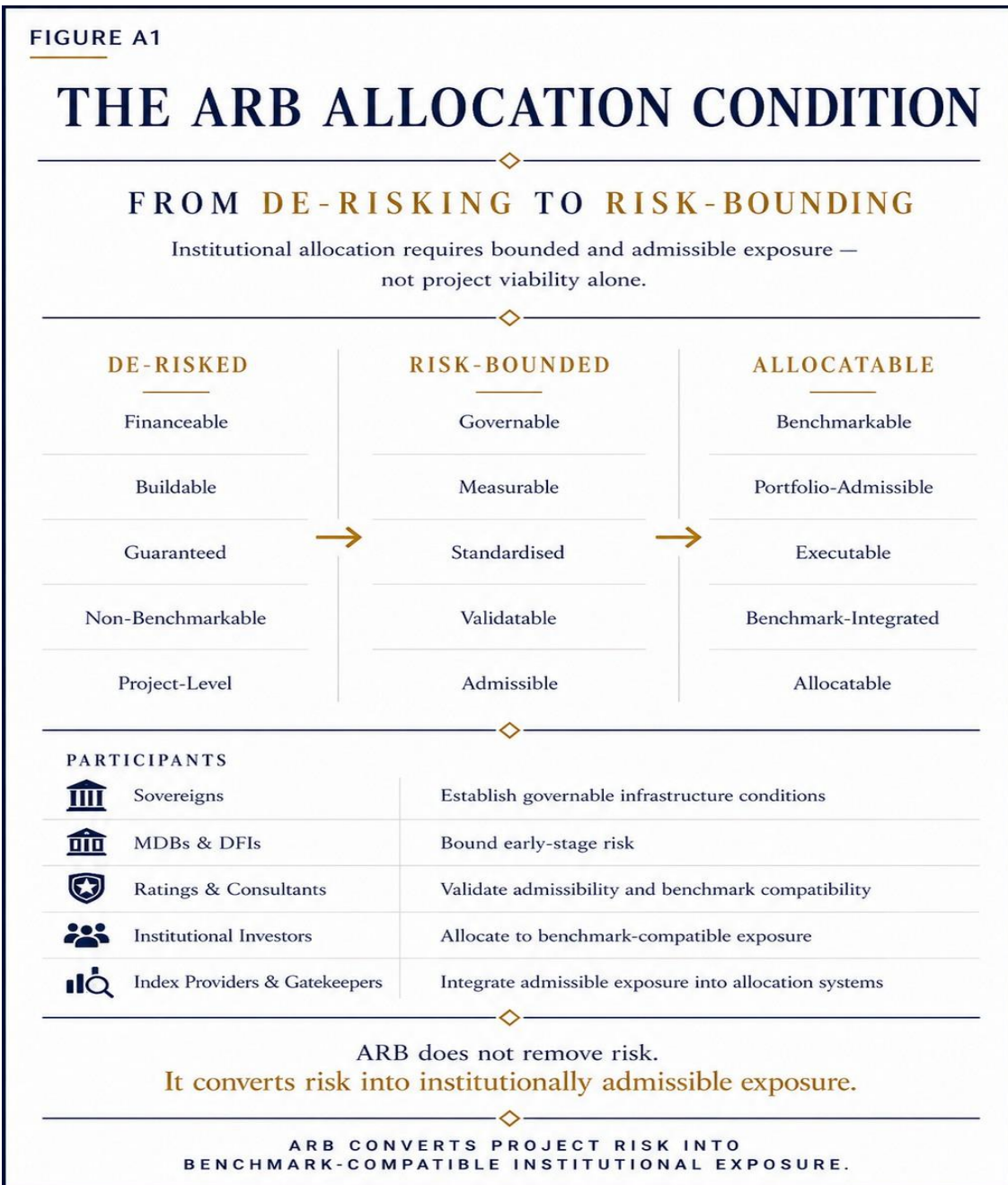
The Institutional Validation Chain



Exposure does not enter portfolios directly. It passes through successive validation layers that establish institutional admissibility.

THE INSTITUTIONAL RULE Infrastructure becomes allocatable when governance, validation, benchmark eligibility and execution certainty converge.

Allocation Condition: Governable + Validatable + Benchmark-Eligible + Executable = Allocatable



Annex A1 — Detailed ARB Eligibility Framework

This Annex sets out the illustrative eligibility thresholds used to operationalise the Allocatability Boundary Condition (ABC) and assess whether infrastructure exposure has been bounded sufficiently for ARB certification and institutional representation. These thresholds are indicative and should be calibrated by asset class, jurisdiction, benchmark context, and prevailing market standards.

ARB Eligibility Matrix

Dimension	Criterion	Illustrative Threshold	Institutional Purpose
Revenue	Contracted Revenue Duration	10+ Years	Cashflow visibility / duration matching
Revenue	Offtake Coverage	>75% Contracted	Demand certainty
Credit	Minimum DSCR	>1.4x	Debt service resilience
Credit	Ratings Pathway	BB+ / IG Trajectory	Institutional comparability
FX / Macro	Hedge Coverage	70%+	Currency stability
Diversification	Asset Pool Count	≥ 3 Independent Pools	Concentration mitigation
Diversification	Sector Mix	Multi-Asset / Corridor	Revenue diversification
Governance	Regulatory Certainty	Pre-Approved Framework	Execution visibility
Governance	Contract Standardisation	Required	Legal comparability
Liquidity / Scale	Minimum Platform Scale	Index-Defined	Benchmark relevance

A CALIBRATION PRINCIPLE

Eligibility thresholds should not be interpreted as rigid universal rules.

Appropriate calibration varies according to:

- Asset type and infrastructure subsector
- Jurisdictional risk environment
- Revenue-model characteristics
- Currency denomination and macroeconomic profile
- Benchmark, consultant and institutional underwriting standards

ADMISSIBILITY PRINCIPLE

Exposure may form only where residual risk is bounded sufficiently to satisfy institutional underwriting and portfolio-admissibility requirements.

Where these conditions are not met:

- ARB Certification should not be granted
- Exposure should remain non-admissible or transitional
- Additional structuring or risk-bounding is required

CERTIFICATION PRINCIPLE

Threshold compliance is necessary but not sufficient for ARB Certification.

Eligibility thresholds establish minimum admission requirements.

Certification also requires assessment of:

- Governance robustness
- Structuring coherence
- Benchmark relevance
- Institutional readiness
- Market comparability

Annex B - IC Q&A Kill Sheet

ANNEX B

IC Q&A KILL SHEET

ILLUSTRATIVE ALLOCATOR QUESTIONS AND INSTITUTIONAL RESPONSES

1	Is ARB simply credit enhancement?	>	No. Credit enhancement transfers downside risk. ARB transforms exposure formation conditions by bounding risk structurally before institutional representation occurs.
2	How is this different from blended finance?	>	Blended finance subsidises project economics. ARB restructures exposure architecture to create benchmark-compatible portfolio exposure.
3	Why should repricing occur?	>	Institutional markets have historically repriced risk when exposures become standardised, benchmark-compatible, and measurable. ARB applies this precedent to industrial infrastructure.
4	What happens when ARB alpha compresses?	>	ARB alpha is transitional. Once institutionalised, exposure should converge toward core infrastructure pricing.
5	Who certifies allocatability?	>	Allocatability emerges through the interaction of certification, governance, validation, market acceptance and institutional allocation processes. No single institution determines allocatability. Institutional markets do.



INSTITUTIONAL PRINCIPLE

Institutional capital allocates when exposure becomes admissible.

Annex C - Return Attribution Framework

Decomposition of The Repricing Law

Return Source	Description	Lifecycle Phase
Risk Transformation Premium	Compensation for structuring non-standard risk	Early
Spread Compression	Yield tightening through eligibility migration	Transitional
Ratings Migration	Repricing from credit visibility improvement	Transitional
Duration Yield	Long-duration contracted cashflow yield	Mature
Inflation Linkage	Inflation-protected revenue streams	Mature
Diversification Benefit	Portfolio optimisation contribution	Ongoing

PRINCIPLE: ARB Alpha is transitional. Core infrastructure yield persists after repricing.

Annex D - Comparable Market Precedents

EMPIRICAL PRECEDENTS FOR INSTITUTIONAL ADMISSIBILITY

Purpose

This annex documents historical market transitions in which fragmented, non-standard or institutionally constrained exposure evolved into standardised, benchmark-compatible and institutionally allocatable forms. These examples are provided as empirical reference points relevant to the principles described throughout this report. ARB does not claim these structures were ARB. ARB systematises conditions repeatedly associated with institutional admissibility and large-scale capital allocation.

D1 — REIT Institutionalisation

Before	After
Direct property ownership	Listed REIT exposure
Illiquid assets	Tradable securities
Limited comparability	Standardised reporting
Portfolio exclusion	Index inclusion

Institutional Effect

Real estate became benchmark-compatible and institutionally allocatable at scale.

D2 — Municipal Bond Pooling

Before	After
Fragmented municipal issuers	Pooled issuance platforms
Small transactions	Institutional scale
Limited comparability	Standardised credit structures
Constrained participation	Broader institutional access

Institutional Effect

Credit observability improved and allocation capacity expanded.

D3 — Contracted Renewables

Before	After
Merchant generation	Contracted cashflows
Revenue uncertainty	Revenue visibility
Project-specific risk	Platform exposure
Limited institutional demand	Infrastructure allocation

Institutional Effect

Long-duration cashflow certainty supported repricing and institutional participation.

D4 — Telecommunications Towers

Before	After
Single-site ownership	Diversified tower platforms
Fragmented assets	Aggregated exposure
Limited scale	Institutional scale
Operational risk concentration	Portfolio diversification

Institutional Effect

Infrastructure exposure became benchmark-compatible and institutionally scalable.

D5 — Asset-Backed Securitisation

Before	After
Bilateral loans	Structured portfolios
Limited transparency	Standardised structures
Illiquid exposure	Tradable exposure
Limited comparability	Institutional comparability

Institutional Effect

Portfolio visibility and liquidity improved materially.

D6 — CLO Market Development

Before	After
Individual loans	Diversified loan portfolios
Bilateral credit exposure	Structured institutional products
Limited ratings comparability	Ratings visibility
Limited participation	Institutional scaling

Institutional Effect

Credit exposure became more observable and admissible.

D7 — Infrastructure Debt Platforms

Before	After
Project loans	Diversified debt platforms
Single asset concentration	Portfolio exposure
Limited ratings consistency	Improved comparability
Smaller investor universe	Institutional participation

Institutional Effect

Infrastructure debt evolved into a recognised institutional allocation category.

D8 — Cross-Market Admissibility Pattern

Condition	Historical Observation
Standardisation	Consistently present
Comparability	Consistently present
Revenue Visibility	Frequently present
Diversification	Frequently present
Ratings Visibility	Frequently present
Benchmark Recognition	Consistently associated with institutional scaling
Execution Infrastructure	Consistently associated with institutional participation

Across infrastructure, credit and real asset markets, institutional participation has historically expanded when exposure becomes:

Observable | Standardised | Comparable | Benchmark-Compatible | Executable at Scale

Institutional markets allocate to admissible exposure.
 Institutional admissibility improves as uncertainty becomes bounded.
 ARB systematises those conditions.

D1 — ANNEX D_x - REAL WORLD PRECEDENTS FOR ARB LIKE REPRICING

How institutional markets have historically repriced exposure when uncertainty became standardised, observable, benchmark-compatible and admissible.

D2 — PURPOSE OF THIS ANNEX

This annex presents historical market precedents relevant to the ARB thesis.
 The objective is not to suggest that prior markets used ARB. They did not.
 The objective is to demonstrate a recurring institutional pattern: exposure is repriced when uncertainty becomes more standardised, observable, comparable, benchmark-recognised and executable.

These precedents matter because ARB does not seek to create a new allocation behaviour.
 It systematises conditions that institutional markets have historically rewarded.

D3 – THE COMMON PATTERN

Across infrastructure, real estate, structured credit, municipal finance and renewable energy markets, institutional repricing has typically followed a common sequence:



The mechanism is consistent. Markets do not reprice because a narrative improves. They reprice because exposure becomes more admissible to larger pools of capital.

D4 – SUMMARY TABLE – ARB-LIKE REPRICING PRECEDENTS

Market Segment	Initial Constraint	Structural Transformation	Institutional Effect	ARB-Relevant Lesson
Contracted Renewables	Merchant or project-specific revenue risk	Long-term PPAs, contracted offtake, portfolio aggregation	Improved revenue visibility and lower perceived risk	Revenue bounding supports admissibility
YieldCos / Renewable Platforms	Single-project exposure	Listed vehicles holding diversified operating assets	Increased access to public and institutional capital	Operating assets reprice when aggregated and standardised
Telecom Towers	Site-level infrastructure exposure	Independent tower companies and tower REIT structures	Infrastructure-like cashflows became scalable and comparable	Platform formation converts physical assets into institutional exposure
REITs	Illiquid property assets	Listed real-estate vehicles, tax/statutory regimes, index inclusion	Real estate became liquid, comparable and portfolio-allocatable	Listing, governance and benchmark eligibility improve allocatability
ABS / Securitisation	Illiquid whole loans and receivables	Pooling, tranching, credit enhancement and rating	Loans became marketable securities	Exposure formation changes investor universe
CLOs	Bilateral leveraged loan exposure	Managed loan portfolios, tranche structures and rating frameworks	Credit exposure became investable across risk-return sleeves	Diversification and ratings transform loan risk into institutional exposure
Municipal Platforms / Bond Banks	Fragmented subnational borrowing	Pooled bond issuance and standardised municipal credit structures	Smaller issuers accessed deeper capital pools	Pooling improves scale, credit visibility and market access
Infrastructure Debt Platforms	Single-project concentration	Diversified infrastructure debt portfolios	Improved comparability, duration matching and institutional scale	Aggregation reduces idiosyncratic risk and supports benchmark recognition

Contracted Renewables	Merchant or project-specific revenue risk	Long-term PPAs, contracted offtake, portfolio aggregation	Improved revenue visibility and lower perceived risk	Revenue bounding supports admissibility
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D5 – CONTRACTED RENEWABLES

Renewable energy infrastructure historically faced significant merchant, construction and offtake uncertainty. Single projects could be financeable, but not always institutionally allocatable. The institutional transition occurred when renewable assets became structured around long-term contracted revenues, power purchase agreements, operating asset portfolios and platform ownership models. The key transformation was not the physical asset.

It was the visibility of the cashflow. Long-term contracted offtake made revenue more observable. Portfolio aggregation reduced single-project concentration. Operating platforms improved governance and execution visibility. This created conditions under which institutional capital could assess renewable exposure as long-duration infrastructure rather than speculative project risk.

ARB relevance:

Revenue bounding is central to allocatability.

Where cashflows become contracted, observable and durable, exposure becomes more suitable for institutional portfolios.

D6 – YELDCOS AND RENEWABLE OPERATING PLATFORMS

YieldCos and renewable operating platforms illustrate how operating infrastructure assets can be repackaged into more investable institutional form. The assets themselves did not change. Wind farms, solar assets and hydro assets remained physical infrastructure. What changed was the representation of exposure. Operating assets were placed into portfolio vehicles with contracted cashflows, dividend policies, reporting standards and public-market access.

This improved:

- Ⓜ comparability
- Ⓜ liquidity
- Ⓜ cashflow visibility
- Ⓜ governance transparency
- Ⓜ investor access

The YieldCo model demonstrates that markets often reward infrastructure exposure when it moves from individual project ownership into standardised portfolio vehicles.

ARB relevance:

ARB does not require the asset to change.

It requires the exposure to become more institutionally admissible

D7 – ELECOM TOWERS

Telecom tower markets provide a strong precedent for the conversion of physical infrastructure into institutional exposure. Tower assets were once embedded within telecom operators and valued as part of broader corporate operations. The institutional transition occurred when towers were separated into specialised infrastructure platforms and, in several markets, REIT-like structures.

This created:

- Ⓜ clearer asset-level economics
- Ⓜ recurring lease revenues
- Ⓜ portfolio scale
- Ⓜ operating comparability
- Ⓜ specialised governance
- Ⓜ dedicated listed-market exposure

The repricing mechanism was structural. Tower assets became easier to compare, value, benchmark and allocate to as infrastructure exposure.

ARB relevance:

Platform formation can transform embedded infrastructure into admissible exposure.

The key shift is from asset existence to exposure recognition.

D8 — REITS

Real Estate Investment Trusts are one of the clearest examples of admissibility improving through standardised legal and market structure. Real estate existed long before REITs. But direct real estate was illiquid, asset-specific, valuation-heavy and difficult to rebalance. REIT regimes converted property exposure into listed, dividend-oriented, governed and indexable securities.

This produced institutional effects:

- Ⓜ liquidity
- Ⓜ comparability
- Ⓜ transparent reporting
- Ⓜ index eligibility
- Ⓜ portfolio integration
- Ⓜ broader investor participation

REITs demonstrate that the underlying asset class may already be economically valuable while still requiring a recognised exposure format to become widely allocatable.

ARB relevance:

Allocatability is not created by asset quality alone.

It is created when exposure satisfies institutional form, governance, liquidity and benchmark requirements.

D9 — ASSET-BACKED SECURITISATION

Asset-backed securitisation transformed pools of receivables, loans and cashflow-producing assets into tradable securities. The underlying credit exposures often existed before securitisation. What changed was the institutional form.

Securitisation introduced:

- Ⓜ pooling
- Ⓜ tranching
- Ⓜ rating
- Ⓜ credit enhancement
- Ⓜ servicing standards
- Ⓜ disclosure frameworks
- Ⓜ marketable instruments

This broadened the investor base by converting bilateral or balance-sheet exposures into securities that could be priced, rated, compared and allocated across risk-return segments.

ARB relevance:

Exposure formation matters.

Institutional investors allocate more readily when underlying risk is transformed into standardised, rated and marketable securities.

D10 — CLOs

Collateralised Loan Obligations provide a highly relevant precedent for ARB logic.

Leveraged loans are individually risky, often bilateral, and difficult for many investors to hold directly at scale.

LOs transformed those loans into managed, diversified, tranching portfolios with defined payment waterfalls and rating categories. This created differentiated institutional exposure:

- Ⓜ senior notes for lower-risk investors
- Ⓜ mezzanine notes for higher-spread investors
- Ⓜ equity tranches for residual return seekers
- Ⓜ active management
- Ⓜ portfolio tests
- Ⓜ rating agency surveillance
- Ⓜ tradable securities

The result was not the elimination of credit risk. It was the structuring of credit risk into allocatable institutional form.

ARB relevance:

Risk does not need to disappear.

It must be bounded, structured, diversified, rated and represented in a form that institutional portfolios can hold.

D11 — MUNICIPAL INFRASTRUCTURE PLATFORMS AND BOND BANKS

Municipal infrastructure finance provides a precedent for pooling fragmented public-sector exposure into more scalable credit structures. Smaller municipalities often face high transaction costs, limited market access, weak investor visibility and fragmented issuance. Bond banks, pooled financing vehicles, state revolving funds and regional infrastructure funds address these constraints by aggregating borrowing requirements and standardising market access.

The institutional transformation is clear:

- Ⓜ fragmented borrowers become pooled issuers
- Ⓜ small projects become portfolio exposure
- Ⓜ variable local credit becomes standardised credit assessment
- Ⓜ limited access becomes market access
- Ⓜ episodic issuance becomes repeat issuance

ARB relevance:

Pooling can improve institutional access where individual projects or issuers are too small, fragmented or opaque to attract capital efficiently.

Portfolio formation improves admissibility.

D12 — DIVERSIFIED INFRASTRUCTURE PLATFORMS

Infrastructure platforms show how institutional markets reprice assets when project-level risk is absorbed into diversified operating systems.

Single infrastructure assets may carry:

- Ⓜ construction concentration
- Ⓜ single-offtaker risk
- Ⓜ regulatory exposure
- Ⓜ jurisdictional risk
- Ⓜ operational dependency

Diversified platforms reduce these risks through:

- Ⓜ portfolio scale
- Ⓜ cross-asset diversification
- Ⓜ professionalised governance
- Ⓜ operating history

- Ⓜ standardised reporting
- Ⓜ capital recycling capacity
- Ⓜ repeatable execution

This allows institutional investors to evaluate infrastructure exposure at platform level rather than project level. ARB relevance: ARB is most powerful where fragmented projects can be transformed into governed, diversified, benchmark-compatible exposure platforms.

D13 — CROSS-MARKET OBSERVATIONS

Across the precedents above, repricing tends to occur when six institutional conditions improve simultaneously.

Dimension	Weight	Assessment Criteria
Governance & Regulatory Certainty	20%	Legal framework, approvals, sovereign alignment, contractual enforceability
Revenue Visibility	20%	Contracted duration, offtake quality, demand certainty
Diversification & Aggregation	15%	Asset pool count, concentration, sector mix
Financial Resilience	15%	DSCR, reserves, refinancing profile
FX / Macro Stability	10%	Hedge coverage, currency shielding
Ratings / Credit Trajectory	10%	Ratings visibility, underwriting comparability
Benchmark / Market Readiness	10%	Scale, standardisation, benchmark relevance

How exposure becomes increasingly institutionally admissible.

Condition	Market Evidence	ARB Interpretation
Standardisation	REIT regimes, ABS structures, CLO documentation	Exposure becomes comparable
Revenue visibility	PPAs, leases, contracted cashflows	Cashflows become observable
Diversification	CLO portfolios, infrastructure platforms, bond banks	Idiosyncratic risk declines
Governance	Listed vehicles, servicer standards, platform management	Control and accountability improve
Ratings / benchmark recognition	CLO ratings, REIT indices, municipal credit markets	Institutional eligibility expands
Liquidity / execution	Listed REITs, ABS/CLO trading, municipal bond markets	Participation becomes scalable

The common principle is not de-risking.

The common principle is admissibility migration.

Exposure becomes more allocatable when institutional systems can observe it, compare it, price it, govern it, benchmark

D14 — IMPLICATION FOR ARB

ARB should be understood as a discipline that systematises institutional conditions historically associated with allocatability.

It does not claim that all ARB-certified exposure will reprice.

It does not claim that all admissible exposure will attract capital.

It does not override fiduciary, prudential, benchmark or mandate constraints.

Its proposition is narrower and more defensible:

Infrastructure exposure becomes more institutionally admissible when uncertainty becomes bounded, measurable, observable, comparable, benchmark-recognised and executable.

That is the recurring pattern visible across prior institutional market transformations.

D15 – RED-TEAM DEFENSIBILITY

A sceptical institutional reviewer may ask:

Has this happened before?

Yes.

Real estate became more allocatable through REIT structures.

Loans became more allocatable through securitisation and CLO structures.

Municipal infrastructure became more allocatable through pooled financing and bond banks.

Renewables became more allocatable through long-duration contracted revenue structures.

Telecommunications towers became more allocatable through specialised infrastructure platforms and REIT structures.

A second question follows:

Does this prove that ARB will produce repricing?

No.

ARB does not guarantee repricing.

It improves institutional conditions historically associated with repricing.

That distinction is essential.

ARB is not a return thesis.

ARB is an admissibility discipline.

D16 – CONCLUSION

Markets do not reward infrastructure because it exists.

They reward exposure when it becomes institutionally admissible.

Admissibility is the boundary between infrastructure and institutional exposure.

Allocatability begins where admissibility is achieved.

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Annex E - Sample ARB Transaction Structure

Illustrative Infrastructure Platform

Energy-to-Compute Sovereign Infrastructure Corridor

Illustrative Components

- Renewable energy generation
- Transmission and grid infrastructure
- Data-centre and compute facilities
- Logistics and connectivity infrastructure

STEP 1 — Structural Bounding

Objective

Establish institutional certainty at origination.

Illustrative Conditions

- Standardised sovereign concession framework
- IIPP governance architecture
- Regulatory, permitting, land and concession certainty

STEP 2 — Portfolio Aggregation

Objective

Transform individual assets into diversified exposure.

Illustrative Conditions

- Multi-asset aggregation
- Diversified revenue streams
- Corridor-level exposure formation

STEP 3 — Revenue Bounding

Objective

Increase revenue visibility and cash-flow predictability.

Illustrative Conditions

- Long-duration compute offtake agreements
- Utility or sovereign purchase commitments
- Throughput-based logistics contracts

STEP 4 — Financial Bounding**Objective**

Bound financial volatility.

Illustrative Conditions

- FX-risk mitigation mechanisms
- Debt-service reserve structures
- Selective enhancement mechanisms where appropriate

STEP 5 — Exposure Formation**Output**

- ARB-Certified Institutional Exposure
- Representation via DIS
- Observability via GEMs
- Execution via DISX

Canonical Principle

Institutional capital does not allocate to infrastructure components.

It allocates to admissible exposure formed from those components.

Annex F - Failure Conditions / When ARB Does Not Work

ARB fails where:

- ▶ Revenue remains structurally merchant
- ▶ Governance uncertainty cannot be contractually bounded
- ▶ Asset pool lacks diversification
- ▶ Benchmark scale is insufficient
- ▶ Ratings/consultant recognition absent
- ▶ Validation governance lacks independence

Annex G - Regulatory Alignment Note

Positioning ARB as a structuring discipline within existing regulatory, fiduciary and institutional allocation frameworks.

ARB does not introduce a new regulatory category.

It operates within existing institutional and regulatory frameworks, improving the ability of infrastructure exposure to satisfy established admissibility requirements.

ARB operates ex ante at the level of exposure formation rather than ex post through capital treatment, supervisory adjustment or regulatory intervention.

It is a structuring discipline.

It is not a regulatory framework.

REGULATORY PRINCIPLE

ARB operates at the level of exposure formation.

It does not determine capital treatment, regulatory requirements, supervisory processes or fiduciary obligations.

It establishes the conditions through which infrastructure exposure may become institutionally admissible within existing institutional and regulatory frameworks.

Annex G-1 — Regulatory Alignment Crosswalk

Illustrative Alignment with Basel, OECD and IOSCO Frameworks

Regulatory Requirement	Framework Reference	Institutional Expectation	ARB Alignment Mechanism	Alignment Outcome
Exposure Admissibility	Basel III/IV, OECD Fiduciary Frameworks	Exposure must be measurable, governable and comparable	Allocatability Boundary Condition (ABC): and exposure formation standards	Defines the conditions under which infrastructure exposure may become institutionally admissible.
Risk measurability	Basel III/IV (Pillar 1)	Risk must be observable and capable of assessment	Structural revenue and financial bounding disciplines	Supports measurable and assessable exposure characteristics
Governance & Oversight	Basel III/IV (Pillar 2)	Robust governance and independent review	Certification, verification, and independent oversight architecture	Supports governance consistency and reviewability
Transparency & Price Discovery	IOSCO Principles	Markets should support transparency and price formation	DIS representation, GEMs observability and DISX execution architecture	Supports transparency observability and market participation
Institutional Comparability	OECD Institutional investor Practices	Exposure should be comparable across portfolio systems	Standardised exposure formation methodology	Improves portfolio comparability and institutional usability

REGULATORY PRINCIPLE

ARB operates at the level of exposure formation.

It does not determine capital treatment, regulatory requirements, supervisory processes or fiduciary obligations.

It establishes the conditions through which infrastructure exposure may become institutionally admissible within existing institutional and regulatory frameworks.

Annex H - Fast-Tracking Industrial Exposure Through ARB

Purpose: To define the standardised templates, thresholds, and portfolio conditions through which industrial assets convert into benchmark-compatible, institutional exposure.

SYSTEM PRINCIPLE

ARB transforms infrastructure exposure into institutionally admissible exposure before capital allocation decisions occur.

By standardising admissibility at origination, ARB enables institutional capital to allocate at programme scale rather than project speed.

H1 — PRE-CERTIFICATION AT ORIGINATION

Objective

Establish institutional admissibility before exposure enters allocation systems.

Contract Structure

- Investment-grade or equivalent offtake counterparties
- Availability-based, contracted throughput, or similarly predictable revenue structures
- Inflation-linked, carbon-linked, or input-cost pass-through mechanisms where appropriate

Institutional Thresholds

- Debt service coverage ratios consistent with institutional infrastructure requirements
- Revenue visibility substantially supported by contractual arrangements
- Asset utilisation bounded within stable operating parameters

Risk Bounds

- Defined price floors or margin bands
- Partial hedging, indexation, or equivalent input-cost mitigation mechanisms
- No unbounded commodity-price or volume-risk exposure

H2 — PRE-BOUNDED EXPOSURE FORMATION

Objective

Transform non-standard infrastructure risk into admissible exposure.

Exposure Characteristics

- Pre-indexed or index-compatible cash-flow structures
- Duration aligned with long-term institutional liabilities
- Downside exposure bounded through predefined stress-testing thresholds

Institutional Principle

Risk need not be eliminated.

It must be bounded sufficiently to become admissible.

H3 —INDUSTRIAL PORTFOLIO-LEVEL AGGREGATION

Objective

Create portfolio-scale exposure from individual infrastructure assets.

Portfolio Construction

- Multi-asset aggregation
- Cross-sector diversification
- Corridor and platform integration where appropriate
- Staggered vintages and revenue profiles

Portfolio Conditions

- Portfolio-level debt-service coverage aligned with institutional requirements
- Diversified counterparties and revenue streams
- Managed correlation and concentration risk

Institutional Principle

Institutional portfolios allocate to diversified exposure rather than isolated assets.

H4 —BENCHMARK ALIGNMENT

Objective

Align exposure with institutional allocation systems.

Benchmark Compatibility

- Pre-mapped to eligible infrastructure, real-assets, or private-credit allocation sleeves
- Defined rating pathway
- Yield characteristics aligned with relevant benchmark and risk-return buckets

Institutional Principle

Benchmark compatibility permits allocation.

H5 —INTEGRATION OF GUARANTEES WITHIN RISK BOUNDING

Objective

Incorporate guarantees as risk-bounding mechanisms rather than substitutes for admissibility.

Illustrative Applications

- Construction and completion support
- Revenue or price-support mechanisms
- Counterparty enhancement structures

Institutional Principle

Guarantees do not independently create institutional admissibility.

They function as inputs to risk bounding within the exposure-formation process.

H6 —CONCLUSION

Institutional capital does not allocate because projects are important.

It allocates because exposure becomes admissible.

Allocation follows admissibility.

Annex I - Market Positioning & Comparative Framework

ARB is the allocatability layer within the institutional capital stack.

Layer	Primary Function	Output	Allocation Outcome
Project Finance	Structuring	Bankable asset	Non-allocatable
Guarantees	Risk transfer	De-risked project	Typically non-allocatable
ARB	Risk bounding / exposure formation	Standardised exposure	Allocatable
Securitisation	Packaging	Financial instrument	Post-formation dependent
Ratings	Validation	Credit assessment	Ex-post dependent

CONSTRAINT Only risk-bounded, standardised exposure is institutionally allocatable. Exposure that remains unbounded, non-standardised, or non-observable remains non-allocatable or dependent upon ARB formation.

SYSTEM ROLE ARB ARB is the allocation gate through which bankable assets become institutionally admissible exposure.

ARB:

- Transforms project cash flows into portfolio-compatible exposure
- Enables aggregation into diversified institutional exposure pools
- Aligns exposure with institutional allocation and benchmark systems

INTEGRATION LOGIC

Guarantees operate within ARB as inputs to risk bounding.

Securitisation may occur after ARB where appropriate.

Ratings validate exposure after formation.

ARB determines whether the outputs of these mechanisms become institutionally allocatable.

Annex J - ARB Governance & Institutional Oversight Framework

Institutional confidence requires independent governance of admissibility.

THE GOVERNANCE REQUIREMENT

Institutional admissibility requires more than methodology.

It requires governance.

Methodology defines admissibility.

Governance preserves integrity.

Certification establishes admissibility.

Governance establishes trust.

FIGURE J1

THE INSTITUTIONAL GOVERNANCE ARCHITECTURE



Institutional confidence requires independent oversight.

THE INDEPENDENT OVERSIGHT FUNCTION

Independent oversight preserves confidence in the integrity, consistency and enforceability of ARB certification. Its role is to validate adherence to certification standards, verification protocols and admissibility conditions.

Independent oversight does not:

- Allocate capital
- Provide investment advice
- Determine portfolio decisions
- Establish benchmark weightings
- Override fiduciary duties
- Replace prudential frameworks

These remain the responsibility of institutional investors, regulators and fiduciary decision-makers.

INSTITUTIONAL PRINCIPLE

Independent oversight validates certification integrity.

Institutional investors determine allocation.

Certification supports fiduciary judgement.

It does not replace it.

TECHNICAL METHODOLOGY SUPPLEMENT

The following technical supplements provide the technical standards, certification frameworks, allocation pathways, and institutional reference materials supporting Allocatability Risk-Bounding (ARB). They document the methodologies through which uncertainty becomes bounded, observable, admissible, benchmark-compatible, and institutionally allocatable.

ARB Certification Methodology

Technical Framework for ARB Certification and Institutional Readiness Assessment

1. Purpose

The ARB Certification Methodology provides a standardised framework for assessing whether infrastructure exposure satisfies the minimum allocatability thresholds required for ARB certification.

Its purpose is to convert allocatability assessment from discretionary judgement into a measurable, repeatable, and auditable institutional process.

Certification establishes:

- Ⓡ Institutional underwriting consistency
- Ⓡ Governance integrity and validation
- Ⓡ Transparent admission criteria
- Ⓡ Benchmark and index consideration
- Ⓡ Consultant and ratings assessment

2. Certification Principle

ARB Certification is granted only where infrastructure exposure demonstrates sufficient boundedness, standardisation, and institutional comparability across the full allocatability framework.

Certification reflects: The degree to which infrastructure risk has been transformed into benchmark-compatible institutional exposure.

Certification does not replace underwriting. It provides a structured institutional readiness assessment complementing traditional underwriting processes.

3. ARB Certification Scorecard Framework

Dimension	Weight	Assessment Criteria
Governance & Regulatory Certainty	20%	Legal framework, approvals, sovereign alignment, contractual enforceability
Revenue Visibility	20%	Contracted duration, offtake quality, demand certainty
Diversification & Aggregation	15%	Asset pool count, concentration, sector mix
Financial Resilience	15%	DSCR, reserves, refinancing profile
FX / Macro Stability	10%	Hedge coverage, currency shielding
Ratings / Credit Trajectory	10%	Ratings visibility, underwriting comparability
Benchmark / Market Readiness	10%	Scale, standardisation, benchmark relevance

Development Impact & Sovereign Value Creation

SUPPLEMENTAL CERTIFICATION DIMENSION

ARB is principally concerned with institutional admissibility.

Its purpose is to establish the conditions through which infrastructure exposure becomes suitable for institutional allocation.

Institutional allocatability and sovereign value creation are related, but distinct.

The Development Impact & Sovereign Value Creation dimension operates as a supplemental assessment layer within the ARB Certification Framework.

It does not independently determine institutional admissibility.

Illustrative assessment criteria may include:

- ▶ Local content participation and procurement
- ▶ Employment creation and workforce development
- ▶ Skills transfer and technical capability development
- ▶ Industrial linkages and domestic value addition
- ▶ SME participation within infrastructure value chains
- ▶ Regional value-chain integration
- ▶ Economic diversification
- ▶ Climate resilience and sustainable infrastructure outcomes

CERTIFICATION PRINCIPLE

Institutional admissibility determines whether capital can participate.

Sovereign value creation determines whether infrastructure contributes to long-term economic transformation.

The most durable infrastructure systems achieve both.

Illustrative Certification Dimension

Certification Dimension	Weight
Governance & Regulatory Certainty	20%
Revenue Visibility	20%
Diversification & Aggregation	15%
Financial Resilience	15%
FX & Macroeconomic Stability	10%
Benchmark / Market Readiness	5%
Benchmark / Market Readiness	5%
Development Impact & Sovereign Value Creation	5%

The weighting framework is illustrative and may be calibrated to reflect sector-specific, jurisdiction-specific or sovereign-priority considerations.

Scoring Rubric

Score	Meaning	Interpretation
1	Material Deficiency	Fails institutional minimum standard
2	Weak	Significant remediation required
3	Adequate	Meets minimum transitional standard
4	Strong	Institutionally robust
5	Institutional Grade	Fully benchmark-ready

Certification Bands

ARB Score	Classification	Certification Status
<60	Non-Allocatable	Fails ARB Certification
60–74	Transitional	Further Structuring Required
75–89	ARB-Certified	Institutionally Allocatable
90+	Benchmark Ready	Eligible for Core Benchmark Integration

Illustrative Calculation Methodology

Dimension	Raw Score (1-5)	Weighted Contribution
Governance	4	16
Revenue	5	20
Diversification	4	12
Financial	4	12
FX	3	6
Ratings	4	8
Benchmark	3	6

Total ARB Score = 80

Certification Outcome:

ARB-Certified Institutional Exposure

Supplemental Assessment

Dimension	Raw Score (1-5)	Weighted Contribution
Development Impact & Sovereign Value Creation	4	4

CERTIFICATION GOVERNANCE

ARB Certification should be determined through independent governance processes.

Certification should not be self-assessed by originating sponsors.

Illustrative governance requirements may include:

- Ⓡ Independent structuring review
- Ⓡ Technical due diligence
- Ⓡ Financial and legal diligence
- Ⓡ Ratings or consultant review where applicable
- Ⓡ Certification committee approval
- Ⓡ Periodic re-certification and monitoring

FAILURE OF CERTIFICATION

Exposure fails ARB Certification where:

- Ⓡ Revenue remains materially merchant or speculative
- Ⓡ Governance uncertainty cannot be contractually bounded
- Ⓡ Diversification thresholds are not met
- Ⓡ Ratings trajectory is insufficient
- Ⓡ Benchmark scale is absent
- Ⓡ Validation governance lacks independence

ANNEX PRINCIPLE

Certification is not permanent.

Admissibility must remain continuously observable.

Institutional allocation requires continuously enforceable admissibility.

ARB Certification confirms not that risk is absent, but that risk has been bounded sufficiently for institutional representation.

Empirical Basis for ARB Repricing Assumptions

ARB repricing assumptions are informed by historical institutional market behavior across multiple standardisation and securitisation precedents.

Observed historical compression ranges include:

- Ⓜ Renewable infrastructure merchant-to-contracted repricing: 300–600bps
- Ⓜ Whole loan to securitised ABS repricing: 200–500bps
- Ⓜ Single-project to diversified infra debt platform repricing: 300–500bps
- Ⓜ Private credit to rated CLO repricing: 200–400bps

These precedents do not imply identical future infrastructure repricing. They illustrate the recurring institutional pattern through which standardisation, ratings visibility, benchmark eligibility, and market liquidity reduce required returns.

ARB Position in the Allocation Stack

Making development investable requires more than project finance. It requires an institutional architecture through which development can be transformed into benchmark-compatible exposure.

Within that stack, ARB occupies a distinct role.

- Ⓜ Sovereign Infrastructure (SI) establishes the asset foundation.
- Ⓜ IIPP provides execution architecture and governance.
- Ⓜ ARB defines the admissibility boundary.
- Ⓜ GEMs3.0 provides observability.
- Ⓜ DIS creates institutional instruments.
- Ⓜ DISX enables market execution and liquidity.

Each layer resolves a different allocation constraint. ARB is the layer through which uncertainty becomes bounded exposure. Without bounded exposure, admissibility cannot be achieved. Without admissibility, institutional allocation cannot occur at scale.

Annex K - The Exposure Transformation Principle & The Anthropic-Google TPU Transaction

Contemporary Evidence of Institutional Admissibility Formation

OBSERVATION

Institutional capital rarely allocates directly to raw infrastructure assets.

Institutional allocation typically occurs only after exposure has been transformed into forms capable of satisfying portfolio, governance, benchmark and execution requirements.

The critical transition is not asset formation.

It is exposure formation.

Infrastructure may create economic value.

Institutional allocation requires admissible exposure.

THE EXPOSURE TRANSFORMATION LAW

Institutional allocation follows admissible exposure.

Admissible exposure follows exposure transformation.

The pathway varies.

The principle remains consistent.

CONTEMPORARY ILLUSTRATION - THE ANTHROPIC-GOOGLE TPU TRANSACTION)

Apollo and Blackstone participated in a financing structure supporting Google's TPU infrastructure for deployment by Anthropic.

The transaction combined:

- contracted infrastructure revenues
- lease-backed cashflows
- structured credit formation
- residual value support
- institutional syndication

Infrastructure exposure became institutionally admissible.

The physical asset did not change.

The exposure changed.

Institutional investors did not allocate because compute infrastructure suddenly became more attractive.

Institutional investors allocated because the exposure became institutionally admissible.

Allocation followed exposure transformation.

Not asset creation.

THE INSTITUTIONAL PRINCIPLE



Modern institutional markets allocate primarily to exposure rather than to assets themselves.

Exposure is commonly transformed through combinations of:

- governance
- contractual certainty
- observability
- risk bounding
- underwriting architecture

Only then does institutional allocation occur.

The pattern is observable across:

- infrastructure finance
- project finance
- structured credit
- securitisation
- private credit
- institutional real assets

The principle is observable across infrastructure, credit and real-asset markets. It represents a recurring feature of modern institutional capital formation.

RELEVANCE TO ARB

ARB applies the same institutional logic to sovereign infrastructure systems.

The objective is not to change infrastructure.

The objective is to improve the institutional admissibility of infrastructure exposure.

ARB does not alter the underlying asset.

It alters the conditions under which exposure becomes institutionally admissible.

The objective is not asset transformation.

The objective is exposure transformation.

Infrastructure does not enter portfolios.

Exposure enters portfolios.

Admissibility determines allocation.

That is the version most likely to survive as a standalone doctrinal statement years after the report itself is forgotten.

OBSERVATION

The Anthropoc TPU transaction demonstrates a contemporary example of a recurring institutional principle.

Allocation did not follow the asset.

Allocation followed exposure transformation.

The same institutional logic increasingly applies to sovereign infrastructure systems.

As infrastructure systems grow in scale, complexity and strategic importance, institutional participation increasingly depends not on the existence of assets, but on the formation of admissible exposure.

THE EXPOSURE TRANSFORMATION LAW

The asset did not change.

The exposure changed.

Admissibility emerged.

Allocation followed.

Annex L – Illustrative Infrastructure Applications

ARB is not specific to any geography, sector or infrastructure system.

The framework may be applied wherever infrastructure exposure remains economically significant but institutionally under-allocated.

Illustrative applications include:

- Economic corridors
- Regional transport systems
- Energy pools
- Industrial platforms
- Digital infrastructure networks
- Trade facilitation systems
- Cross-border infrastructure programmes

Illustrative examples include:

- Lobito Corridor
- North-South Corridor
- Grand Inga
- East African Power Pool
- Digital Connectivity Platforms

In each case, the underlying challenge is similar.

Strategically important infrastructure systems often remain difficult to integrate into institutional portfolios because exposure remains fragmented, non-standardised, insufficiently observable or benchmark-incompatible. ARB provides a framework through which such systems may be transformed into institutionally admissible exposure.

THE INFRASTRUCTURE ALLOCATION PRINCIPLE

Strategic infrastructure does not scale solely because it is important.

It scales when exposure becomes institutionally admissible.

Annex M - Definitions of The System

This report uses specific terms in a precise institutional sense. These definitions establish a common language for portfolio, benchmark and allocation systems.

EXPOSURE: The institutional representation of cashflows, risks and contractual rights through which capital is priced, benchmarked and allocated. Projects are economic activities. Exposure is the institutional form through which those activities enter portfolio systems.

ALLOCATABILITY: The condition under which exposure satisfies the requirements for inclusion within institutional portfolios. Allocatability generally requires:

- ▶ mandate compatibility,
- ▶ governance standardisation,
- ▶ contractual visibility,
- ▶ benchmark eligibility. Allocatability is the admission condition for institutional participation.

ADMISSIBILITY: The condition under which exposure is recognised as eligible for institutional pricing, benchmarking and allocation. Exposure that is not admissible cannot be allocated, regardless of underlying asset quality.

EXECUTION CERTAINTY: The condition under which institutional exposure can be deployed and maintained within portfolio systems. Requires:

- ▶ delivery visibility,
- ▶ contractual enforceability,
- ▶ settlement integrity,
- ▶ operational continuity. Execution certainty permits allocation.

BENCHMARK-COMPATIBLE EXPOSURE Exposure structured in a form capable of integration within institutional benchmarks and portfolio allocation systems. Generally requires:

- ▶ standardisation,
- ▶ comparability,
- ▶ pricing observability,
- ▶ risk transparency.

RISK TRANSFORMATION The process through which fragmented or unbounded uncertainty becomes structured exposure capable of pricing, benchmarking and allocation.

INSTITUTIONAL EXPOSURE Exposure that is both institutionally admissible and operationally executable. Admissible exposure represents the intersection of admissibility and execution certainty.

ALLOCATION The deployment of capital through mandate-governed and benchmark-aligned portfolio processes. Allocation is determined by:

- ▶ eligibility,
- ▶ admissibility,
- ▶ execution certainty. Allocation does not occur through narrative persuasion.

NON-ALLOCATION The absence of exposure within institutional portfolios despite the existence of investable underlying assets. Where exposure remains inadmissible or inoperable, allocation does not occur.

About The Authors

About the Sustainable Markets Initiative (SMI)

The Sustainable Markets Initiative is the world's go-to private sector organization for sustainable transition; characterized by our unique brand of 'private sector diplomacy'. With the vision of our founder, His Majesty King Charles III, and our unique convening power, the Sustainable Markets Initiative facilitates action between world leaders and CEOs to position sustainability at the heart of global value creation.

Together, we seek to mobilize the trillions of dollars required to achieve a sustainable future. Investment at this scale requires global systems-level change with a default sustainable orientation across markets, industries and supply chains. Here, our mandates, the Terra Carta and Astra Carta, provide practical private sector trajectories.

The Sustainable Markets Initiative believes that with bold ambition and courageous leadership, we can seize a new era of global prosperity that will last for generations to come. We call this 'The Growth Story of Our Time'.

For further information please visit: www.sustainable-markets.org

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Africa investor (Ai) is an institutional investment platform that supports sovereign wealth funds, pension funds, family offices, global institutional investors, and philanthropies to allocate to Africa's strategic infrastructure, technology, and natural and cultural capital investment opportunities.

Through Ai Capital and the Ai Academy, Ai develops fiduciary-grade investment platforms and Institutional Investor–Public Partnership (IIPP) solutions that de-risk and scale institutional allocations.

Ai originates and structures Africa's thematic advantages into resilient, investable assets that strengthen competitiveness and Make Development Investable.

This report was produced under the leadership of Ai Capital, with guidance and expert review provided by its dedicated team, which included Guan Seng Khoo and Pamela Gopaul.

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ALLOCATABILITY RISK BOUNDING

From De-Risking to Risk-Bounding

The Institutional Underwriting Doctrine

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