

# InfrastructureUSA

## Guest on THE INFRA BLOG

**Dave Sandor, Co-founder & CEO, Allinfra**

**Conversation with Steve Anderson, Managing Director, InfrastructureUSA**

### **Understanding the Allinfra Platform**

We've built a platform that we hope allows a broader spectrum of investors to access infrastructure investment directly, and on the flipside, allow those that require financing for infrastructure to tap into a broader pool of investors. That's the overall thesis. There are four principles that we follow in the platform, particularly around what we want the platform to deliver, and that is the following:

- **Direct access:** We want to be able to give the ultimate investor direct access to the underlying asset, put them as close as possible to the underlying asset with as few intermediaries as possible.
- **Give the investor choice:** Allow the investor to have choice of type of infrastructure that they want to invest in. If they want to invest in solar in a particular jurisdiction, they can get that investment. If they want to invest in a toll road or toll roads in a particular jurisdiction, they can get that investment, they can get that pure exposure.
- **To give the investor exposure in a form that allows for liquidity in the future:** Something that's in a form that's going to be easy to trade in the future, that allows that liquidity.
- **And finally, something that delivers a greater share of returns to the investor:** By giving direct access, by putting the investor as close as possible to the underlying asset, stripping out intermediaries, we hope to be able to pass on a greater share of the returns from the asset to the ultimate investor.

### **The Team Behind Allinfra**

The team has broad experience across capital markets, financial structuring, infrastructure asset management, infrastructure finance and technology. A couple of years ago, we saw that there was a gap in the infrastructure market, particularly in unlisted infrastructure, where the group as a whole has some expertise. We saw that there's an asset class here that has very limited liquidity that requires a large check, significant expertise to get involved. We saw that through blockchain technology there was going to be a way to make that market more efficient, to allow more people to get involved from the investment perspective, to provide greater liquidity to all investors, to provide greater returns to the investor by stripping out intermediaries, and then finally, hopefully bringing down the cost of infrastructure financing. We recognized that there was a gap in the market, particularly in that asset class. We put the right people together around the problem, and we've worked on that over the last couple of years to come up with a solution.

## **A Global Need for New Infrastructure Investment Paradigms**

We're seeking high quality assets globally. There's no restriction on jurisdiction. The team has experience across the globe, and we think the US is a very interesting market, both on the asset side and on the investor side. It's certainly something that we're looking at pursuing. I think globally we need to explore other methods of financing infrastructure. We need to introduce a broad pool of investors to be able to invest in infrastructure directly. We know that there's infrastructure spending shortfall globally over the next 20 to 30 years, or at least that's what's forecast, and if we're going to break that we need additional sources of financing, we need creative sources of financing. I hear the issues in the US, but I think those issues are mirrored in other places globally. It's likely in the very near term that we'll have a slight bent towards renewable energy: things like solar, wind, and so forth. The platform and the technology lends itself to the broader pool of infrastructure. Anything across energy generation, distribution, storage, transport, communications, social infrastructure, environmental infrastructure, and through to environmental financial products. We think we can handle the full gamut of infrastructure.

## **How Communities Can Benefit**

If you think about infrastructure in a community, getting returns from that infrastructure from a financial perspective is fantastic, but there may be other reasons why you want to invest in that infrastructure. Maybe it's going to improve your quality of life, maybe it's going to make a difference to real estate values, and so forth. There are other factors that may come into why you want to back infrastructure in your local community, your local state, your local city, that is different to what a third-party institutional fund may look at. Anything that can easily and efficiently bring in a broader pool of ultimate investors, that can basically allow more people to experience the financial and commercial benefits of infrastructure, will be positive. Bringing more people into the direct investment ecosystem, and making that ecosystem more efficient, I think, will help to improve the financing of infrastructure. Hopefully over time it brings down the cost of financing infrastructure. If you can bring more people into that financing discussion that may have different value drivers away from just pure returns, I think that can also be helpful for what sort of infrastructure gets financed.

## **How Blockchain Makes Allinfra Possible**

For us, Blockchain is a method of delivery. We use something called the Ethereum blockchain, which is a programmable, general purpose blockchain. It's a platform for smart contracts and decentralized applications. Basically, we create something that is a token on that blockchain, and that token represents an economic or ownership interest in an underlying asset. It is something that you can hold and possess on your own as an owner. You can basically control that asset yourself, control that token yourself, and it's easy to trade. It's in a liquid form. Our platform has been built in a way that it's very cost efficient. For us to go and provide technology for someone to tokenize a particular asset, that can be done in a very efficient manner. It's a very cheap way of putting together financing. We can do it over small assets, pools of assets, so it's very, very flexible. Blockchain technology allows us to do that. For us it's a delivery mechanism.

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