

Welcome to the latest edition of **Infrastructure Spotlight**, the monthly newsletter from Preqin providing insights into infrastructure performance, investors, deals and fundraising. Infrastructure Spotlight uses information from our **Infrastructure Online** service.

Subscribe to receive your free edition of Infrastructure Spotlight every month:

www.preqin.com/signup

Featured Publication



2016 Preqin Global Infrastructure Report

www.preqin.com/gir

Contact Us

Preqin operates from offices in **New York, London, Singapore, San Francisco** and **Hong Kong**.

For our office addresses and contact details, please visit:

www.preqin.com/contact

General Enquiries

w: www.preqin.com

e: info@preqin.com

Infrastructure Spotlight

February 2016

Feature Article: Fund Manager Outlook for 2016 3

In this extract from the [2016 Preqin Global Infrastructure Report](#), we take a look at fund managers' views on the current issues affecting the industry and their outlook for the year ahead, based on a survey of over 60 infrastructure fund managers.

Preqin Industry News 6

We take a look at the latest infrastructure news.

On the Network 8

We examine the activity of investors on [Preqin Investor Network](#) to see which regions and fund sizes are of current interest to investors, as well as which institutional investor types have been proactively looking at unlisted infrastructure funds on the Network in January.

The Facts

Emerging Markets: ASEAN Infrastructure Deals 9

Asset Managers Investing in Infrastructure 10

Conferences 11

Upcoming infrastructure conferences around the world that Preqin will be attending in the near future.

Did you know...?



You can download all the data in this month's Spotlight in Excel.

Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing; please cite Preqin as the source.



Fundraising to the next level

We have a successful track record in raising capital for **private equity, credit, real assets** and **infrastructure firms** from around the world.

Our ability to differentiate our clients in a highly competitive market and our longstanding relationships with active investors in North America, Europe, Asia and the Middle East are key to our success.

We are partners with each of our clients, helping them reach the next level in fundraising.

€900m

TRILANTIC | CAPITAL PARTNERS EUROPE

Trilantic V Europe

Pan-European mid-market private equity

2015

£250m

Elysian Capital

Elysian Capital II

Buyout investments in the UK lower middle market

2015

€1.25b

E2i

Fondi Italiani per le Infrastrutture II

Value infrastructure in Italy

2015

\$406m

NEW WATER CAPITAL PARTNERS

New Water Capital Partners

Special situations investments in the lower middle market

2015

 **Capstone**Partners

www.csplp.com

Americas – Europe – Middle East – Asia Pacific

Securities placed through CSP Securities, LP
Member FINRA/SIPC
Authorised by FINMA



Fund Manager Outlook for 2016

In this extract from the [2016 Preqin Global Infrastructure Report](#), we take a look at fund managers' views on the current issues affecting the industry and their outlook for the year ahead, based on a survey of over 60 fund managers.

As infrastructure becomes a more established alternative asset class, the number of active fund managers will continue to grow in order to take advantage of the demand from institutional investors. Preqin's **Infrastructure Online** has details for over 480 infrastructure fund managers worldwide holding approximately \$309bn in aggregate assets under management*. In November 2015, Preqin conducted an in-depth study of over 65 infrastructure fund managers to gain an insight into the issues affecting their business, deal flow and financing, as well as their views on investor appetite and regulation within the infrastructure industry.

Key Issues

High pricing is clearly making sourcing deals a difficult prospect for many firms, with "finding attractive investment opportunities" named as the biggest single issue affecting their business by the majority of respondents (52%, Fig. 1). In response to the difficulties in attracting institutional investor capital in a crowded marketplace, fundraising was named by just over one-quarter (26%) of firms as a key concern, while other issues were named by just a small proportion of respondents.

Deal Flow

With strong fundraising in recent years, managers of infrastructure funds still have high amounts of dry powder (\$108bn). This, coupled with more competition from other sources, such as strategic or corporate buyers and institutional investors making direct investments, means competition for assets is growing; 51% of fund managers are finding it more difficult to find attractive investment opportunities in the current

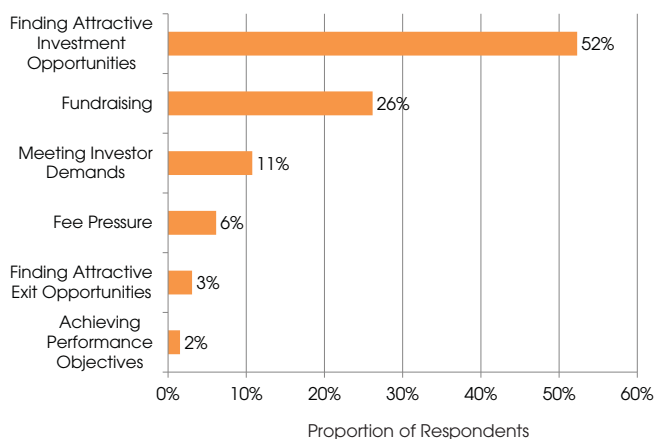
market compared to a year ago (Fig. 2). One Canada-based fund manager stated that "it was difficult to find deals outside of the auction process", while another UK-based firm detailed the importance of developing relationships with sponsors as key to gaining access to syndicated transactions at an earlier stage.

Consequently, managers have to review more opportunities than 12 months ago, with 55% of respondents conducting due diligence on a greater number of opportunities. Furthermore, competition has increased across a variety of asset types. Fig. 3 reveals that the majority of respondents have seen greater levels of competition for the more established, income-generating infrastructure assets compared to those at the development phase.

However, despite increasing competition, most fund managers are confident they can put sizeable amounts of capital to work in the coming year. Fig. 4 reveals that over three-quarters (77%) of surveyed fund managers plan to deploy more capital in infrastructure assets in 2016 than they did in 2015, including 16% intending to significantly increase the amount of capital. This may be partly due to the greater availability of debt financing, with more attractive terms for borrowers. Forty-four percent of managers surveyed believe the pricing and terms of debt financing for infrastructure assets has improved from 12 months ago, while just 7% believe it is now worse.

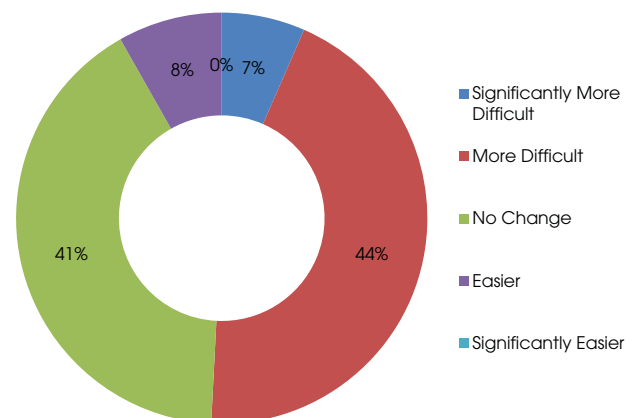
The overall consensus among fund managers appears to be that banks will provide the majority of, if not all, financing in 2016, as stated by 69% of fund managers (Fig. 5). Indicative of how institutional investors are growing in influence as lenders, a notable 29% of respondents stated that institutional

Fig. 1: Biggest Challenges Facing Unlisted Infrastructure Managers in 2016



Source: 2016 Preqin Global Infrastructure Report

Fig. 2: Fund Managers' Views on the Level of Difficulty in Finding Attractive Investment Opportunities Compared with 12 Months Ago



Source: 2016 Preqin Global Infrastructure Report

*Preqin defines a firm's assets under management as the sum of its dry powder and unrealized value of its portfolio assets.



investors will provide the majority of financing, with a further 3% indicating that they will provide all financing for transactions in 2016. While infrastructure debt funds are still in the relatively early stages of their development, 17% of fund managers reported that infrastructure debt funds will provide the majority or all financing in 2016.

Investors and Fundraising

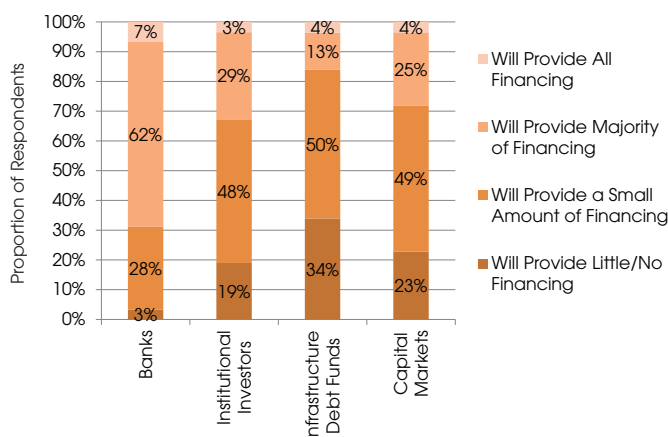
With record distributions to investors meaning many have more capital to invest back into infrastructure, and growing levels of capital being raised in recent quarters, it is unsurprising that approximately three-quarters of fund managers believe that investor appetite for unlisted infrastructure has increased over the last year, with just 4% seeing reduced appetite (Fig. 6).

However, there seems to be significant variation in appetite from different types of institutional investor. Public pension funds, insurance companies, private sector pension funds and sovereign wealth funds have demonstrated greater appetite for infrastructure over the past year (Fig. 7). This is perhaps unsurprising considering these investors typically have the longest investment horizons and can match their long-term liabilities against the steady cash flows produced by infrastructure assets. In contrast, fund managers are not seeing more appetite from the typically smaller institutional investors, such as foundations or endowment plans, although there are also no signs of a decline in appetite for the asset class from any investor type.

Despite the increased appetite from investors, capital has become more concentrated among a smaller selection of fund managers. It is therefore unsurprising that two-thirds of surveyed fund managers have seen an increase in competition for institutional capital commitments over the last year, with only 2% of surveyed firms witnessing a reduction in competition (Fig. 8).

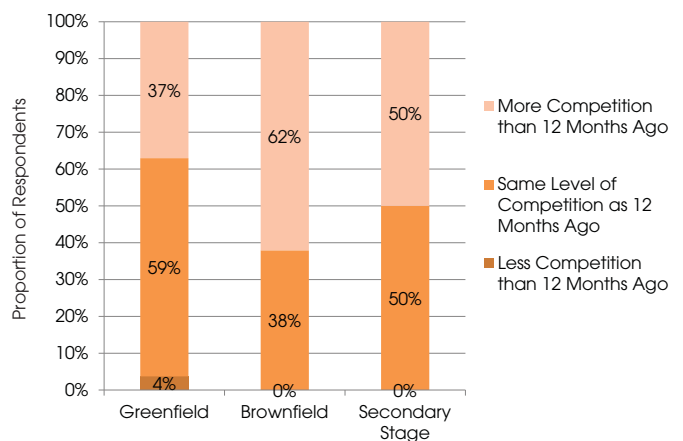
In a crowded and competitive market, fund managers may look to secure additional capital by offering alternative structures to the traditional commingled fund model such as separate account vehicles and co-investment rights. The largest proportion (66%) of surveyed managers are looking to offer more co-investment opportunities to investors in 2016, while 42% of respondents are looking to offer more separate accounts.

Fig. 5: Fund Managers' Views on the Importance of Various Types of Lenders as Sources of Debt Financing for Transactions in 2016



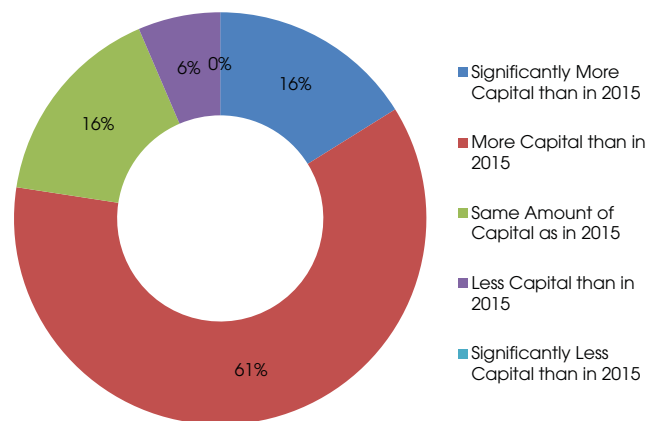
Source: 2016 Preqin Global Infrastructure Report

Fig. 3: Fund Managers' Views on the Level of Competition for Assets by Project Stage



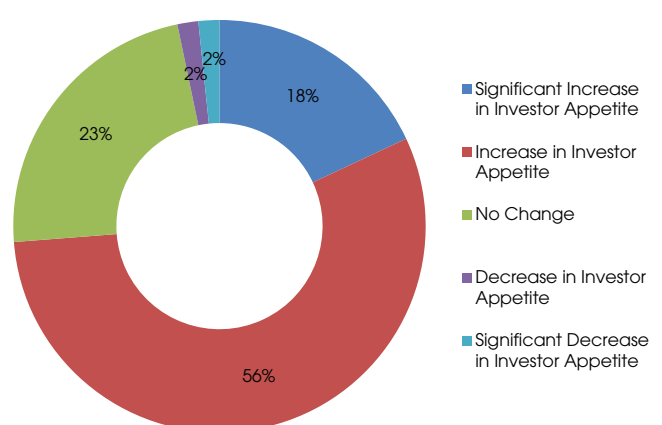
Source: 2016 Preqin Global Infrastructure Report

Fig. 4: Amount of Capital Fund Managers Plan to Deploy in Infrastructure Assets in 2016



Source: 2016 Preqin Global Infrastructure Report

Fig. 6: Fund Managers' Views on How Institutional Investor Appetite for Unlisted Infrastructure Has Changed over the Past Year



Source: 2016 Preqin Global Infrastructure Report



Regulation

Regulation within the infrastructure industry has been met with relatively little enthusiasm over the past few years. However, there appears to be some change in manager sentiment; a third of fund managers believe that regulation will change the infrastructure industry for the better over 2016, while over half thought that regulation would have no effect, and only 16% think it will change the industry for the worse (Fig. 9).

When asked specifically if they were compliant with the AIFMD requirements, 43% of managers stated their funds were compliant, with a further 10% planning to comply by the end of 2016. The main concerns of participant firms include the increased complexity in the market and the cost of compliance, cited by 34% and 32% of fund managers respectively. Of those that have actively sought to comply with AIFMD regulation, 40% have stated that costs are higher than expected, with one manager describing recently introduced regulation as “burdensome and expensive while providing few benefits”. Another fund manager noted that “there is uncertainty surrounding the AIFMD, causing confusion among asset managers. There is no harmonization across EU states. Each state has its own set of guidelines which makes it convoluted”.

While the majority of non-EU-headquartered respondents will not be raising capital from EU-based investors in the near future, of those that will, 46% will establish an EU AIFM to take advantage of the passport, while 27% and 19% will use national private placements or reverse solicitation only to raise capital from these investors respectively.

2016 Preqin Global Infrastructure Report

This article is an extract from the [2016 Preqin Global Infrastructure Report](#), the most comprehensive review of the industry available today.

Assembled by our dedicated teams of multilingual analysts based around the world, this report enables professionals to understand the latest trends, access valuable historical data and discover the most important players in every area of the industry.

Topics covered include:

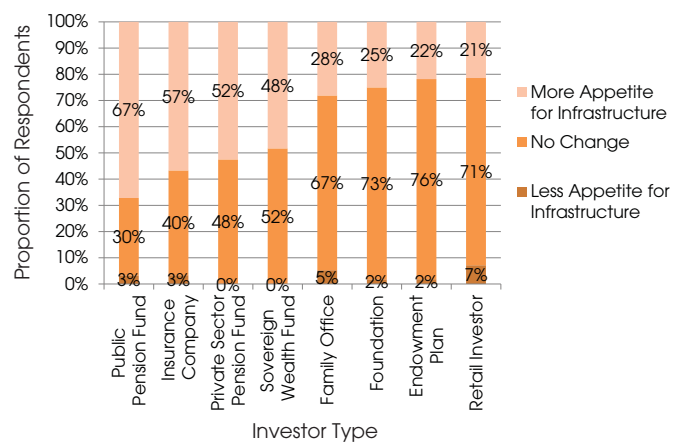
- Fundraising
- Institutional investors
- Fund managers
- Performance
- Industry AUM and dry powder
- Commentary from key industry figures
- League tables and survey results
- Investment consultants
- Regional breakdowns
- Deals and exits
- Listed and open-ended funds
- Investment consultants



For more information about the report, to view sample pages or to purchase a copy, please visit:

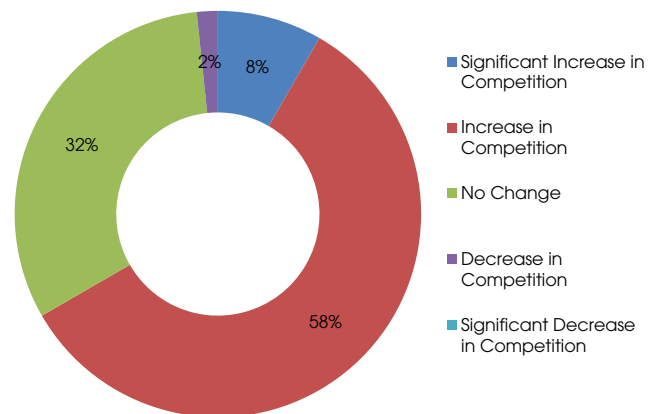
www.preqin.com/gir

Fig. 7: Fund Managers’ Views on Whether They Are Seeing More Appetite for Infrastructure from Different Types of Investor



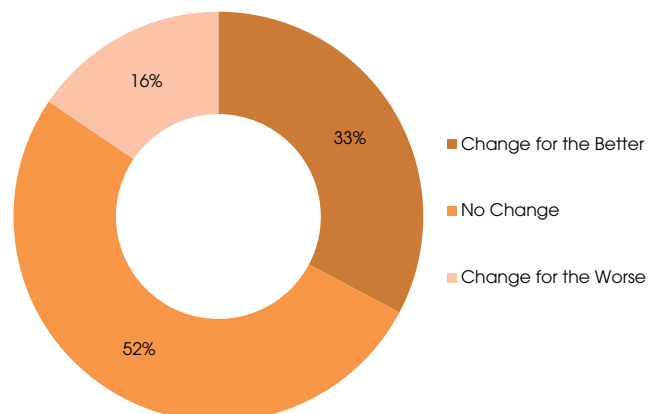
Source: 2016 Preqin Global Infrastructure Report

Fig. 8: Fund Managers’ Views on the Level of Competition for Investor Capital Compared to 12 Months Ago



Source: 2016 Preqin Global Infrastructure Report

Fig. 9: Fund Managers’ Views on How Regulation Will Affect the Infrastructure Industry in 2016



Source: 2016 Preqin Global Infrastructure Report



Preqin Industry News

Oliver Senchal takes a look at infrastructure deals completed in the ASEAN region over 2015, as well as asset managers that are targeting new fund commitments over the next 12 months.

ASEAN Infrastructure Deals in 2015

As examined on page 9, ASEAN infrastructure deal flow has fluctuated over recent years. Despite half the number of deals completed in the region in 2015 compared with 2014, reported aggregate deal values over recent years are the highest they have ever been. So far this year, only one transaction has been completed in the region: [VinaCapital's](#) investment in [Airports Corporation of Vietnam \(AVC\)](#), which manages and operates all 21 civil airports in Vietnam, for an undisclosed fee.

Since 2008, Indonesia has seen the highest level of deal flow in a single ASEAN country, with 49 transactions taking place for a reported \$7.2bn, although only two transactions were completed in 2015, including the acquisition of [XL Axiata Telecommunication Tower Project](#) from [XL Axiata](#) by [Solusi Tunas Pratama](#) for \$460mn. Deals completed in the Philippines were the most prominent in 2015; six deals were completed in 2015 for a reported \$1.4bn, the largest of which was [Metro Pacific Investment Corporation's](#) PHP 27.3bn bid for the [Cavite - Laguna Expressway](#), the proposed four-lane, 47km expressway that will connect the existing Cavite Expressway and the South Luzon Expressway Mamplasan Interchange in Binan, Laguna.

The largest deal in the ASEAN region in 2015 was [Toyo-Thai Corporation's](#) winning \$2.8bn bid for the 30-year Build-Operate-Transfer concession of [Ye Township Power Plant](#). The 1,280 MW coal power plant is situated in Southern Myanmar's Mon state and is equipped with Japanese Ultra Super Critical technology which supplies electricity to Myanmar's national grid. The deal is the fourth largest transaction completed in the ASEAN region since 2008.

Asset Managers Targeting New Fund Commitments

Asset managers represent some of the most sophisticated infrastructure investors, directing large amounts of capital towards the asset class through a variety of routes. Page 10 shows that asset managers are, on average, under-allocated to the asset class, indicating that capital is expected to flow towards infrastructure in the coming year – most likely through unlisted fund commitments or direct investment, with these routes to market targeted by 77% and 44% of asset managers respectively.

One asset manager likely to invest through unlisted funds in the next 12 months is [Pensionskassernes Administration \(PKA\)](#). The Denmark-based DKK 220bn asset manager will look to deploy around DKK 1.5bn over 2016 in unlisted infrastructure funds, targeting economic and social infrastructure assets

In Numbers: ASEAN Infrastructure

The ASEAN region represents a growing focus for many infrastructure fund managers and investors. Preqin's **Infrastructure Online** contains detailed information on all active fund managers, investors, funds and deals within the ASEAN region.

21

Number of infrastructure firms based in the ASEAN region.

\$10.7bn

Amount of capital raised by 28 unlisted infrastructure funds reaching a final close that target ASEAN countries.

11

Number of unlisted infrastructure funds currently in market targeting an aggregate \$8bn that are seeking to make investments in ASEAN countries.

\$344bn

AUM of [GIC](#), the Singapore-based sovereign wealth fund and largest infrastructure investor in the ASEAN region.

65

Number of active institutional investors in infrastructure based in the ASEAN region.

globally and working with both new and existing fund managers. In addition to fund commitments, PKA will look to make further direct infrastructure investments totalling approximately DKK 2.5bn, with a preference for European, or more specifically, Nordic assets.

[Brightrust PE Japan](#) will also be looking to invest in unlisted infrastructure vehicles in the next 12 months. Geographically, it will target investments globally, with a preference for primary, secondary and debt funds. Asset managers seeking to make unlisted fund commitments opportunistically over the next year include Canada-based [UBC Investment Management Trust](#) and [Dancap Private Equity](#), as well as Netherlands-based [MN](#).

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

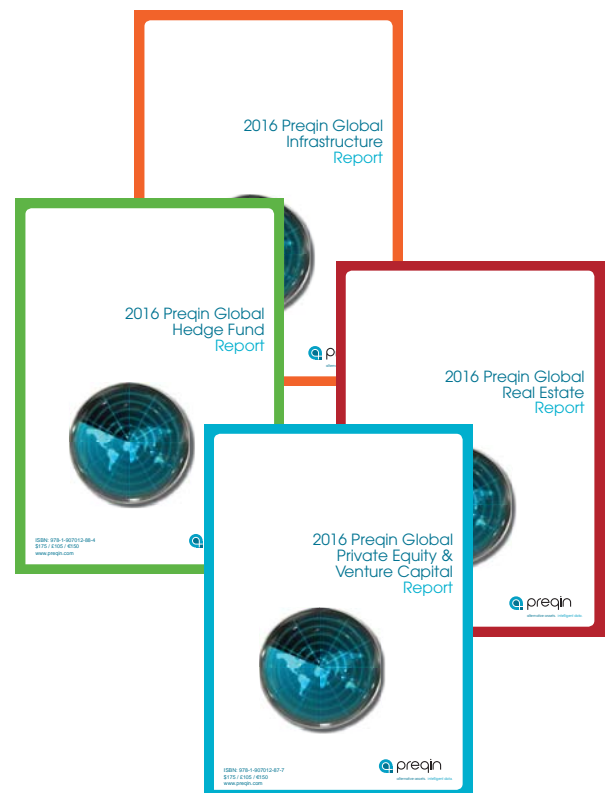
Send your updates to spotlight@preqin.com and we will endeavour to publish them in the next issue.

2016 Preqin Global Alternatives Reports

PRIVATE EQUITY | HEDGE FUNDS | REAL ESTATE | INFRASTRUCTURE

The 2016 reports form the most comprehensive review of the alternatives investment industry ever undertaken:

- **Improve** your presentations, marketing materials and company reports.
- **Read** contributions from some of the industry's leading figures.
- **Understand** the latest trends.
- **Access** analysis and statistics on fundraising, performance, deals, investors, fund managers and much more.



Also in this series: The **2016 Preqin Global Private Debt Report** and the **2016 Preqin Global Natural Resources Report** are due for release in March 2016.

For more information or to purchase your copies, please visit:

www.preqin.com/reports

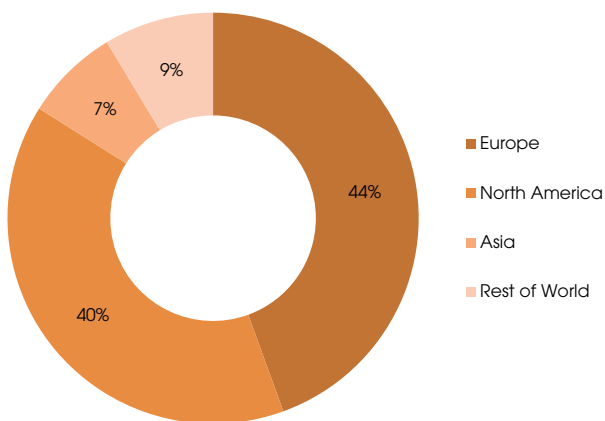


On the Network This Month: What Are Investors Searching For?

We examine the activity of investors on [Preqin Investor Network](#) to see which regions and fund sizes are of current interest to investors, as well as which institutional investor types have been proactively looking at unlisted infrastructure funds on the Network in January.

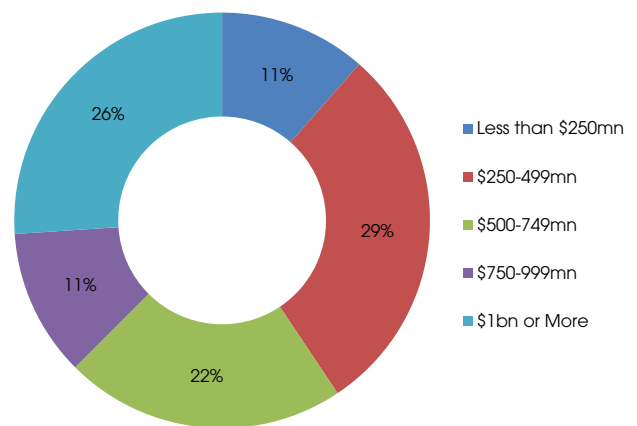
[Preqin Investor Network](#) is a unique system designed to help investors source and connect with alternative assets fund managers. Currently, over 7,700 individuals across 3,800 institutional investor firms are using the Network to find and reach out to the 3,300 private equity, private real estate and unlisted infrastructure funds in market. If you would like to find out more, please email: pin.info@preqin.com.

Fig. 1: Breakdown of Unlisted Infrastructure Funds Reviewed by Investors on Preqin Investor Network by Primary Geographic Focus, January 2016



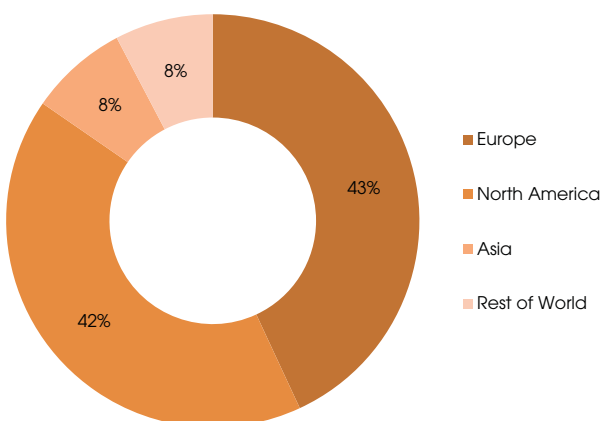
Source: Preqin Investor Network

Fig. 2: Breakdown of Unlisted Infrastructure Funds Reviewed by Investors on Preqin Investor Network by Target Size, January 2016



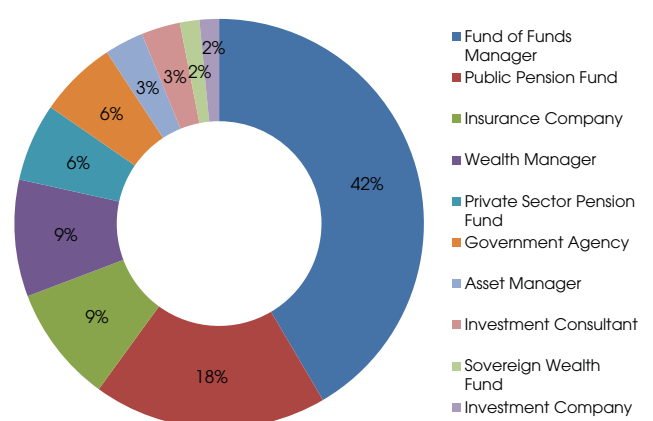
Source: Preqin Investor Network

Fig. 3: Breakdown of Investors Searching for Infrastructure Funds on Preqin Investor Network by Firm Location, January 2016



Source: Preqin Investor Network

Fig. 4: Breakdown of Investors Searching for Infrastructure Funds on Preqin Investor Network by Type, January 2016



Source: Preqin Investor Network

In Numbers: On the Network This Month

- 286** The number of unlisted infrastructure funds currently in market (as at **8 February 2016**).
- 29%** Proportion of all unlisted infrastructure funds in market reviewed by investors on the Network in **January** alone.



The average size of unlisted infrastructure funds in market screened on the Network in **January**.

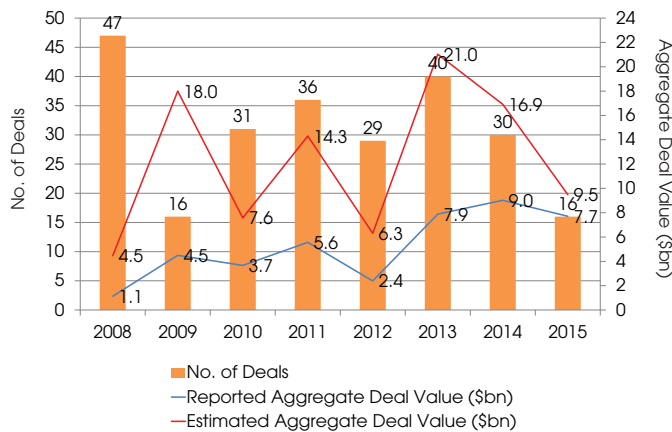
Some of the largest unlisted infrastructure funds have signed up to share more information with the Network's investors. Would you like to join them and have investors contact you for more information? Email us at pin.info@preqin.com.



Emerging Markets: ASEAN Infrastructure Deals

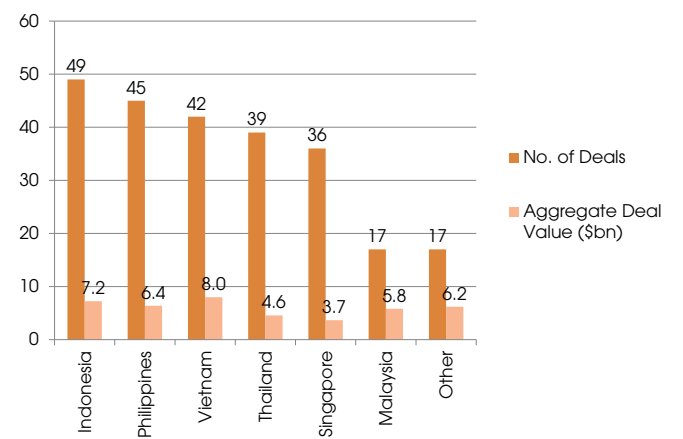
In the fourth instalment of Preqin's series of infrastructure deals in emerging markets, [Ryan Soon](#) examines the infrastructure market in the ASEAN region.

Fig. 1: Number and Aggregate Value of Infrastructure Deals Completed in the ASEAN Region, 2008 - 2015



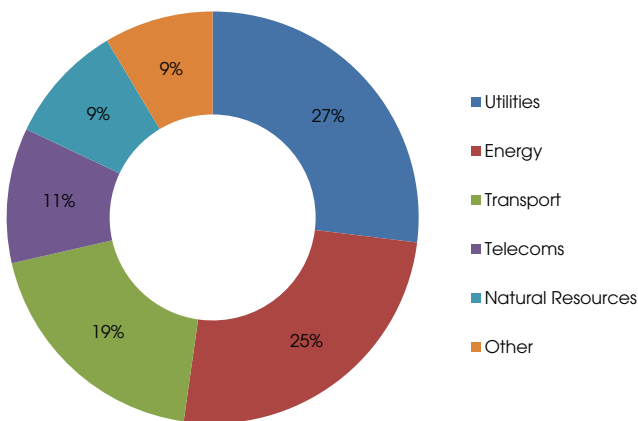
Source: Preqin Infrastructure Online

Fig. 2: Completed Infrastructure Deals in the ASEAN Region by Location, 2008 - 2015



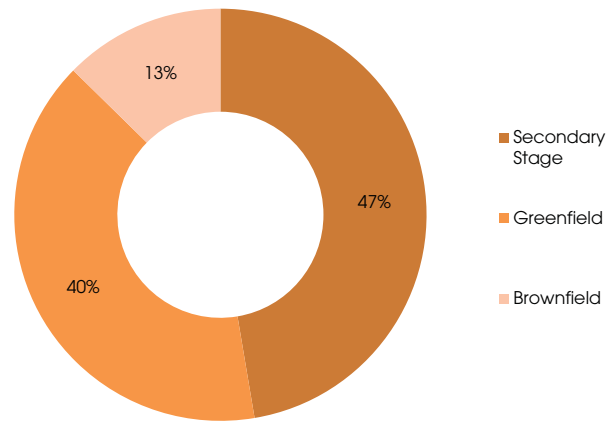
Source: Preqin Infrastructure Online

Fig. 3: Completed Infrastructure Deals in the ASEAN Region by Sector, 2008 - 2015



Source: Preqin Infrastructure Online

Fig. 4: Completed Infrastructure Deals in the ASEAN Region by Project Stage, 2008 - 2015



Source: Preqin Infrastructure Online

Fig. 5: Five Notable Completed Infrastructure Deals in the ASEAN Region in 2015

| Asset | Industry | Investor(s) | Deal Size (mn) | Location | Date |
|---|-----------------------|---|----------------|-------------|--------|
| Ye Township Power Plant | Power Plants | Toyo-Thai Corporation | 2,800 USD | Myanmar | Apr-15 |
| Edra Global Energy | Power Plants | China General Nuclear Power Group | 2,300 USD | Malaysia | Nov-15 |
| Cavite - Laguna Expressway | Roads | Metro Pacific Investments Corporation | 27,300 PHP | Philippines | May-15 |
| Bulacan Bulk Water Supply Project | Water Distribution | Korea Water Resources, San Miguel Corporation | 518 USD | Philippines | Dec-15 |
| XL Axiata Telecommunication Tower Project | Mobile Phone Networks | Solusi Tunas Pratama | 460 USD | Indonesia | Oct-15 |

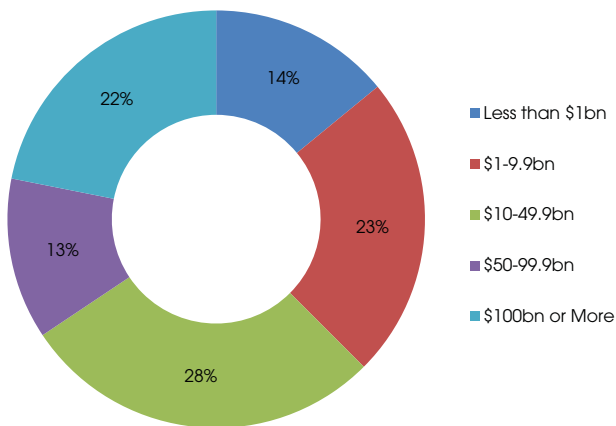
Source: Preqin Infrastructure Online



Asset Managers Investing in Infrastructure

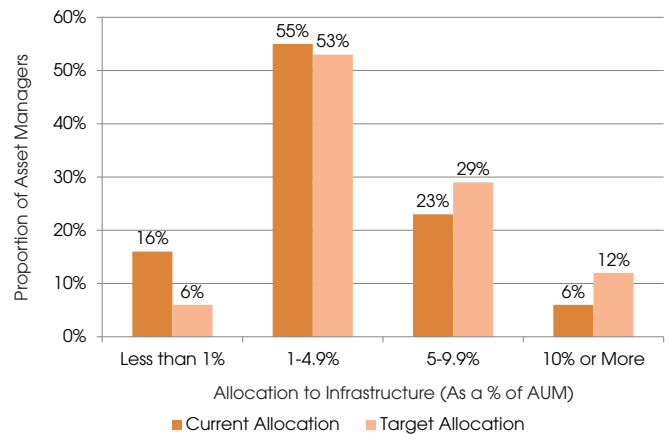
Justin Beardon examines asset managers that are investing in the infrastructure asset class, including assets under management, current and target allocations, preferred routes to market and sources of allocation.

Fig. 1: Breakdown of Asset Managers Investing in Infrastructure by Assets under Management



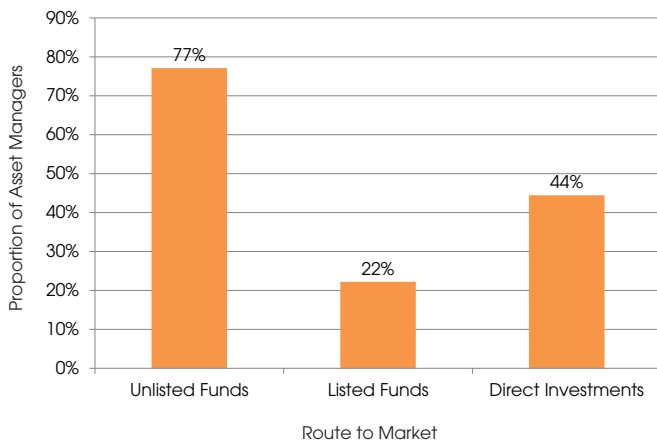
Source: Preqin Infrastructure Online

Fig. 2: Asset Managers Actively Investing in Infrastructure: Current and Target % Allocations



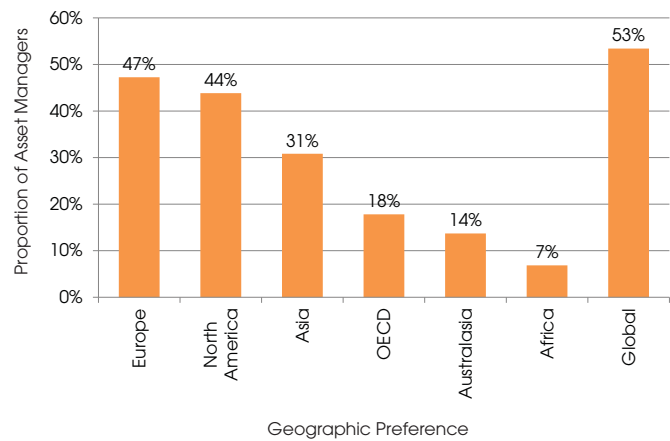
Source: Preqin Infrastructure Online

Fig. 3: Asset Managers Investing in Infrastructure: Preferred Route to Market



Source: Preqin Infrastructure Online

Fig. 4: Asset Managers Investing in Infrastructure: Geographic Preferences



Source: Preqin Infrastructure Online

Data Source:

Preqin's **Infrastructure Online** features 184 in-depth profiles for asset managers investing, or considering investing, in infrastructure. Extensive profiles feature full contact information for key decision makers, investment preferences, allocations, future plans and more.

For more information, please visit:

www.preqin.com/infrastructure



Conferences Spotlight

| Conference | Dates | Location | Organizer | Preqin Speaker | Discount Code |
|---|--------------------|-----------------------|----------------------|----------------|----------------------------|
| The Jersey Finance Annual Funds Conference 2016 | 3 March 2016 | London | Jersey Finance | – | – |
| Family Office Winter Forum | 8 March 2016 | New York | Opal Finance Group | – | – |
| Investment Consultants Forum | 8 March 2016 | New York | Opal Finance Group | – | – |
| Women's Private Equity Summit | 9 - 11 March 2016 | California | Falk Marques Group | | – |
| AIMA Alternative Investment Management Summit | 30 - 31 March 2016 | Abu Dhabi | AIMA | Amy Bensted | – |
| Family Office & Endowment Investment Forum | 4 - 5 April 2016 | Toronto | Opal Finance Group | – | – |
| FundForum Asia | 18 - 21 April 2016 | Hong Kong | Informa | Amy Bensted | 15% Discount – FKN2472PNWB |
| Elite Summit | 20 - 22 April 2016 | Montreux, Switzerland | Marcus Evans Summits | – | – |
| Private Wealth Management APAC Summit | 25 - 27 April 2016 | Kuala Lumpur | Marcus Evans Summits | – | – |
| Emerging Managers Summit | 23 - 25 May 2016 | Chicago, IL | Opal Finance Group | – | – |
| European Pensions and Investments Summit | 23 - 25 May 2016 | Montreux, Switzerland | Marcus Evans Summits | – | – |
| Private Wealth Management Summit | 5 - 7 June 2016 | Palm Beach, FL | Marcus Evans Summits | – | – |
| SuperReturn Energy | 6 - 7 June 2016 | Boston, MA | ICBI | Mark O'Hare | – |
| The FundForum | 6 - 8 June 2016 | Berlin | Informa | Amy Bensted | 15% Discount – FKN2454PNWB |
| Global Infrastructure Investors Summit (GIIS) | 7 June 2016 | London | IPR Events | Mark O'Hare | 30% Discount – Preqin |
| FundForum Africa | 20 - 22 June 2016 | London | Informa | – | 15% Discount – FKP2429PNWB |
| Family Office & Private Wealth Management Forum | 18 - 20 July 2016 | Newport, RI | Opal Finance Group | – | – |

Access Free Conference Slide Decks and Presentations

Preqin attends and speaks at many different alternative assets conferences throughout the year, covering topics from infrastructure fundraising trends to alternative UCITS.

All of the conference presentations given by Preqin speakers, which feature charts and league tables from Preqin's online products, can be viewed and downloaded from Preqin's **Research Center Premium**, for free.

For more information, and to register for Preqin's **Research Center Premium**, please visit:

www.preqin.com/rcp