



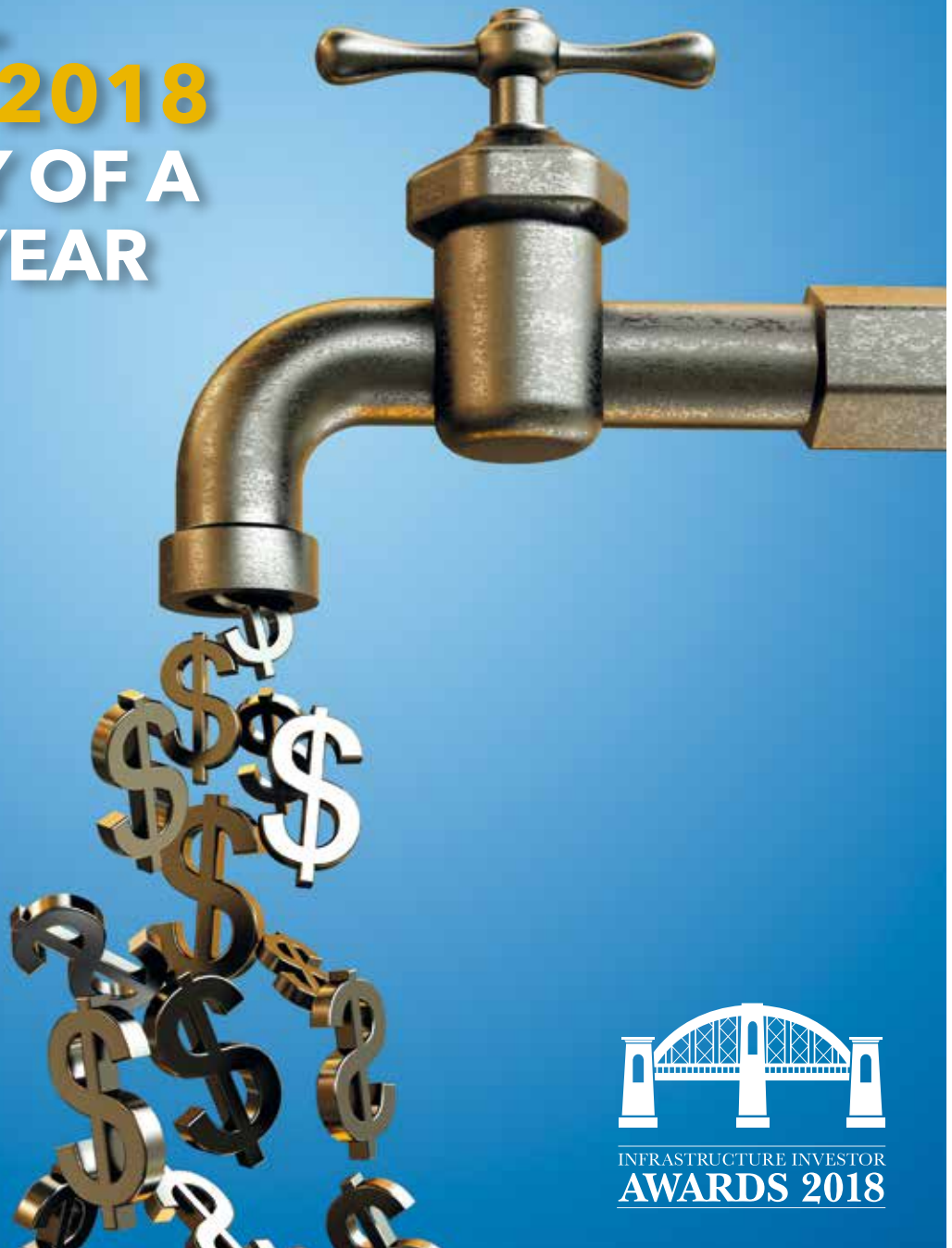
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INFRASTRUCTURE INVESTOR

**ANNUAL
REVIEW 2018**
ANATOMY OF A
RECORD YEAR



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Infrastructure's biggest year



EDITOR'S LETTER

BRUNO ALVESINFRASTRUCTURE INVESTOR
SENIOR EDITOR

WHAT a year infrastructure has had! After a steady rise over the past decade, 2018 will probably be remembered as the year the asset class really took off.

With over \$80 billion raised last year for closed-ended funds, as you can see in our p. 56 report, the asset class is front and centre for many a limited partner. What's more, 2019 is threatening to be an even bigger year, with \$100 billion in fundraising suddenly looking like a very achievable milestone, considering all the marquee names currently in market.

In fact, as our p. 49 *LP Perspectives* survey demonstrates, around 27 percent of LPs queried plan to increase their exposure to infrastructure over the next 12 months – that's the highest allocation intention among all the alternative asset classes, bar private debt at 28 percent. However, with 38 percent of investors questioned still not committed to the asset class – this time, the highest percentage amongst all the alternative asset classes – there is still plenty of room for growth.

It is against this jubilant backdrop that we are celebrating our 10th global award winners, starting on p. 19. Much like in 2015, following the close of its debut infrastructure fund, this year is very much I Squared Capital's year. With six trophies to its name, including some of

the biggest categories we award, the New-York based manager did well after a productive 2018, which saw it not only close one of the biggest vehicles of the year but also clinch a number of deals across the globe. Antin, GIP and Macquarie were some of the other names that did well in this bumper year.

But fundraising was not the only big theme coming out of 2018. Starting on p. 6, you can read about some of last year's most pressing trends, from the opportunity offered by digital infrastructure, to the regulatory headwinds which are making foreign investment that little bit harder, the growing importance of diversity in asset management and the energy transition's resiliency in the face of political setbacks.

As is customary in our Annual Review, we also have several contributions from the market. On p. 46, Hermes Investment Management warns that infrastructure investors could face a "legitimacy challenge" if they don't improve some of their practices in this age of populism and protectionism. Wilmington Trust, on p. 16, dives into some of the opportunities offered by the digital revolution, from data centres to 5G. And Pacific Equity Partners makes a strong case, on p. 42, for the benefits of bringing a PE approach to Australasian infrastructure.

Enjoy this celebratory issue,

Bruno Alves

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“
Around 27 percent of LPs queried plan to increase their exposure to infrastructure over the next 12 months”

Infrastructure Investor

Annual Review

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Fundraising's big bang

More than \$80bn was raised for pure-play infrastructure strategies last year, but 2019 threatens to be even bigger, **Bruno Alves** finds

In (almost) the words of the A-Team's legendary Colonel John 'Hannibal' Smith: "We love it when a plan comes together."

In September, we wrote that 2018 was already the asset class's biggest fundraising year on record, with just over \$68 billion raised by 43 funds. We predicted the year would end with unlisted, closed-ended fundraising at or above the \$80 billion mark. When we looked at the final figures earlier this year, we had our educated guess confirmed: a smidgen over \$80 billion was raised by 53 vehicles in 2018 (see p. 56 for complete figures).

Emboldened by our predictive abilities, we are now fairly confident 2018 will be remembered as the start of a rapid expansion in the asset class's fundraising prowess. As outlined in our *Welcome to the Golden Age of Fundraising* presentation, there is a very good chance 2019 will see \$100 billion raised for unlisted infrastructure.

Considering the two 'big beasts' of the industry – Global Infrastructure Partners and Brookfield Asset Management – are in the market with their next flagship funds alongside several other premier managers – think MIRA, EQT, Antin, Ardian and AMP Capital – that looks very plausible indeed.

LPs LOVE INFRA

Importantly, LP appetite for the asset class is showing no sign of petering out. In our recent *LP Perspectives* survey (p. 49), in which we polled 101 LPs on their intentions for the coming year, 27 percent and 61 percent said they would increase and maintain their exposure to the asset class, respectively. And why wouldn't they, considering infrastructure has outperformed its benchmark for more than 51 percent of respondents, with 40 percent-plus saying it met their benchmark.

To top it all off, there is a well-documented, vast need – in the trillions of

dollars – for infrastructure investment across the globe's economies, from OECD stalwarts such as the US and Canada to developing markets like India and many countries in South-East Asia, offering investors a wide risk-return spectrum.

We say 'in theory' because, as is well known, there is a vast gap between the demand for infrastructure and the number of assets on offer that fit institutional investors' requirements. We're not too pessimistic about the size of this gap, considering the amount of dealflow already generated by decarbonisation of the planet and the growing need for digital infrastructure. In addition, there are other promising sectors, such as health-care, where growth is also expected to be strong.

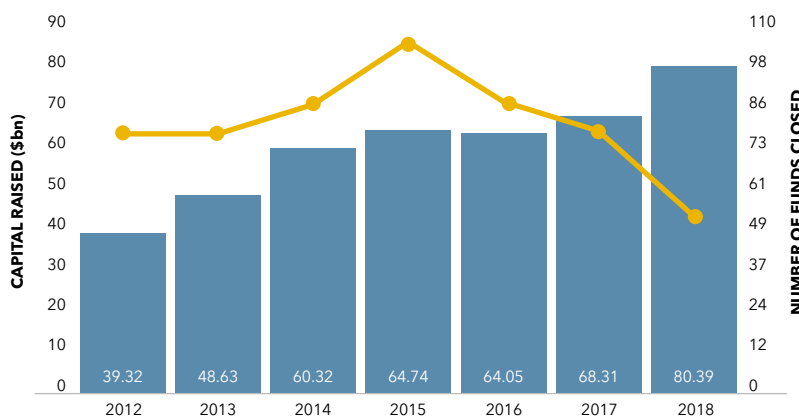
Still, we shouldn't completely disregard the asset class's supply-demand gap, particularly when heightened competition in some sectors and markets has led to marked returns compression. It's also causing a lively debate on what constitutes meaningful expansion of the asset class's boundaries versus strategy drift, as firms increasingly look off the beaten path.

Finally, there's the highly charged political environment in which everyone is having to operate, with growing restrictions on foreign investment creeping up across the globe and the threat of nationalisation in countries such as the UK – even if it is true that a lot of these themes have already been playing out for several years.

In the end, though, none of this can take away from the asset class's large strides into the mainstream of institutional investment. Ten years after the financial crisis, infrastructure has well and truly arrived. ■

A RECORD YEAR

With over \$80bn raised for closed-ended funds, 2018 was the biggest fundraising year for the asset class



Source: Infrastructure Investor

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Digital goes mainstream

The sector is growing rapidly and there are pools of capital ready to invest, **Jordan Stuttts** reports



Plugged in: data centres are on the up

Digital infrastructure has taken off as the asset class's hot new sector. With demand increasing for data centres and telecom towers – and fund managers sitting on large pools of capital – digital infrastructure is poised to officially enter the big time.

At its simplest, digital infrastructure is the assets underpinning an increasingly connected world. Billions of dollars are needed in the coming years to support the movement of data to cloud storage and economies that operate through the internet.

According to financial services firm JLL, the cloud-managed services market will surge from \$35.5 billion in 2016 to \$76.7 billion in 2021. Data collected by IHS Markit show the number of internet-capable devices growing from 15.4 billion in 2015 to 75.4 billion in 2025. And between 2016 and 2021, global wireless growth is expected to jump from 96 to 278 exabytes per month.

While telecom towers, data centres and fibre-optic networks have appeared in the portfolios of infrastructure managers for more than a decade, demand for such assets is reaching an all-time high. The investment

that will be needed to support this growth is, arguably, comparable to the capital needed to decarbonise the world's economies.

And after a fast-paced fundraising season last year, 2019 could see investments in the sector reach new heights.

DEVELOPING REACH

An interesting trend to watch will be the amount of investments that come with development commitments, similar to the build-out of renewable energy portfolios.

Take KKR, which raised the largest infrastructure fund of 2018, closing Global Infrastructure Investors III on \$7.4 billion. In June, the firm bought a 49 percent stake in a telecom tower portfolio in France from Dutch company Altice. Beyond the 10,000 assets KKR acquired, it pledged to help develop 1,200 more. In July, CDPQ Infra and AMP Capital partnered for another development opportunity. CDPQ committed \$300 million and AMP Capital \$200 million to US telecoms company Tillman Infrastructure, giving the investors a stake in a 1,500-tower portfolio to be built in the US.

Considering fund managers raised just over \$80 billion by the end of 2018, it's not hard to expect more deals like this in 2019.

Smaller funds that specialise in digital infrastructure will also be something to watch. These vehicles are becoming more common in the industry, partly because digital infrastructure is new compared with other assets, and expertise in the sector can help fashion a specialised offering.

SDC Capital Partners – a US-based private equity firm that raised \$400 million for its first fund this year – is one company following this strategy. According to Jeff Eaton, of Eaton Partners, which was placement agent for the fundraising, expect to see more of these vehicles.

“You are seeing some of those big generalist funds do data and IT infrastructure, but we think it's an area that's ripe for more specialised managers,” Eaton tells us. “A lot of investors are seeing this is a big part of our economy and they don't have exposure to it. They are starting to look for best-in-class investment opportunities.”

Other funds are being raised by both infrastructure and real estate managers, underscoring the broad appeal of the investment opportunity.

Digital Colony, for example, was created as a partnership between real estate firm Colony Capital and telecoms company Digital Bridge. The joint venture's inaugural fund has raised more than \$3 billion and has already made a handful of investments, including the full acquisition of Finnish broadcast company Digita Oy and Stratto, a UK company developing small mobile network services.

A lot of capital is likely to be invested in all types of infrastructure across the world in 2019. Don't be surprised to see a sizeable portion of that going to digital assets. ■

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Diversity's growing momentum

The #MeToo movement fuelled the conversation around diversity and inclusiveness in 2018. Don't expect a change of topic in 2019, **Kalliope Gourtis** warns

As 2018 drew to a close, sexual harassment in the workplace was still making headlines, not just in Hollywood but at the big four accounting firms. Deloitte was the first to take the bold step in early December of admitting it had fired 20 UK partners for sexual harassment and bullying in the past four years. EY, PwC and KPMG soon followed suit, announcing they had dismissed 17 over the same period and for the same reasons.

The timing seems fitting as it ends a year in which the conversation on diversity and inclusion in the workplace became louder and more urgent across a wide range of industries, including private equity.

Our coverage is testament to that. In June, we spoke with Matina Papathanasiou, QIC Global Infrastructure's co-founder, who discussed the importance of having a diverse workforce, her views on achieving that goal and the efforts being made in her native Australia and at QIC. Many of her views – including that change must start at the top – were echoed in McKinsey & Company's January report *Delivering through Diversity*.

The same month, we reported the \$10.8 billion Chicago Teachers' Pension Fund had decided to pass on Blackstone and Brookfield Asset Management when selecting a

fund manager for a \$50 million infrastructure commitment, citing those firms' lack of diversity as a factor in the decision.

Shortly afterwards, on the other side of the world, a group of GPs and superfunds banded together to launch the Future IM/Pact initiative in Sydney to improve gender diversity among investment managers.

More recently, in November, four industry professionals who spoke to us on the sidelines of our Women in Infrastructure summit in London agreed that diversity is increasingly becoming not just a topic of conversation but also a factor affecting investment decisions.

WAITING FOR CHANGE

These demonstrate that increased awareness around diversity and inclusiveness is translating into action. But there is still a long way to go.

Take, for instance, the Hampton-Alexander Review, commissioned by the UK government's Department of Business, Energy and Industrial Strategy that looked at gender representation at UK-listed companies. Asked why women were under-represented on their respective boards, FTSE350 senior executives offered some embarrassing explanations ranging from "I don't think

women fit comfortably into the board environment" to "we have one woman already on the board, so we are done".

The picture in the US isn't much prettier, according to McKinsey. The consulting firm, in partnership with LeanIn.org, conducted its annual *Women in the Workplace* study and found that, while companies say they are "highly committed" to gender diversity, "the proportion of women at every level in corporate America has hardly changed" in the four years since the study was launched.

As various sources from the GP and LP side tell us, firms and organisations have made varying levels of progress. We have witnessed this first-hand, speaking with industry insiders who are willing to provide an in-depth look at how their firms operate and those who "cannot speak about this at this point" or who "are not allowed to talk about gender diversity".

Maybe those that are reluctant to speak are waiting for the topic of conversation to change? That seems unlikely. But we hope it will become a broader discussion that begins to address ethnicity, race and social background, so that fund managers, institutional investors and the companies they invest in will accurately represent the societies in which they operate and ultimately serve. ■



Full spectrum: fund managers need to better represent the societies they operate in and serve

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Making the free market a little less free

The West has long distrusted Chinese investment in infrastructure, but in 2018 this began to extend beyond the country as part of a worrying trend, **Zak Bentley** finds



Knock-on effects: trade war impacts are felt everywhere

We shouldn't be surprised by politics anymore. After all, polarisation and fringe leaders have risen to try to topple the world order. Yet 2018 still managed to surprise us.

After several months of claiming it was powerless to stop China State Grid from investing in regional transmission system operator 50Hertz, the German government went the long way around. Persuading majority-owner Elia to once again exercise pre-emption rights to block the Chinese, Germany then used state development bank KfW to buy a 20 percent share being sold by IFM Investors on "national security grounds". For what it's worth, KfW said it "does not assume any entrepreneurial or strategic responsibility for the transaction".

Here was one of the world's leading nations effectively circumventing free-market rules to ensure China State Grid did not gain a minority share in its electricity transmission system – and in the process, recognising its own laws were inadequate

to do this in a more straightforward manner.

The German government subsequently reduced the threshold for scrutinising investments to 10 percent from 25 percent.

Germany was indeed ramping up action on rhetoric that had included voices from the EU. In late 2017, European Commission president Jean-Claude Juncker said "we are not naive free-traders" when introducing laws designed to restrict investments from government-linked non-EU investors.

But Germany's actions took place against a backdrop that is no longer just about Chinese investment. Years of sell offs to the highest bidder are now being replaced by a desire to protect infrastructure assets from foreign investment, arguably in general.

In Denmark, Orsted was looking to sell power distribution subsidiary Radius. Reported Chinese interest raised eyebrows, but so did the scrutiny of potential Canadian and European investors.

Orsted eventually cancelled the sale following the political pressure, weeks after finance minister Kristian Jensen issued a thinly veiled warning to the company amid

calls in parliament to keep Radius in Danish hands.

"Of course, we consider that a company in which the state is a major shareholder does not want to sell vital infrastructure to a buyer we are uncertain of," he said. "I have great confidence in both the executive board and the board of directors in Orsted. I'm sure they have a very sensible sense of politics for what will be a problematic sale."

The issue also reared its head in one of the industry's largest deals. Spanish toll road operator Abertis was the subject of a bidding war in 2017 between compatriot ACS and Italy's Atlantia. The two eventually combined amid government fears that Abertis could end up in the hands of foreign owners.

Looking ahead, 2019 is likely to see the privatisation of France's Groupe ADP, with industry sources believing the government is unlikely to contemplate offers that don't involve domestic investment.

Also in Europe, Italy's relatively new government is looking to give Britain's Jeremy Corbyn a run for his money by floating proposals to nationalise the country's fibre network, in part to exclude foreign investors.

There is a potentially worrying trend here. Countries like the US and Australia have long had varied forms of opposition to foreign investment, largely explained on the grounds of "national security". But now it feels different. Some European countries, despite being part of one of the world's largest free trade blocs, are making clear they welcome neither investments from China nor some from their immediate neighbours.

The free market in which infrastructure investment thrives seems under threat. ■



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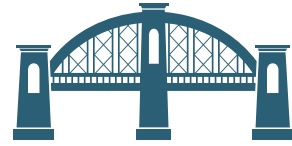
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North America



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Energy Investor of the year
North America



Political setbacks can't hold back energy transition

Countries such as the US and Australia are failing to encourage clean energy investment, but the sector has boomed. **Daniel Kemp** explores whether it is finally coming of age

Australia in 2018 was a shining example of how not to create a stable investment environment for new clean-energy projects.

The government began the year working through the details of its flagship policy, the National Energy Guarantee, which had the ambitious aim of increasing reliability and reducing prices while lowering emissions. Businesses were broadly behind it, despite its flaws, with one investor telling us that it would “probably be good enough”.

But Prime Minister Malcolm Turnbull was ousted in August by his own party, ostensibly over the NEG's emissions-reduction component, leaving federal energy policy in a state of limbo, where it remains.

Investment in renewable energy flourished Down Under in 2018 despite the political headwinds. Figures published by the Clean Energy Council, the industry body in Australia, showed that 14.6GW of

new renewable-energy projects were under construction in December, with more than 80 wind or solar farms either under or about to begin construction.

The total value of projects under way was double that at the end of 2017, adding up to a record year for investment and construction.

There were several significant deals and fundraisings in the sector, too. Partners Group launched a push into Australian renewables in May, with a A\$700 million (\$498 million; €437 million) investment to establish Grassroots Renewable Energy, a platform it co-owns with CWP Renewables. In addition, Partners Group bought the first stage of the Murra Warra Wind Farm, outside the GRE portfolio.

Corporate PPAs are becoming increasingly common, too, with Sydney Airport signing an agreement to take 75 percent of its energy needs from Partners Group's

Crudine Ridge project, while steel company BlueScope signed in June what it called “the largest corporate PPA announced with a solar farm in Australia” for 66 percent of the output of the 133MW Finley Solar Farm.

A group of large corporations, including Telstra, ANZ and Coca-Cola Amatil, signed a PPA with the Murra Warra scheme last December, before Partners Group acquired it.

On the fundraising front, Infrastructure Capital Group raised further capital for its third renewables vehicle and is looking to hit A\$1 billion in 2019. A few other smaller funds have also been in the market this year, with several individual assets up for sale.

This activity has come despite a leadership vacuum at the federal level, with state governments pushing renewable-energy targets that have fostered investment and corporations showing an increasing willingness to sign direct offtake agreements.

This pattern is replicated in the US, where states have taken the lead in the absence of any federal will to create significant incentives around renewables. California, to take one example, has set a mandate to have 100 percent clean-energy generation by 2045, which will undoubtedly spur investment.

And beyond the OECD markets, renewables show no sign of slowing down either. Asia represents a huge opportunity for those willing or able to make the leap (see p. 14).

So, despite the absence of leadership from many politicians, the need for cleaner energy is clear to many. Smart investors have recognised that and have been able to take advantage – and the sector shows little sign of slowing down. ■



Renewables break through government inaction

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Debt Fundraising of the year
Global



Infrastructure debt fund
manager of the year, Americas

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Asia becomes a renewables hotspot

Higher returns and fast growth rates are drawing investors to the region, making it one of the most attractive for clean energy investment, **Eduard Fernández** reports



Heating up: the continent is on the rise

“Renewables in Asia probably offer the biggest [investment] opportunity globally,” John Walker, vice-chairman for Asia at Macquarie Capital, told us in an interview in May.

Indeed, the continent saw increased investment activity in renewables in 2018, offering investors more competitive returns than those in developed markets.

Interest shifting towards the region became apparent early in the year, with the sale of Equis Energy’s portfolio for \$5 billion to a consortium formed by Global Infrastructure Partners, Canada’s PSP Investments and China Investment Corporation.

The deal included 1.9GW of operational, construction and shovel-ready onshore wind and solar assets across the region – including Australia, Japan, India, Indonesia, the Philippines and Thailand – and a 115-strong development pipeline with a 9.1GW capacity.

“The awareness created from the Equis transaction has led other investors to explore if this business model can be replicated with other established development teams looking to scale their business in the region,”

Andrew Affleck, founder and managing partner of Singapore-based Armstrong Asset Management, told us in May.

Fund managers have started to expand their teams to have a stronger presence in the region, with BlackRock creating a new position focused on renewables in Asia-Pacific, and Macquarie’s Green Investment Group acquiring a solar development portfolio from Conergy Asia and ME that also included 88 professionals.

In 2018, there was a rush of international developers and fund managers landing in Taiwan to develop offshore wind projects. To meet its ambitious energy transition targets, the government allocated a whopping 5.5GW of offshore wind capacity during the first half of the year, with developers such as Orsted, wpd and Northland Power, and fund managers such as Copenhagen Infrastructure Partners, rushing into the market.

“It’s incredible the pace at which the European strategics have entered the local market,” Andrew Kwok, senior vice-president of private infrastructure, Asia, at Partners Group, told *Infrastructure Investor* after the auction process started. “They see

Taiwan as the stepping stone into Asia and probably the brighter spot outside Europe.”

But a proposal by the government in December to reduce feed-in-tariffs for offshore wind PPAs had the industry up in arms, and hints at a rockier year ahead.

Japan, where renewable energy has been on investors’ radars since the Fukushima nuclear disaster in 2011, has continued to attract major players, with a consortium led by GIP snapping up a 610MW solar power portfolio, and SPARX and GE EFS raising funds focused on brownfield and greenfield projects in the country.

Korea also started to attract investors in renewables and energy storage. In May, the government said it would open up state-owned property to boost the development of solar power in the country, with Canadian Solar then acquiring the exclusive rights to develop an 8MW solar farm. Local public pensions, such as the National Pension System, are also willing to bet on renewables.

India’s thriving renewables space similarly continued to attract investors such as GIC, Canada Pension Plan Investment Board and the Abu Dhabi Investment Authority.

The outlook remained mixed for emerging markets in South-East Asia, where investors still see too many risks and little bankability. “Markets are more difficult, they aren’t as mature, and you have more offtake and finance risk,” Nate Franklin, chief executive of Pacifico Energy, told us.

Despite this, nobody doubts that one of the world’s fastest-growing regions will continue to offer plenty of opportunities. As Franklin told us: “Looking globally, Asia is where you have to be – that’s where the growth is.” ■

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INSIGHTS
IDEAS
RESULTS

From data centres to the dawn of 5G

Will Marder, Wilmington Trust's head of project finance, discusses how tech advancements are transforming infrastructure opportunities

Q What changes have you observed in the way that infrastructure assets are being funded?

WM: There was a real shift coming out of the financial crisis. We started to see less capital coming from the commercial banks and more capital coming from institutional investors. That led to a new style of hybrid transaction where the two groups began playing more closely together. The banks looked after the shorter term construction and mini-term financings, which corresponded with where they wanted to be in terms of tenor post-crisis. And the institutional investors focused on the longer dated, fixed-rate capital, providing the overall tenor that the borrowers wanted to see. The two pieces really came together in a meaningful way and I think that still continues to this day.

But now we have seen another shift – the huge influx of capital from infrastructure debt funds. These are specialised funds working across a whole range of sectors, but especially visible in the energy industry, encompassing everything from renewables to conventional power and midstream oil and gas assets. These funds are also evident in emerging sectors such as data centres and telecoms, nascent industries that are increasingly popping up on our radar.

Q As a third-party agent, how are you working with these various sources of capital?

WM: As a number of the emerging



“There was a considerable slowdown following the credit crunch driven by a lack of liquidity in the market. Now we are seeing the very opposite of that”

providers of capital are not banks, they may not have the requisite internal capabilities or licences to handle collateral or to open bank accounts. Wilmington Trust can come into transactions as a neutral third-party service provider. Since we're not a lender in the sector, we are not a competitive threat – we are more of an outsourcing solution. Similarly, lenders may find it too time consuming to serve as an administrative agent, and they would prefer to outsource that function to someone else. From our perspective, it frees their teams up to focus on the origination, structuring and closing of new deals, while at the same time providing risk mitigation.

Q What impact are data centres having on the industry?

WM: Data centres represent an interesting new asset class that only really emerged in the past 18 months. I am sure they were being financed prior to that, but not through the project finance market.

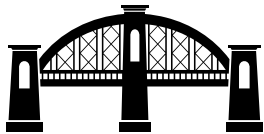
This is an industry that is being driven by the tremendous advancements in the infrastructure that underpins the internet, namely all of these streaming services that people are using – Netflix, Amazon, online gaming. Data, such as emails, photos, music and video, are also increasingly moving into the cloud. We are no longer storing things locally on our computers and phones.

All this means there is a fast-growing need for more and more processing, and more and more storage. These data centres are being built around the world

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to provide that. Interestingly, it is really important that this storage is in the right place to serve different markets.

Companies like Netflix are getting really smart about the demand for data and when they roll out a popular new show – like *The Queen*, for example – they know that on a Friday night people in Asia are going to start downloading first and then demand for the show will literally roll west across the globe. They forecast demand and use data centres in the appropriate locations. Internet service providers are becoming more sophisticated in their modelling, which is driving demand for location-specific data centres to ensure seamless service.

Q And presumably, the demand for data centres is also creating additional demand for energy?

WM: From a project finance perspective, I think that is one of the most interesting implications of the growth in data centres. These data centres use a tremendous amount of power. There is a keen interest in the sector to try and pair up data centres with sources of renewable energy in order to be more environmentally responsible.

If some of that increased demand can be moved away from conventional fossil-fired power, that can have a really positive effect on carbon emissions. I definitely think a knock-on effect of the demand for data centres around the world will be that we will also see some additional renewables development.

Q In what other ways is technology impacting infrastructure?

WM: What we see now is that the telecoms industry is moving from 4G to 5G. As that technology rolls out globally, we will see a tremendous uptick in demand for new telecoms equipment to support that. That shift in cellular telecoms and the growth of data centres represent the two biggest areas where technology is really making itself felt.

Q What are your views on the level of leverage in the infrastructure ecosystem? Is it concerning?

WM: There clearly is an abundance of capital in the market right now. From a lender's perspective, pricing has definitely been compressed and there is a high level of competition to finance assets, especially those that are fully contracted with good sponsors.

“Internet service providers are becoming more sophisticated in their modelling, which is driving demand for location-specific data centres”

Conversely, it is a very good time to be a borrower because there is a lot of capital available from many different providers. It is relatively easy to find someone willing to lend – at the right tenor and right terms – to match the needs of your project.

From our perspective as a third-party provider of trust and agency services, strong availability of capital is a good thing because there are so many sources of capital that we can potentially partner with as an independent third party, providing many different services and potentially playing multiple roles on the same deal.

We can be an administrative agent, or facility agent, on a commercial bank tranche. We can be a bond trustee, or a note holder's representative, on a bond tranche. We can hold collateral and reserve accounts and we can serve as an intercreditor agent. We can do all this on the same transaction without having any

conflicts of interest. From our perspective, an abundance of capital from a multitude of different players creates a favourable environment.

Q How has the growing complexity of the lender universe, and the other trends you have talked about, changed your role as a corporate trust provider?

WM: I would say the rise of banks and institutional investors working together, and the advent of additional capital from infrastructure funds, have both proved positive for us. Those models really require a third-party agent to come in and play a coordinating role, providing back- and middle-office support on these transactions.

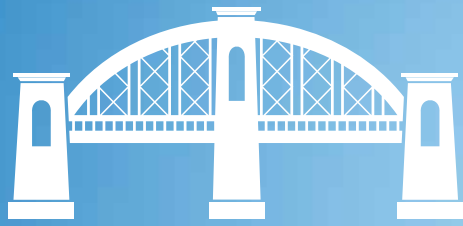
Q What key macro events or trends do you think are going to have the biggest impact on infrastructure going forward?

WM: I think demand for energy and infrastructure around the world is pretty stable. There are movements up and down, sometimes driven by regulatory issues, tax regimes or other incentive programmes, coupled with the availability of capital. There was a considerable slowdown following the credit crunch driven by a lack of liquidity in the market. Now we are seeing the very opposite of that.

We also see infrastructure shifts emerge driven by specific events – the move away from nuclear power following the Fukushima disaster in Japan, for example. But overall it is clear that infrastructure everywhere continues to require upgrades and improvements; power plants continue to need to be developed and economies around the world continue to move away from coal-fired generation and towards renewable sources. These are long-term trends that are here to stay. ■

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INFRASTRUCTURE INVESTOR
AWARDS 2018



THE WINNERS



The roll of honour

Category	2018 winner	2017 winner
Personality of the Year, Global	Sadek Wahba (I Squared Capital)	Justin Trudeau (Canadian prime minister)
Fund Manager of the Year, Global	I Squared Capital	Global Infrastructure Partners
Fund Manager of the Year, Europe	Antin Infrastructure Partners	Infracapital
Fund Manager of the Year, North America	I Squared Capital	I Squared Capital
Fund Manager of the Year, Asia-Pacific	Equis	I Squared Capital
Fund Manager of the Year, Middle East & Africa	Meridiam	Meridiam
Institutional Investor of the Year, Global	Ontario Teachers' Pension Plan	Ontario Teachers' Pension Plan
Equity Fundraising of the Year, Global	I Squared Capital	Global Infrastructure Partners
Equity Fundraising of the Year, Europe	InfraVia Capital Partners	iCON Infrastructure Partners
Equity Fundraising of the Year, North America	Stonepeak Infrastructure Partners	Global Infrastructure Partners
Equity Fundraising of the Year, Asia-Pacific	Macquarie Infrastructure and Real Assets	Global Infrastructure Partners
Debt Fundraising of the Year, Global	Brookfield Asset Management	Mizuho Global Alternative Investments
Institutional Debt Provider of the Year, Global	Allianz Global Investors	Allianz Global Investors
Deal of the Year, Global	Equis Energy (GIP, PSP Investments, CIC)	Hutchison Global Communications (I Squared Capital)
Deal of the Year, Europe	I dex (Antin Infrastructure Partners)	DIF II (APG)
Deal of the Year, North America	Calpine Corporation (Energy Capital Partners)	TerraForm Power (Brookfield Asset Management)
Deal of the Year, Asia-Pacific	Equis Energy (GIP, PSP Investments, CIC)	Hutchison Global Communications (I Squared Capital)
Deal of the Year, Latin America	InterGen (Actis)	Odebrecht Ambiental (Brookfield Business Partners, Sumitomo Corporation)
Deal of the Year, Middle East & Africa	Taiba N'Diaye wind farm (Lekela Power)	Madagascar airport expansion (Meridiam, Bouygues, Colas)
PPP Deal of the Year, Global	Melbourne Metro Tunnel & Stations PPP (Bouygues, Lend Lease, John Holland, Capella Capital, John Laing)	I-66 Outside the Beltway (Cintra, Meridiam, John Laing, APG)
PPP Deal of the Year, Europe	Landmark Blankenburg Connection (Macquarie Capital, Ballast Nedam, DEME)	Pedemontana-Veneta Highway (Sacyr)

Category	2018 winner	2017 winner
PPP Deal of the Year, North America	LAX Integrated Express Solutions (Fluor, Balfour Beatty, ACS, Bombardier)	I-66 Outside the Beltway (Cintra, Meridiam, John Laing, APG)
PPP Deal of the Year, Asia-Pacific	Melbourne Metro Tunnel & Stations PPP (Bouygues, Lend Lease, John Holland, Capella Capital, John Laing)	New Grafton Correctional Centre (Serco, John Laing, John Holland, Macquarie Capital)
PPP Deal of the Year, Latin America	Guayaquil Port Terminal (DP World)	Line 1 of the Lima Metro expansion (Graña y Montero/Ferrovias)
Developer of the Year, Global	VINCI Airports	VINCI
Energy Investor of the Year, Global	Global Infrastructure Partners	Global Infrastructure Partners
Energy Investor of the Year, Europe	Antin Infrastructure Partners	Macquarie Group
Energy Investor of the Year, North America	I Squared Capital	Global Infrastructure Partners
Energy Investor of the Year, Asia-Pacific	Global Infrastructure Partners	Macquarie Infrastructure and Real Assets
Transport Investor of the Year, Global	I Squared Capital	Meridiam
Transport Investor of the Year, Europe	AMP Capital	KKR
Transport Investor of the Year, North America	Ontario Teachers' Pension Plan	Meridiam
Transport Investor of the Year, Asia-Pacific	Macquarie Infrastructure and Real Assets	I Squared Capital
Telecoms and Broadband Investor of the Year, Global	AMP Capital	KKR
Telecoms and Broadband Investor of the Year, Europe	Antin Infrastructure Partners	Infracapital
Telecoms and Broadband Investor of the Year, North America	AMP Capital	Stonepeak Infrastructure Partners
Telecoms and Broadband Investor of the Year, Asia-Pacific	Palisade Investment Partners	I Squared Capital
Placement Agent of the Year, Global	Evercore Private Funds Group	Evercore Private Funds Group
Bank of the Year, Global	Crédit Agricole	BNP Paribas
Law Firm of the Year, Global	Clifford Chance	Herbert Smith Freehills
Corporate Trust Services Provider of the Year, Global	Wilmington Trust	Deutsche Bank Corporate Trust

I Squared sweeps the board

The fund manager triumphed across a range of regions and sectors, not to mention our global fundraising and fund manager categories. Antin, GIP and Macquarie are some of the other stand-outs of our 10th global awards

“In fundraising years, I Squared tends to win big. It was the same in our 2015 awards, when it picked up six gongs, and it’s happened again in our 2018 edition”



INFRASTRUCTURE INVESTOR
AWARDS 2018

I Squared Capital, it’s fair to say, is not exactly going out of its way to court media attention (the last time we had founder and Personality of the Year winner Sadek Wahba on the cover he was still at Morgan Stanley).

But in fundraising years, I Squared tends to win big. It was the same in our 2015 awards, when it picked up six gongs following the close of its debut \$3 billion infrastructure fund and it’s happened again in our 2018 edition, following the raise of its \$7 billion second vehicle, where it again swept the board, taking home six awards. The latter include some of the most coveted categories on offer – including Personality of the Year, Global; Fund Manager of the Year, Global; and Equity Fundraising of the Year, Global – as well as several key sector categories across geographies.

It’s a strong showing from one of the market’s most respected outfits and a sign the industry is following – and approves of – the New York firm’s progress.

I Squared, however, isn’t the only firm to rack up a respectable tally: Global Infrastructure Partners, on the same side of the Atlantic, and Antin Infrastructure Partners, on the opposite side, both got a very respectable four wins.

Considering it was the driving force behind the landmark Equis Energy acquisition – at \$5 billion, still the largest ever

renewables deal – it wasn’t unexpected to see GIP pick up Deal of the Year gongs for Global and Asia-Pacific categories. Nor was it a surprise to see it crowned Energy Investor of the Year, Global and Asia-Pacific.

Energy also propelled Antin to awards glory, with its IDEX acquisition landing it Deal of the Year, Europe and Energy Investor of the Year, Europe. Its telecoms efforts did not go unnoticed, with it again picking up that trophy for Europe. Due to its well-rounded performance, Fund Manager of the Year, Europe seemed a fitting win too.

As usual with our awards, there are plenty of other stories here, from Stonepeak Infrastructure Partners’ and Macquarie Infrastructure and Real Assets’ fundraising successes in North America and Asia, respectively, to Allianz Global Investors’ continued grip on our Institutional Debt Provider of the Year, Global category.

Some notable firsts too, such as Brookfield Asset Management’s win in our Debt Fundraising of the Year, Global award, on the back of its inaugural debt vehicle, and InfraVia Capital Partners’ Equity Fundraising of the Year, Europe following the close of its third European fund.

So, without further ado, we invite you to turn to p. 24 and read all about 2018’s winners. ■



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AWARDS 2018

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PERSONALITY OF THE YEAR, GLOBAL

1. Sadek Wahba (I Squared Capital)
2. David Russell (Equis)
3. Angela Miller-May (Chicago Teachers' Pension Fund)

To appreciate the full extent of I Squared Capital founder and managing partner Sadek Wahba's achievement, you have to remember the firm didn't exist six years ago.

Fast-forward to 2018, and I Squared is managing a tidy \$13 billion in assets under management, employing 110 people in seven offices across the globe. What's more, with its recently closed \$7 billion second infrastructure fund, I Squared managed to clinch one of the biggest fundraisings of 2018, closing well above its original \$5 billion target.

"The fund is already 24 percent invested with portfolio companies in the US midstream sector; the leading trailer and trailer services provider in Europe

and Canada; the second-largest telecom fibre network in Hong Kong; and nearly 3,400MW of power generation in nine countries across Latin America," Wahba said when Fund II closed.

Not bad for a firm that had started off by raising one of the largest debut funds in the history of the asset class, when it closed 2015's \$3 billion ISQ Global Infrastructure Fund. For ex-Morgan Stanley executive Wahba, it's very much a job well done.

FUND MANAGER OF THE YEAR, GLOBAL

1. I Squared Capital
2. Macquarie Infrastructure and Real Assets
3. Partners Group

No surprises here, really, considering that I Squared was responsible for one of the biggest fundraises of 2018 with its \$7 billion sophomore infrastructure vehicle. The latter beat its initial target of

\$5 billion, collecting commitments from more than 100 institutional investors in North America, Europe, Asia, Australia and elsewhere.

It lost little time in investing that nice chunk of change, with 24 percent of the vehicle already deployed by the time of its September final close. Fund II deals include the acquisition of TIP Trailer Services, a European and Canadian trailer leasing and services company; some 3,000MW of power-generation assets in nine countries across Latin America; Hong Kong-based fibre internet company HGC Global Communications, the territory's second largest; and US-based Pinnacle Midstream.

The stage is set for a busy 2019.

FUND MANAGER OF THE YEAR, EUROPE

1. Antin Infrastructure Partners
2. InfraVia Capital Partners
3. Macquarie Infrastructure and Real Assets

If, as many claim, fibre broadband is the most up-and-coming sector in the infrastructure market, then Antin has it covered. While its first deal in the sector saw it make its debut investment in the US, it also completed deals in the UK and Spain for CityFibre and Ufinet respectively.

The French manager, though, was far from done. It swooped in on the domestic district heating market to buy Idex from Cube Infrastructure, fending off competition from a host of rival managers. Salmon transportation was the next on its list in September, when the manager bought Norway's Solvtrans from Oaktree.

It also finally won its battle against the Spanish government against the cuts made to its solar investments from its first fund, which in the words of one limited partner, "shows the benefits of having a capable GP with enough resources to fight back".



Light up: I Squared's deals include a Hong Kong-based fibre internet company



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Equis Energy: Still the largest renewables deal in history

FUND MANAGER OF THE YEAR, NORTH AMERICA

1. I Squared Capital

2. Stonepeak Infrastructure Partners
3. Macquarie Infrastructure and Real Assets

I Squared Capital celebrated the \$7 billion final close of its second fundraise in September, more than doubling the commitments it received during its last effort.

However, its rise to the top is not due to fundraising alone; it's also about how the firm is already investing its capital. Around 24 percent of the fund had been deployed at final close into assets including US midstream company Pinnacle, which operates oil and natural gas gathering and processing assets in the Delaware portion of the Permian Basin in west Texas.

The firm will look to stick closely to that strategy for investments to come. I Squared invests in mid-market operating assets in the energy, transportation, utilities and telecom sectors. Most investments

will be in OECD markets, though a third can be invested elsewhere.

FUND MANAGER OF THE YEAR, ASIA-PACIFIC

1. Equis

2. Global Infrastructure Partners
3. Macquarie Infrastructure and Real Assets

The \$5 billion Equis Energy deal sent a jolt across the Asia-Pacific region. Chief executive David Russell and his team spent five years painstakingly putting together a 180-strong operational and under-development renewables portfolio, operated through 15 offices across the region.

Its success in exiting this portfolio – the largest renewables deal ever – speaks volumes about the opportunities available in Asia-Pacific, especially for those fund managers willing to roll up their sleeves and invest time and resources scouting the market for valuable deals.

“Equis Energy has become one of the

leading renewable energy platforms in the region, with a best in class business model, a high quality asset portfolio and an outstanding management team,” said GIP chairman Adebayo Ogunlesi, after closing the deal to acquire Equis Energy.

We couldn't sum it up better.

FUND MANAGER OF THE YEAR, MIDDLE EAST & AFRICA

1. Meridiam

2. Investec
3. African Infrastructure Investment Managers

Meridiam retains its crown as the Fund Manager of the Year, Middle East and Africa, after dethroning Actis in 2017 following the latter's five straight victories.

The biggest deal it closed last year was its acquisition of a majority stake in Airport International Group, the holding company behind Queen Alia International Airport in Amman, Jordan – Meridiam's first investment in that country. It acquired the stake alongside partners Groupe ADP and ASMA Capital Partners, the latter acting on behalf of IDB Infrastructure Fund II, which it manages.

As well as this big move in the Middle East, Meridiam continued to deploy its Africa fund throughout the year with investments in Gabon and Nigeria, among others, in the energy and ports sectors.

It also re-opened that vehicle late in 2018 with a €300 million target to fund further investments, cementing its commitment to the continent.

INSTITUTIONAL INVESTOR OF THE YEAR, GLOBAL

1. Ontario Teachers' Pension Plan

2. Canada Pension Plan Investment Board
3. CDPQ Infra

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of infrastructure Dale Burgess, who has spent 22 years on the Canadian retirement fund's investment team, officially becoming head of infrastructure and natural resources in May after taking over interim duties for the group in February 2018.

Burgess took the reins of an infrastructure portfolio worth C\$17.2 billion (\$12.9 billion; €11.5 billion), amounting to 9 percent of the Canadian pension fund's C\$193.9 billion as of 30 June 2018.

With new leadership in place, two stand-out deals are worth mentioning. In late May, shortly after Burgess's official appointment, OTPP teamed up with Partners Group and CDPQ to buy German energy metering group Techem from Macquarie, in a deal with an enterprise value of €4.6 billion.

The following month, the pension sold a 37.5 percent stake in GCT Global Container Terminals to IFM Investors and a 25 percent stake to British Columbia Investment Management Corporation, forming a management partnership with them and keeping a 37.5 percent stake for itself.

EQUITY FUNDRAISING OF THE YEAR, GLOBAL

1. I Squared Capital
2. Stonepeak Infrastructure Partners
3. KKR

It's not by accident that the 'Holy Trinity' of managers – 2018's \$7 billion club – make up the positions for our Equity Fundraising of the Year, Global category. Yet the market chose to reward I Squared's second vehicle as the year's fundraiser.

The final close arrived 16 months after the New York-based firm launched ISQ Global Infrastructure Fund II. I Squared beat its initial target of \$5 billion, collecting commitments from more than 100 institutional investors in North America, Europe, Asia, Australia and elsewhere.

Founding partner Adil Rahmathulla told us at the time the firm garnered much interest from US LPs, adding "US investors are getting much more comfortable investing in infrastructure". US investors committed to the fund include the North Dakota State Investment Board

(\$140 million), the Washington State Investment Board (\$250 million) and the Texas Municipal Retirement System (\$150 million).

Asia was another market from which I Squared saw greater interest, Rahmathulla pointed out.

All seems set fair for Fund III then.

EQUITY FUNDRAISING OF THE YEAR, EUROPE

1. InfraVia Capital Partners
2. Macquarie Infrastructure and Real Assets
3. Copenhagen Infrastructure Partners

Coinciding with its 10th anniversary, InfraVia closed its fourth fund on €2 billion, exactly double the size of its previous attempt. Not only did the fund achieve a 100 percent re-up rate, it also boosted the share of its non-European investors to just over a quarter of the fund.

While non-European institutions made up 16 percent of InfraVia's third fund two years before, this time Asian investors alone comprised 14 percent. The Paris-based manager retains the European focus of its fund but has substantially expanded its global client base.

The demand is what sets InfraVia ahead of the pack. While some exalt the merits of a global core-plus programme, the firm's focus on core European infrastructure is still desired by many investors.

EQUITY FUNDRAISING OF THE YEAR, NORTH AMERICA

1. Stonepeak Infrastructure Partners
2. Blackstone
3. Ardian

Stonepeak Infrastructure Partners was voted North America's top fundraiser of the year. The firm closed Stonepeak



US: Investors are getting more comfortable investing in infra



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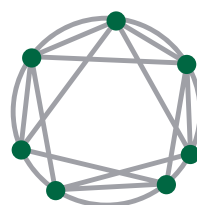
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India: a package of nine highways is one of the investments from MAIF II

Infrastructure Fund III on \$7.2 billion last July after bumping up its hard-cap by \$200 million to cater for last-minute commitments. Overall, fundraising drew over 100 commitments from investors seeking exposure to a North America-focused infrastructure strategy.

Stonepeak hopes to deliver a strategy targeting investments in power, water, energy, communications and transportation.

Documents published by Stonepeak investors show the firm's fundraise offered a 20 percent carry (15 percent for first-close investors), an 8 percent hurdle and a 12 percent net internal rate of return target, inclusive of a 4 percent cash yield. Fund III more than doubles Stonepeak's second fundraise, which closed on \$3.5 billion in January 2016. Like Fund II, the firm will use its newest vehicle to target deal opportunities between \$100 million and \$1 billion.

So far, investments from Fund III include \$500 million in a US-based transportation company and the creation of

a midstream joint venture with Targa Resources Corporation.

EQUITY FUNDRAISING OF THE YEAR, ASIA-PACIFIC

1. Macquarie Infrastructure and Real Assets
2. National Investment and Infrastructure Fund
3. SPARX Group

Macquarie's win in this category should come as no surprise. After all, the firm last year managed to raise the largest Asia-focused infrastructure fund ever – Macquarie Asia Infrastructure Fund II – on its \$3.3 billion hard-cap.

More than 20 returning and new LPs from Asia-Pacific, North America, the Middle East and Europe rushed to commit to the new vehicle, hungry for the higher returns available in Asia's infrastructure markets.

"The Asian infrastructure market is maturing and continues to provide

attractive investment opportunities across diverse sectors," David Luboff, chief executive of MAIF fund series, said at the time of the close. (Luboff has now jumped ship to KKR).

Despite its size, it seems that the firm will not have problems deploying it: by April, more than \$1.7 billion of the new vehicle had already been committed to toll roads, renewables and petrochemical storage assets in India, the Philippines, Singapore and China.

DEBT FUNDRAISING OF THE YEAR, GLOBAL

1. Brookfield Asset Management
2. Macquarie Infrastructure Debt Investment Solutions
3. Schroders

Third time's a charm? Try first. That's the story of Brookfield's first debt vehicle – The Brookfield Infrastructure Debt Fund I – which held a final close on \$885 million last January, backed by a diverse group of institutions including pension funds and financial groups.

Launched in 2016 with a \$700 million target, the debut fund will focus on mezzanine debt investments in core infrastructure assets, primarily in North America, but will also invest in South America, Australia and Europe.

By final close, the fund had already made several investments in infrastructure debt covering transportation, renewable power and energy worth about \$200 million.

"We are pleased to leverage our extensive infrastructure and credit expertise into high quality infrastructure debt investments that offer attractive, risk-adjusted returns," Sam Pollock, senior managing partner and head of Brookfield's Infrastructure Group, said at the time.

This award shows the market is also pleased with Brookfield's debt efforts.



Hong Kong Summit

Connecting global infrastructure with Asian capital

**Save the date:
12-14 November 2019**

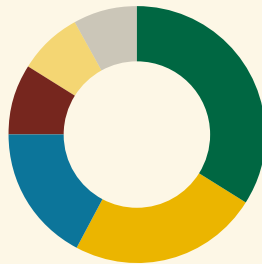
Established as the premier outbound infrastructure investment conference in the region, the 7th annual **Infrastructure Investor Hong Kong Summit** will take place on **12-14 November 2019**.

With a US\$1.7 trillion annual estimated funding gap, Asia has cemented itself as the market of the future over the past 18 months. North Asian LPs continue to allocate capital across the globe while a steady stream of deals, often with potential for double figure returns, continues to flow through developed and emerging markets in the region.

Key attendee demographics

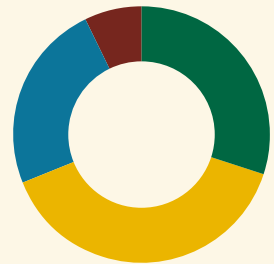
By seniority

- Director 34%
- President, Founder, Principal, Partner 24%
- Head of Department or Region 17%
- Senior Manager, Consultant 9%
- CEO, CIO, CFO, COO 8%
- Other 8%



Regional breakdown

- Hong Kong 30%
- APAC ex. Hong Kong 39%
- Europe, Middle East, Africa 24%
- Americas 7%



“Excellent content and networking opportunities. I was impressed that most attendees were serious about their participation.”

Ben Simpfendorfer, Silk Road Associates

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I dex: fierce competition for the French district-heating asset

INSTITUTIONAL DEBT PROVIDER OF THE YEAR, GLOBAL

1. Allianz Global Investors

2. MetLife
3. CDPQ

Once again, AllianzGI finds itself the winner in this category after a year filled with milestones.

It completed the first four transactions from its Resilient Credit strategy, a medium-term secured-lending play the firm launched in 2017 that is “more suited to shorter investment horizons”.

Those four transactions – across a number of sectors, including water, oil storage and airport services – helped the Frankfurt-based investment manager reach another milestone as it has sealed 50 infrastructure debt deals, totalling €11.1 billion, since launching the platform in 2012.

Around the same time, in July 2018, the firm also expanded into Latin America, first by investing in the Fermaca El

Encino-La Laguna gas pipeline in Mexico and then participating in the refinancing of two solar PV plants in Uruguay – El Naranjal and Del Litoral – owned by Atlas Renewable Energy.

These deals brought AllianzGI’s infrastructure debt investments in the Americas to more than \$4.2 billion, with the firm promising that “more are expected to follow”.

More recently, in September, the firm added Portugal’s largest telecom towers company to its Resilient Credit portfolio, investing €150 million in debt.

DEAL OF THE YEAR, GLOBAL

1. Equis Energy (GIP, PSP Investments, CIC)

2. TDC (MIRA, PFA, PKA, ATP)
3. WestConnex (Transurban, AustralianSuper, CPPIB, Tawreed Investments)

Billed as “the largest renewable energy generation acquisition in history”, it’s probably no surprise that Equis Energy emerged as the clear winner in this

category. Not only did it attract attention for its hefty \$5 billion price tag, it also cast the spotlight on Asia’s renewables sector, which John Walker, Macquarie Capital’s vice-chairman for Asia, described as the “investment opportunity of the century”.

The transaction gave Global Infrastructure Partners, PSP Investments and China Investment Corporation a major footprint in the region, thanks to the more than 180 assets totalling 11.1GW in generating capacity that span seven countries.

Since the sale, Equis has been re-grouping. In October, it hired Damian Secen from Macquarie Infrastructure and Real Assets, appointing him to a newly created role where he is responsible for origination, investment and asset management.

DEAL OF THE YEAR, EUROPE

1. I dex (Antin Infrastructure Partners)

2. Abertis (ACS, Hochtief, Atlantia)
3. John Laing Infrastructure Fund (Dalmore Capital, Equitix)

I dex’s chief executive Thierry Franck de Préaumont hailed Antin as “the right partner for the next stage of growth” after a deal thought to be worth about €1.2 billion was agreed for the French district heating company. Antin had a right to feel rather pleased with itself.

True to form, there was heated competition to buy the company from Cube Infrastructure, with Antin beating some of the largest investors in the infrastructure fund market and the French energy industry to agree the deal valued at about 15 times EBITDA.

Antin’s acquisition saw it gain control of the company with the third largest market share of the French district heating network, although it also sees significant expansion for the company in other markets such as the UK and Germany. There’s certainly more heat left in the pipeline for this one.

DEAL OF THE YEAR, NORTH AMERICA

1. Calpine Corporation (Energy Capital Partners)

2. Enbridge (CPPIB)
3. Autoroute 25 (Transurban)

North America's deal of the year is a \$5.6 billion shake-up in the market's natural gas industry. Energy Capital Partners acquired US-listed Calpine Corporation for what came out to be a deal worth \$15.25 per share. It led a group of investors including Canada Pension Plan Investment Board to buy out the Houston-based company.

Calpine is one of the largest natural gas power generators in the US. The company has 80 power plants in operation or under construction and a 26GW generation capacity. Its portfolio also includes electricity distribution company Noble Americas Energy Solutions, which it purchased for \$900 million in 2016.

The deal is symbolic of the transition the US natural gas market is experiencing. Expanding production, declining prices and the proliferation of renewable energy have led a wave of natural gas generators to seek consolidation or backing from investors.

Energy Capital held financial close on the Calpine deal in March 2018.

DEAL OF THE YEAR, ASIA-PACIFIC

1. Equis Energy (GIP, PSP Investments, CIC)

2. WestConnex (Transurban, AustralianSuper, CPPIB, Tawreed Investments)
3. Safeway Concessions (MIRA)

It's not by chance that the Equis Energy deal reigns supreme in this year's awards. From a regional perspective, the much-discussed sale of the 11.1 GW portfolio underlines the size of the opportunity offered by Asia-Pacific, and its growing appeal to international investors. As mentioned

before, Equis spent five years painstakingly putting together a 180-strong operational and under-development renewables portfolio, operated through 15 offices across the region.

At the same time, observers will appreciate GIP's leadership in putting together a consortium with Canada's PSP Investments and China Investment Corporation to write a \$5 billion cheque for what is still the industry's largest-ever renewables deal.

DEAL OF THE YEAR, LATIN AMERICA

1. InterGen (Actis)

2. Enel Renewables (CDPO Infra, CKD Infraestructura México)
3. Spence Desalination Plant (Mitsui, ACS)

Actis has made investing in Latin America its speciality. The firm's largest deal ever for InterGen's Mexico power portfolio has made it as the region's deal of the year for 2018.

The \$1.26 billion deal landed Actis a

2.2GW portfolio of power assets, including six combined-cycle natural gas facilities and a stake in a 155MW wind project. The firm has signalled the portfolio, which it rebranded as Saavi Energia, cements its commitment to the Mexican power sector and will serve as the firm's platform for the region.

InterGen was previously co-owned by Canadian retirement system Ontario Teachers' Pension Plan and the China Huaneng Group.

Actis invested through its fourth energy fund, which closed in 2017 on \$2.75 billion. The fund's strategy is to acquire large stakes in electricity generation and distribution businesses in Latin America, Africa and Asia.

DEAL OF THE YEAR, MIDDLE EAST AND AFRICA

1. Taiba N'Diaye wind farm (Lekela Power)

2. Route 2020 Dubai metro extension (Alstom, Acciona, Gulermak)
3. Sakaka solar project (ACWA Power, AlGihaz)



Africa: Lekela helped finance Senegal's first wind farm

Actis-backed renewable power developer Lekela received more than \$250 million from the Overseas Private Investment Corporation, the US government's development finance institution, to finance Senegal's first 159MW wind farm, backed by a Multilateral Investment Guarantee Agency political risk insurance guarantee.

The scheme reached financial close in August 2018 and construction is underway, with a targeted opening date of November 2019.

The farm, located 70 kilometers north of Dakar, will boost Senegal's grid-connected capacity by 15 percent and has a 20-year power-purchase agreement in place with state utility Senelec.

United States Agency for International Development's Power Africa initiative also provided support for the scheme, with Danish export credit agency EKF committing to a €140 million export loan with a tenor of 17 years as well.

Taiba N'Diaye is Senegal's first utility-scale wind generation project and is

a landmark project for the West African nation. It adds to Lekela's portfolio on the continent, as the company also has projects in Egypt, Ghana and South Africa.

PPP DEAL OF THE YEAR, GLOBAL

1. **Melbourne Metro Tunnel & Stations PPP (Bouygues, Lend Lease, John Holland, Capella Capital, John Laing)**
2. LAX Integrated Express Solutions (Fluor, Balfour Beatty, ACS, Bombardier)
3. Navi Mumbai Airport (GVK Power and Infrastructure)

Roughly two-and-a-half years after then-Victoria Premier Daniel Andrews kick-started the "largest public transport project" in the state, the Cross Yarra Partnership reached financial close on the project, which includes a 25-year concession, in December 2017.

The A\$6 billion (\$4.3 billion; €3.8 billion) Melbourne Metro Tunnel Project

will deliver a new rail line across Melbourne central business district, featuring two 9km tunnels and five new underground stations under an availability-based PPP model. It is the centrepiece of the Melbourne Metro project, which is estimated to cost A\$11 billion.

It seems fitting that an Australian rail project would win this year's distinction since, according to Infrastructure Partnerships Australia, major rail projects outnumbered road projects last year, "reflecting a broader shift in governments' preference for public transport investment".

The project marks the first step towards creating a metro-style network in Melbourne and is on track to be completed by the end of 2025.

PPP DEAL OF THE YEAR, EUROPE

1. **Landmark Blankenburg Connection (Macquarie Capital, Ballast Nedam, DEME)**
2. Rv 3/Rv 25 road (Skanska)
3. A10/A24 Neuruppin to Pankow road (BAM-PPGM, HABAU)

In October 2018, a consortium of Macquarie Capital (70 percent), Ballast Nedam (15 percent) and DEME (15 percent) reached financial close on the €1 billion Landmark Blankenburg Connection, a major road scheme in Rotterdam.

The PPP is for the design, build, finance and maintenance of a new highway connection of approximately 4km linking two roads to the west of Rotterdam, including two tunnels, two new flyovers and the widening of the existing A20 road.

The deal is one of the largest PPP contracts awarded in the Netherlands and included €900 million of debt financing arranged by Macquarie Capital.

Construction began right after financial close was achieved, with the sheer size and complexity of the scheme making it stand out as our PPP Deal of the Year, Europe.



Melbourne Metro: 'largest public transport project' in Victoria

PPP DEAL OF THE YEAR, NORTH AMERICA

1. **LAX Integrated Solutions (Fluor, Balfour Beatty, ACS, Bombardier)**
2. Gordie Howe Bridge (Fluor, Aecon, ACS)
3. Purdue University Student Housing (Plenary Properties Purdue)

It seems fitting that readers voted North America's largest public-private partnership to reach financial close in 2018 as the year's best PPP deal.

LAX Integrated Solutions won the honour after raising \$1.3 billion in private activity bonds to finance a \$4.9 billion project at Los Angeles International Airport. It will build and maintain a rail system under a 30-year contract. Construction and engineering firms Fluor, Balfour Beatty, ACS and Bombardier linked up to secure the bid. Their proposal, which was approved by Los Angeles City Council, had the highest technical score and lowest cost proposal out of three teams competing in the bid process.

Now, they will build an elevated 2.25-mile track, six train stations and a moving walkway. The planned people mover is expected to have 10,000 passengers an hour and will support up to 87.7 million passengers a year.

PPP DEAL OF THE YEAR, ASIA-PACIFIC

1. **Melbourne Metro Tunnel & Stations PPP (Bouygues, Lendlease, John Holland, Capella Capital, John Laing)**
2. Fukuoka Airport (Fukuoka Airport Holding, Changi Airports, Nishi-Nippon Railroad, Mitsubishi Corporation and Kyushu Electric Power)
3. Western Roads Upgrade (Plenary, Cintra)

The Lendlease-led Cross Yarra Partnership has been moving forward with the



Airports: VINCI has landed some big deals

construction of twin 9km rail tunnels and five stations in Melbourne.

The PPP deal is the main bundle of a series of concessions aimed at forming the largest public transport scheme ever in Victoria, costing a total of A\$11 billion.

To win the contract, Cross Yarra had to fend off competition from consortiums including the likes of Macquarie Capital, Ferrovial Agroman and CPB Contractors.

PPP DEAL OF THE YEAR, LATIN AMERICA

1. **Guayaquil port terminal (DP World)**
2. Ruta del Cacao (Ferrovia, Ashmore Group, Mercantil Colpatria)
3. Autopista al Mar 2 (China Harbour Engineering Company)

Infrastructure development across Latin America is booming, and a lot of that is focused on transportation. No surprise, this year's PPP deal of the year, Latin America falls in that category.

Global port operator DP World secured

around \$377 million of project financing to develop a deep-water multi-purpose port terminal in Ecuador that will be managed through a 50-year PPP agreement. Financing lined up includes backers like the Inter-American Investment Corporation, German finance institution DEG and French development agency PROPARGO. The overall investment is expected to be \$1.2 billion.

DP World will construct, operate and maintain the port terminal, which will be capable of handling containers with an estimated volume of 800,000 TEUs (20-foot equivalent units). The project includes construction of a 20km access road to the port and the dredging of a new 16-metre deep access channel.

DEVELOPER OF THE YEAR, GLOBAL

1. **VINCI Airports**
2. Orsted
3. Lightsource BP

The past year saw the French airport devel-



Pipeline: joint venture will manage 1.4 million cubic feet a day of processing capacity

oper grow its European portfolio again, first when it was chosen as the preferred bidder for the Nikola Tesla Airport tender in Serbia, concluding a process that lasted nearly a year. The country's procuring agency repeatedly extended the deadline, needing more time to whittle down a list of 27 bidders.

Under the agreement, the developer will pay €501 million for the concession and invest €732 million over the course of the 25-year contract. The deal covers the financing, operation, maintenance, expansion and renovation of the existing airport terminal and runway system.

Four months later, in April, it acquired Ontario Municipal Employees Retirement System's stake in Airports Worldwide, which added nine new hubs and three partial management contracts to its portfolio, including a 100 percent stake in Belfast International Airport, a 90.1 percent stake in Sweden's Skvasta Airport and 100 percent of the concession to operate Florida's Orlando Sanford Airport, its first US asset.

ENERGY INVESTOR OF THE YEAR, GLOBAL

1. Global Infrastructure Partners

2. Partners Group
3. Copenhagen Infrastructure Partners

When talking about GIP and the energy sector, it's difficult not to mention the New York fund manager's leading role in the \$5 billion Equis Energy deal, which saw GIP and consortium partners PSP Investments and CIC acquire a renewables platform with a significant Asia-Pacific presence. But there's a lot more to GIP's activity in 2018 that merits mentioning.

Last February, GIP agreed to pay \$1.4 billion for NRG Energy's US renewable energy business, including its controlling stake and 46 percent economic interest in NRG Yield, as well as NRG's renewable energy O&M and development businesses.

More recently, in September, GIP acquired a 50 percent stake in the 1.2GW Hornsea 1 project, the "world's largest

offshore wind farm" that is being built 120km off the English coast in the North Sea. When completed in 2020, the project will span 407 square km.

The £4.5 billion (\$5.9 billion; €5.2 billion) deal covers GIP's acquisition of a 50 percent stake as well as funding 50 percent of the EPC contract to develop it.

ENERGY INVESTOR OF THE YEAR, EUROPE

1. Antin Infrastructure Partners

2. iCON Infrastructure
3. Partners Group

Antin emerged victorious in one of the biggest and most high-profile auctions for a European energy asset in the last few years, fighting off some of the sector's biggest players to acquire French district heating group Idex.

The transaction saw Antin pay around €1.2 billion to Cube Infrastructure Managers for the company, which operates 41 district heating and cooling networks in Paris, 13 energy-from-waste facilities and a portfolio of energy services contracts.

The acquisition, including debt, represented around a 15 times EBITDA multiple – enough to beat interest from players thought to include Ardian, Partners Group, JPMorgan and IFM Investors, among others.

With such illustrious competition, the move cements Antin's position as one of Europe's leading energy investors and is enough for it to take home the crown in 2018.

ENERGY INVESTOR OF THE YEAR, NORTH AMERICA

1. I Squared Capital

2. AMP Capital
3. Energy Capital Partners

I Squared Capital won the award for

Energy Investor of the Year, North America, but this one is really about the partnership. The firm committed \$500 million in cash to enter a venture alongside private equity firm Blackstone and energy company EagleClaw Midstream.

Now, EagleClaw will operate close to 1,000 miles of natural gas, crude and water gathering pipelines. It will be manage over 1.4 billion cubic feet a day of processing capacity and has nearly half a million acres in the southern Delaware Basin where it can build out midstream services.

In addition to its cash investment, I Squared committed its portfolio company Delaware Basin Midstream to help develop the Permian Highway Pipeline Project. EagleClaw is a 50 percent partner on the \$2 billion pipeline development.

Outside midstream, I Squared purchased a 3.4GW portfolio of Latin American and Caribbean assets, including hydroelectric, wind and thermal generation plants.

ENERGY INVESTOR OF THE YEAR, ASIA-PACIFIC

1. Global Infrastructure Partners

- Partners Group
- Brookfield Asset Management

If Equis has been rewarded in other categories for crafting a unique renewables portfolio across Asia-Pacific, GIP is recognised here as Energy Investor of the Year, Asia-Pacific for its boldness and clear vision regarding the region's future.

The \$5 billion Equis Energy deal gives the New York-based manager a strong foothold in "one of the most promising renewable energy markets in the world," chairman Adebayo Ogunesi said at the time.

With projects still in development, the Equis Energy story is growth: in February, the newly acquired firm reached financial close on the 127MW Tailem Bend solar project in South Australia and was on track to build over A\$1 billion (\$716 million; €630 million) of new projects in the near future.

TRANSPORT INVESTOR OF THE YEAR, GLOBAL

1. I Squared Capital

- Macquarie Infrastructure and Real Assets
- IFM Investors

Raising one of the largest infrastructure funds in 2018 was just one of several highlights punctuating the firm's activity in the past year. Another worth noting – which is probably responsible for not only landing the firm in the top spot in this category but its significant lead over the runner-up, was the acquisition of TIP Trailer Services – a Netherlands-based company focusing on trailer leasing, rental, maintenance and repair. The deal was the sixth investment the firm made through its \$7 billion second fund, which, at time of final close, was 24 percent committed.

The past year also saw I Squared sell a 20 percent stake in Cube Highways and Infrastructure, the India-focused toll road operator it launched alongside IFC in 2014,

to a consortium led by Japanese industrial conglomerate Mitsubishi Corporation. But the sale is no indication I Squared is retreating from India's transport sector. Earlier this year, *Infrastructure Investor* reported that the fund manager was one of several marquee names in pre-bid talks with the Airport Authority of India for six airports the country is looking to privatise.

TRANSPORT INVESTOR OF THE YEAR, EUROPE

1. AMP Capital

- Global Infrastructure Partners
- Mirova

Brexit, of course, is casting something of a cloud over potential investment in UK infrastructure at the moment. So, bravo to Australian fund manager AMP Capital, which shrugged off the uncertainty to acquire a 49 percent stake in London's Luton Airport in 2018.

Luton is the UK's fifth-largest airport



Trailer leasing: I Squared is venturing into new transportation sectors

and the fastest-growing in the lucrative London market, with AMP Capital jumping at the rare opportunity to gain exposure to it.

The price tag was \$500 million, purchased from French fund manager Ardian, and sees Luton become the sixth airport in AMP Capital's portfolio, alongside two others in the UK and three in its native country.

The firm has a strong track record of successfully managing airport assets in its various funds and the move for Luton gives it the foothold in London that it would have craved, despite all the potential headwinds that Brexit may bring.

TRANSPORT INVESTOR OF THE YEAR, NORTH AMERICA

1. Ontario Teachers' Pension Plan

2. VINCI (tie)
2. CDPQ Infra (tie)

Readers have awarded North America's transport investor of the year to an organisation that pulled off a savvy sale, not a successfully completed mega-deal.

Ontario Teachers' Pension Plan

diversified its stake in Vancouver-based GCT Global Container Terminals, selling 37.5 percent to IFM Investors and 25 percent to British Columbia Investment Management Corporation. GCT is a leading container terminal operator in North America, managing assets in New York's Staten Island, New Jersey, Vancouver and British Columbia.

The move is the second time in the past two years OTPP has divested a portion of an infrastructure asset in its portfolio – favouring forming partnerships with like-minded, long-term investors. In November 2017, the Canadian pension sold 30 percent of its stake in two UK airports – Bristol and Birmingham – to Australian investors New South Wales Treasury Corporation and Sunsuper Superannuation Fund.

TRANSPORT INVESTOR OF THE YEAR, ASIA-PACIFIC

1. Macquarie Infrastructure and Real Assets

2. Transurban
3. Mitsubishi

Macquarie's experience in the transport sector has allowed the firm to keep

expanding its presence in some of Asia-Pacific's more 'emerging markets', like India. Last March, the firm's Macquarie Asia Infrastructure Fund 2 snapped up the 30-year concession for nine tolled highways in India for a whopping \$1.49 billion, almost 50 percent higher than the original base price asked by Delhi.

MIRA's bid reportedly defeated other infrastructure heavyweights like Canadian fund manager Brookfield, as well as a joint venture between PSP Investments' road platform Roadis Infrastructure and India's National Infrastructure Investment Fund.

MIRA certainly can't be faulted for its timing: a second bundle of eight toll roads auctioned by Delhi at the end of 2018 failed to attract any bid matching its initial price.

TELECOMS AND BROADBAND INVESTOR OF THE YEAR, GLOBAL

1. AMP Capital

2. Macquarie Infrastructure and Real Assets
3. Digital Colony

After picking up bronze in the first edition of this category last year, AMP Capital has propelled itself to the top spot following a year in the sector marked by investments from three different streams.

It began in March by reportedly investing more than \$200 million in equity in Ohio-based fibre network operator Everstream Solutions, designed to serve as a platform for future acquisitions and to fund organic growth and development.

Next up was AMP's debt platform. Its third fund, working alongside CDPQ, provided \$200 million to New York-based Tillman Infrastructure, a cellular tower and telecoms company planning an expansion across the US.

A short swim across the Atlantic also saw the AMP-managed Irish Infrastructure Fund take full control of enet, the largest telecoms network operator in Ireland. The October acquisition of the 22 percent stake



Everstream Solutions: a platform for future acquisitions

followed the fund's 78 percent purchase in July 2017.

TELECOMS AND BROADBAND INVESTOR OF THE YEAR, EUROPE

1. Antin Infrastructure Partners

2. Arcus Infrastructure Partners
3. Macquarie Infrastructure and Real Assets

Antin Infrastructure Partners had a busy year on the telecoms front, securing two significant deals that highlight its strength in this sector in Europe.

First, in April, it partnered with Goldman Sachs to lead a consortium in a successful £538 million (\$702 million; €618 million) take-private bid for the UK-based fibre broadband group CityFibre.

Then in July, it followed that by acquiring the Spanish operations of Ufinet from private equity group Cinven for an undisclosed sum through its €3.6 billion Antin Infrastructure Partners III.

There's obvious synergy between the deals: Spain's fibre-to-home ratio stands at around 34 percent, while the UK's was 1 percent at the time of the Ufinet deal. Antin clearly sees a chance to leverage Ufinet's experience as CityFibre positions itself for the rollout of fibre-to-home in the UK.

The acquisitions position Antin as a major player in the European broadband space, particularly in the UK and Spain, for the near future.

TELECOMS AND BROADBAND INVESTOR OF THE YEAR, NORTH AMERICA

1. AMP Capital

2. Brookfield Asset Management
3. John Hancock Life Insurance Company

Australian fund manager AMP Capital won investor of the year for telecoms and broadband, possibly infrastructure's fastest growing sector. For AMP, 2018 brought its two first telecoms deals.



Trans Adriatic Pipeline: the largest European project finance of 2018

The firm committed more than \$200 million in equity to fully acquire Everstream Solutions, a regional service provider focusing on developing fibre networks in the US Midwest. AMP bought the company from M/C Partners, a telecoms and IT-focused private equity firm. Everstream has built and operated more than 10,000 route miles of fibre-optic cables throughout the Midwestern US, a network originally built and partially financed using government grants.

AMP also provided \$200 million from its third infrastructure debt fund to New York-based cellular tower and telecoms infrastructure company Tillman Infrastructure. The commitment will allow Tillman to finance and construct approximately 1,500 new telecom towers.

investment this year with the acquisition of "a significant ownership stake" in the Hawaiki submarine cable, a critical piece of infrastructure connecting the US, Australia and New Zealand. With more than 43 terabits of data capacity, it is the "fastest and largest" link between the three countries and holds capacity contracts with users like Amazon Web Services.

"Data usage is growing generally and in Australia, and the physical infrastructure that underpins that is becoming more and more important," Palisade investment director Mike Reynolds told *Infrastructure Investor*.

As Palisade's understanding of the sector grows, it could well turn into a growth driver for the firm, much as renewables have done.

TELECOMS AND BROADBAND INVESTOR OF THE YEAR, ASIA-PACIFIC

1. Palisade Investment Partners

2. Next Capital
3. Digital Realty

Palisade made its maiden telecoms

PLACEMENT AGENT OF THE YEAR, GLOBAL

1. Evercore Private Funds Group

2. Campbell Lutyens
3. Capstone Partners

Last year, we fathomed a guess that Evercore helping to close one of the asset class's



Hornsea 1: Clifford Chance advised on the world's largest offshore wind farm

leading funds would help propel it to new heights. It appears we were right, with the placement agent landing in first place for a second year in a row. The New York-based firm served as exclusive global placement agent for I Squared Capital, helping the infrastructure fund manager raise \$7 billion for its sophomore fund. ISQ Global Infrastructure Fund II, which was more than double the size of its predecessor, beat its initial hard-cap of \$6.5 billion, becoming one of the three largest infrastructure funds raised last year.

Evercore also helped LS Power Equity Advisors beat its original \$2 billion target for its fourth North America-focused power fund, raising \$2.25 billion within eight months since its launch.

With its track record in infrastructure fundraising gaining momentum, it'll be interesting to follow Evercore's course in the coming year.

BANK OF THE YEAR, GLOBAL

1. **Crédit Agricole**

2. BNP Paribas
3. Sumitomo Mitsui Banking Corporation

Big deal in infrastructure in 2018? It's likely

Crédit Agricole was present. That is, at least, what it feels like after a successful year for the French bank.

The \$5 billion GIP-led purchase of Equis Energy, the largest ever acquisition of a renewables portfolio, was one instance where the bank flexed its financial muscles. Staying with Asian renewables, Crédit Agricole was one of 11 banks which took part in financing Formosa 1, Taiwan's first offshore wind farm.

The same sector – on a different continent – saw Crédit Agricole become one of five lenders in the €1 billion refinancing of EF Solare's Italian photovoltaic fleet, the largest refinancing in the space. The Italian link remained strong until the end of 2018 when the bank helped close the €3.9 billion Trans Adriatic Pipeline, said to be the largest European project finance of 2018.

LAW FIRM OF THE YEAR, GLOBAL

1. **Clifford Chance**

2. Linklaters
3. Norton Rose Fulbright

Be it M&A, project finance or fund advisory, Clifford Chance was right in the thick of the action in infrastructure in 2018.

As well as advising GIP and Macquarie on Asian investments Equis Energy and Formosa 1, the law firm also took on some of Europe's largest challenges with the same clients. Clifford Chance advised GIP on its £4.5 billion (\$5.9 billion; €5.2 billion) investment in the Hornsea 1 offshore wind farm in the UK, set to be the largest in the world. It also advised the Macquarie-led consortium on the acquisition financing for its \$6.7 billion takeover of Danish telecoms group TDC.

Elsewhere, Clifford Chance was the advisor on the secondaries process for Meridiam's first European fund, where investors sold 25 percent of interests in the vehicle, while it also advised Capital Dynamics's \$1.2 billion Clean Energy Infrastructure VIII fund.

CORPORATE TRUST SERVICES PROVIDER, GLOBAL

1. **Wilmington Trust**

2. Deutsche Bank Corporate Trust

Truly the end of an era, as Deutsche Bank's eight-year grip on the award comes to an end. It was usurped by last year's third place, Wilmington Trust.

The Delaware-based firm powered itself to the top spot, almost literally, following a successful year in the conventional power, power transmission and renewable sectors. It also made substantial progress on telecoms deals. From data centres for CIM Group to renewables for Capital Dynamics and to midstream investments for OMERS, Wilmington had the market covered.

The deals worked on by Wilmington ranged in size from about \$250 million to \$1.5 billion, with the group performing a variety of roles including administrative agent, intercreditor agent, collateral agent and depositary agent. Wilmington also focused on developing deeper relationships with infrastructure debt funds and institutional investors, diversifying from a traditional base of banking clients. ■



PACIFIC EQUITY PARTNERS

PEP Secure Assets Fund

Protected cashflow + operational upside

An aerial, black and white photograph of the Sydney city skyline. The image shows a dense cluster of skyscrapers in the foreground, with the Sydney Harbour Bridge and the Sydney Opera House visible in the background. The water of the harbour is visible, and the city extends into the distance under a hazy sky.

**400+ years investment team
combined experience**

Pacific Equity Partners (PEP) is an alternative asset manager focused on the Australian and New Zealand markets. PEP has established a leading position since the Firm's inception 20 years ago. Underpinning this privileged position is a deep and experienced team with a strong management consulting heritage predominantly from Bain & Company. This allows PEP, the largest team in the ANZ market, to adopt a systematic and disciplined approach to identifying opportunities, evaluating and resolving business issues, and delivering improved operational and financial results. These results have been delivered across industries, from power generation to regulated aged care as well as business services and consumer products.

www.pep.com.au

Bringing a PE approach to Australasian infra

MDs **Andrew Charlier** and **Paul Foster** discuss Pacific Equity Partners' first infra vehicle, what sets it apart from traditional infra investing and where the best opportunities are likely to be found

Q Why is there an opportunity for a strategy like the Secure Assets Fund?

PF: If you take all the infrastructure transactions that have occurred in the Australia-New Zealand market over the last five years, the vast majority of those, by number, have actually been in the mid-market, in businesses and assets with an enterprise value of less than A\$1 billion (\$711 million; €626 million). When you overlay that with the fact that most of the traditional infrastructure managers in Australia now have a global reach and increasingly focus on large-cap transactions, it creates an interesting space for us to pursue.

We're not looking for traditional core infrastructure assets: we're looking for middle-market businesses that must have two ingredients, and each of those is as important as the other.

Firstly, the businesses must have a set of very secure earnings that we can underwrite to a normal core infrastructure-type return.

Secondly, and just as importantly, there must be an opportunity to transform the operational capability and performance of the businesses in a way that moves returns from the underwritten secure level up to the mid-teens returns that we're seeking. Both sides of the coin must be present or it's not going to be an opportunity for us to pursue with this pool of capital.

AC: When we invest in a business, we spend a lot of time looking at the thesis and how we are going to be able to transform it such that you can achieve a higher return. We've been doing that across industries in



“When we look at infrastructure, we see a lot of funds investing in the core space without the focus on operational improvement” **Charlier**

the leveraged buyout business for more than 20 years.

When we look at infrastructure, we see a lot of funds investing in the core space without the focus on operational improvement. It's that value-add approach that we're applying to infrastructure and infrastructure-like assets.

Q Why is PEP's approach different from other 'hands-on' infrastructure managers?

PF: It's in the DNA of the firm. We play an important role in finding the right management team, supporting them to the outcomes that we sign up to when we build our business plan, and incentivising them accordingly. Origination of investment opportunities and management teams leverage the individual and corporate networks of the entire PEP investment platform, built up over 20 years of successful Australasian LBO investing.

I would suggest that's a little bit different from the experience, approach and skillsets that a lot of infrastructure managers possess when looking to execute on these sorts of investments.

About 40 percent of our LBO deals have been corporate carve-outs. They are complex and require you to set up new business systems and management teams from scratch. Having done 14 such deals over the 20 years of PEP's history, we have a well-developed approach and methodology to originate and execute these opportunities.

We also want to work with the best management teams, so we will pay them private equity-style incentives. We find that is very good at focusing management teams to deliver performance above and beyond the status quo.

Q What has the response been like from limited partners to the Secure Assets Fund strategy?

AC: We're getting interest across the board

and there's been a pleasing crossover of demand from the existing PEP client base, with increased interest from Australian and New Zealand investors.

PF: A big part of our proposition to our LP base is that, both historically on the LBO side and on the Secure Assets Fund side to date, we've been able to deliver substantial co-investment opportunities. That's attractive to many of our investors for whom co-investment is a core part of the structuring of their portfolios.

Q What type of infrastructure assets are you seeking, and do you anticipate coming up against traditional infrastructure investors?

PF: We're pursuing a range of assets so we'll be targeting all the sectors that a diversified infrastructure strategy would be looking at. We are, however, looking for businesses within those sectors that have a different sort of profile from ones that would be targeted in a core or even traditional core-plus portfolio.

We expect the portfolio to end up with between six and eight investments in it, with an average Fund equity cheque of around A\$100 million, plus co-investment from our LPs.

AC: We've also made a very deliberate choice in that it's Australia and New Zealand-focused. This is where our network is and it's where our management team relationships are.

We'll invest to gain control of assets, given the amount of operational change that we want to drive. We're not a small minority or large consortium kind of investor.

Q Talk us through the strategy behind the intelliHUB purchase, the first investment made on behalf of the Secure Assets Fund, and the subsequent bolt-on acquisitions. Can we expect to see more bolt-on activity?

AC: We were aware that the Australian government was about to mandate the use of smart meters, and we knew that these



“About 40% of our LBO deals have been corporate carve-outs”

Foster

would entail a significant amount of capital deployment. We were also aware, through discussions with the major energy retailers, that they were going to sell these businesses because of those capital demands and because the businesses were non-core for them. So we engaged Origin Energy, which kick-started a process for the sale of Acumen, its smart metering business.

We were then looking for an operational partner so had a series of conversations with Landis+Gyr, as they owned a smart metering business in Australia called intelliHUB. That gave us a substantial head start on the bid for Acumen and we were able to create operational efficiencies by merging it with the intelliHUB business at acquisition.

Those operational efficiencies are material enough to boost the base return, but the real value is in what you grow it into. IntelliHUB's got a long-term set of cashflows that extend to 30 years with Origin and other smaller retailers. There's a big

market opportunity to get further growth on top of that by servicing other retailers, and the business has already added Red Energy and Simply Energy as customers. Beyond that, we see a lot of opportunities to roll out smart gas meters and smart water meters as well as create value for network owners and retailers and their end customers through the development of value-added data products.

We average about four bolt-ons per portfolio investment that we make across buyouts, and we've done three to date for intelliHUB, so we would anticipate more occurring. It's a growing field with benefits to scale.

Q What are the next steps for the Fund and for PEP's infrastructure strategy?

PF: The intelliHUB acquisition is a good example of our investment strategy across sectors. We identify a market-leading platform opportunity, like the Acumen business merged with the intelliHUB business, and then seek to use that platform to consolidate other businesses in the sector by finding attractive bolt-ons such as Metrix, the smart metering arm of Mercury NZ Limited acquired in December 2018.

We think that strategy is just as executable in the infrastructure space as it is in the LBO space.

The pipeline is full and encouraging. We're looking at deals across a range of different sectors and we've been spending time recently on opportunities in the transport and logistics space, as well as other interesting areas such as parking and other parts of the energy sector. We believe there are plenty of opportunities for us to pursue and it's about trying to find the most attractive combination of secure cashflows alongside the operational improvements that we seek to realise. ■

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Direct speech

Every month, *Infrastructure Investor* profiles some of the industry's most prominent figures for our keynote interview series. We bring you some of the best answers we got in 2018



Matina Papathanasiou, co-founder & deputy head, QIC Global Infrastructure

ON DIVERSITY:

"We are infrastructure investors and we serve communities that are half-female. Also, when you're hiring, why would you exclude half the pool of candidates by excluding women?"

ON FUND I'S HYBRID STRUCTURE

"We found clients generally don't want to sell assets. At the same time, there were quite a few open-ended structures around, but they are open in perpetuity, which creates a challenge around valuations"

ON SOCIAL LICENCE TO OPERATE

"We are long-term owners of privileged assets, so you need to maintain your social licence to operate and be good stewards of those assets. That's a different mindset"



Martin Stanley, global head, Macquarie Infrastructure and Real Assets

ON REGIONAL STRATEGY

"Having a one-size-fits-all approach may be a way of raising a very large fund, but it's less likely to deliver a sustainable, long-term secure future for the investor base"

ON NATIONALISATION

"I think a nationalisation agenda is pretty unlikely. However, I think there are some elements of the discussion that are actually legitimate and intelligent. At the heart of it is the question of whether private ownership has delivered real value. That is a legitimate question we should not be afraid of answering"

ON PRODUCT DEVELOPMENT

"Our job is to meet the customer's needs – not to push products on them. If they do well, we do well – not the other way around"



Trent Vichie (left), Mike Dorrell, co-founders, Stonepeak Infrastructure Partners

ON THE JOYS OF HAVING A GOOD TRACK RECORD

"Fund I, you're in a nightclub looking like Zach Galifianakis; Fund III, you're Brad Pitt"

ON STONEPEAK'S INVESTMENT PROCESS

"We want to hear the opinions of the most senior person on the deal to the most junior. We can say anything to each other and there's no offence. We're just trying to find the facts and the truth"

ON US AIRPORTS OPPORTUNITY

"Clearly, there's a lot of private capital ready to go into airports, and there's a lot of benefit for the country from finding a way for that to happen"



**David Ridley, founder, managing director,
Westbourne Capital**

ON SUB DEBT VS EQUITY

“I don’t see subordinated debt replacing equity, I see it as a complementary asset class for those investing in the equity market”

ON DEPLOYMENT PACE

“We’ve historically been pretty conservative around deployment pace. Obviously, it’s a consideration for investors, but at the same time we want to invest those funds wisely, and so three years is the guidance we provide”

ON THE INSURER OPPORTUNITY

“Insurance companies are seeking to replace lower returning government bonds for their fixed-income portfolios. So I think there’s just going to be a growing demand from those insurance-company-type investors as we go further”



**Mark Hector, infrastructure portfolio manager,
First State Super**

ON BEING FIRST

“Being bold is something the investment team is proud of. We’re not afraid to be a market leader and take the first steps in certain aspects of the market”

ON ATTRACTING TALENT

“We don’t remunerate like fund managers, so in that sense it’s harder to attract certain types of personalities that are particularly interested in focusing more on finances. But we do offer, generally, a better work-life balance”

ON GREENFIELD

“It’s hard to justify the time and effort towards making pure direct investments into greenfield PPPs, so we’ll look to use more partnership arrangements there”



Raj Agrawal, global head of infrastructure, KKR

ON INVESTMENT PRE-2008

“Everyone thought they were buying low-risk investments. Some firms were able to survive that. Other firms weren’t able to because they actually had high-risk investments”

ON KKR’S INFRA APPROACH

“It’s about not having significant mess-ups. It’s about sticking to your strategy, hitting singles and doubles, not having a lot of volatility in returns. Consistency is a big part of what we’re trying to do”

ON ASIAN OPPORTUNITY

“If you are looking three or four decades down the road, and you want to be in the infrastructure business, you have to be in Asia” ■

Infrastructure investors' legitimacy challenge

Hermes head of infrastructure **Peter Hofbauer** explores how populism and protectionism could hurt private sector investment unless the infrastructure industry embraces change

Q Which sectors do you currently believe to be the most exciting in Europe?

PH: As an infrastructure investor, excitement is not the first thing we look for. We are focused on identifying opportunities that deliver our clients their desired investment outcomes. Our clients are typically looking for stable, long-duration, yielding investments that provide some inflation protection and attractive risk-adjusted returns. So, that's the opposite end of the spectrum to exciting.

In terms of where capital deployment is needed across Europe, however, clearly the decarbonisation agenda is key – so, renewable energy. It's not only decarbonisation, it's the energy security objectives of various governments. Then there is the EU 2020 strategy, improving transport networks to enhance carbon reduction and stimulate economic growth and productivity by reducing congestion as certain regions become more urbanised.

The broader reconfiguration of European energy networks to accommodate an increased level of distributed generation flowing from renewables, and the transition to a pan-European smart grid to drive efficiency in terms of usage of energy, are also important.

In addition to those policy drivers, there is still a significant amount of investment required in existing networks, such as water, to meet the needs of growing populations and to increase efficiency.

Q Which geographies do you consider to be most attractive?

PH: Under our current client mandates,



“There's an old saying that pioneers get shot at” **Hofbauer**

we can invest in all of the major developed markets – the UK, continental Europe, the US and selectively in other OECD countries. We tend to look at opportunities in those countries that have really high standards of governance, because when you make infrastructure investments you are investing for a very long time. Obviously, rule of law, political stability and economic stability, and the appropriate level of growth, are all important.

On top of that, we are also increasingly looking for jurisdictions that are accepting

of foreign direct investment. If a region is not welcoming to foreign investors or doesn't require FDI to meet its needs, then in the medium- to long-term that could represent increased risk for an institutional financial investor, given the duration of some of our investments. So, it doesn't necessarily come down to the highest returning markets. It is about the markets that offer the best risk-adjusted returns.

Q What are your views on the emerging hybrid sectors that we are seeing, driven by advancements in technology, such as data centres, electric cars and battery storage?

PH: There's an old saying that pioneers get shot at. Those types of asset do not fall in our current definition of infrastructure. Investment in those sectors would not be mandate-compliant and would represent strategy drift and increased risk for our current mandates. That may not be true of every manager, depending on what has been agreed with clients. But we are fairly prudent and risk-averse, and these new hybrid asset classes that straddle the private equity and infrastructure industries are not our key focus.

Q How is technology impacting areas that you do focus on?

PH: Our view is that technology advancement is going to have a material impact on the infrastructure industry. In some cases that may be disruptive, in other cases it may be productivity enhancing.

There is an argument that technology is already disrupting, with regulated utilities feeling the indirect impact of improved

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*As at 30 June 2018

service standards offered by other industries post-digitisation. Consumers expect higher levels of customer service – around personalised communication and connectivity via smartphones, for example – and some utilities have found it challenging to embrace those developments.

On the flipside, there is no doubt innovation will bring huge opportunities, whether that be from a technical perspective, in terms of engineering process or simply digitisation. Because of the scale and breadth of infrastructure, how many people it touches and how it impacts you daily, the upside must be significant.

Q What are the biggest challenges facing infrastructure investors right now?

PH: I think the biggest challenge for private sector investors in infrastructure globally is the uncertainty brought about by the increasingly volatile political landscape. There is ever more protectionism and increasingly interventionist policies being introduced in response to populist public opinion. At the same time, the need for new infrastructure investment has never been greater and governments' capacity to invest remains constrained.

There has been questioning – and in some cases not unreasonable questioning – as to the legitimacy of private sector ownership of critical infrastructure. The commitment to long-term stewardship and constructive engagement with all key stakeholders is more pressing today than ever. How the industry responds to these challenges to its legitimacy will be critical to the future role for private capital.

Q What about concerns regarding overheating in the market?

PH: On the debt front, we have seen lenders become more borrower friendly in recent years, in terms of covenants and margins and more recently even leverage levels, particularly in relation to structurally subordinated debt. That is far more prominent now than it has been for many

years. There is clearly mission creep in that.

On the equity side, it is more challenging to determine whether or not returns are too low and pricing too high. All asset classes have seen a significant rise in value and significant drop in returns, driven by central bank liquidity. On a relative basis, infrastructure is generating the

“In order to positively influence other people, private sector investors must genuinely embrace responsible investment practices”

Hoffbauer

same margins to the risk-free rate that it did say 10 years ago. But on an absolute basis, clearly returns have dropped in line with reduced risk-free rates. We are cautious about valuations and only pursue opportunities where we have significant conviction.

Q What is your approach to dealing with challenges that come the way of assets you are invested in?

PH: We focus on preserving capital, first and foremost, through looking extremely closely at downside risk mitigation. We carry out pre-mortems rather than post-mortems and we constantly and proactively engage with portfolio companies, co-shareholders and stakeholders when managing our investments.

I think we are clearly at a point in the regulatory cycle where a combination of low interest rates, a lagging regulatory review process and some of the legitimacy and customer service questions I men-

tioned before, mean that some regulated companies are facing challenges associated with resetting and right-sizing their businesses to meet the requirements of those stakeholders.

We are working very closely with them to help them meet those demands. We do that firstly by looking at ensuring appropriate governance frameworks are in place. These businesses are in some cases intergenerational – change and challenge will therefore inevitably confront them at some point. Putting in place a fit-for-purpose governance framework enables them to address those challenges effectively, as and when they arrive. Secondly, ensuring those companies attract and retain best-in-class management talent within a fit for purpose governance structure is a relatively powerful formula for ensuring businesses perform in way that is responsible and delivers acceptable returns to our clients for the long term.

Q What do you think will be the most significant evolution in the infrastructure space over the next few years?

PH: I really think it will be this issue of the legitimacy of private sector capital investing in public service infrastructure. It is a debate that has to be had and it is appropriate that it is. I hope it can be done rationally. But in order to positively influence other people, private sector investors must genuinely embrace responsible investment practices and demonstrate to other stakeholders that they are trustworthy stewards of society's critical infrastructure. If those standards are adopted, then I think there will be ongoing broad acceptance of private sector investment in essential infrastructure assets. But if they are ignored, I think people could possibly look for a different model. ■

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What LPs think

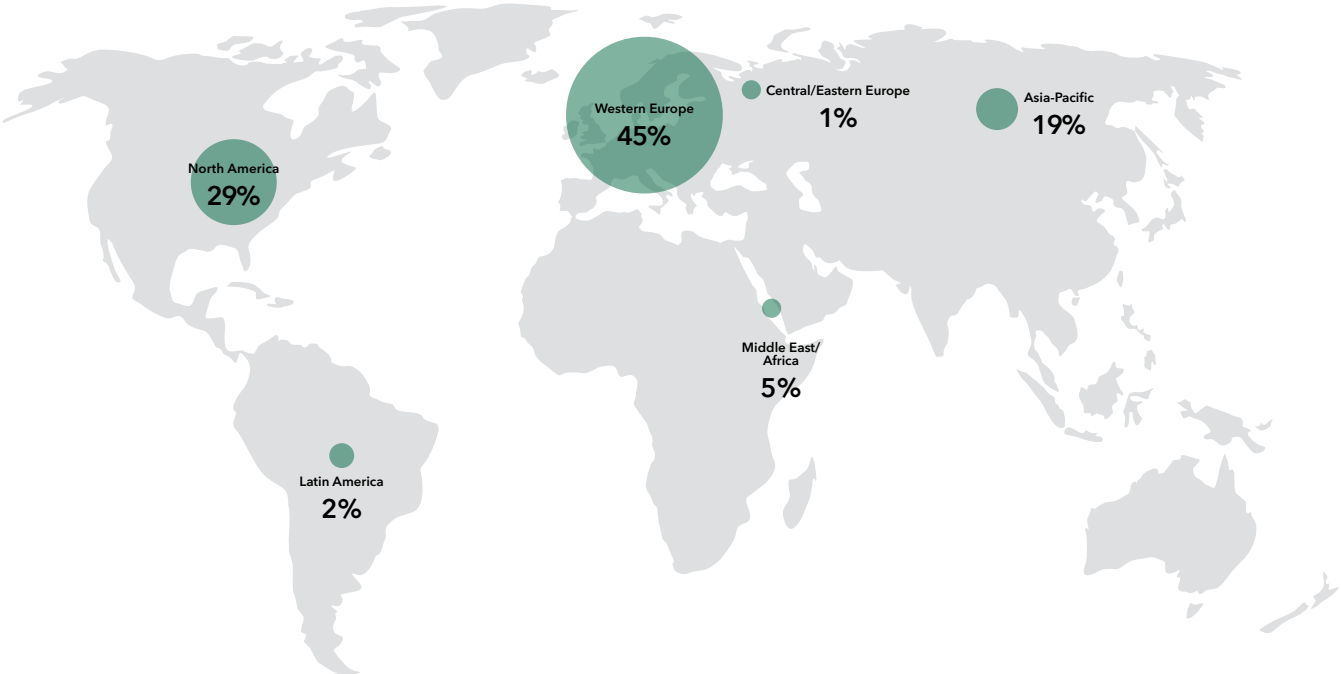
A comprehensive survey of investor attitudes to the asset class shows few think they are overexposed

LP Perspectives is an annual survey of institutional investors' approach to alternative asset classes. It aims to provide a granular view of the alternatives market by gathering insight on investors' asset allocation, propensity to

invest and performance predictions. It is a global study, reflected in the question set and the respondents, which allows for meaningful global views and cross-regional comparisons. For the 2019 edition, *Infrastructure*

Investor's Research & Analytics team surveyed 101 institutional investors with allocations across private equity, private real estate, infrastructure and private debt. Fieldwork was carried out from August to October 2018.

REGIONAL BREAKDOWN BASED ON INSTITUTION HEADQUARTERS



\$73.3m

Average fund commitment to infrastructure



27%

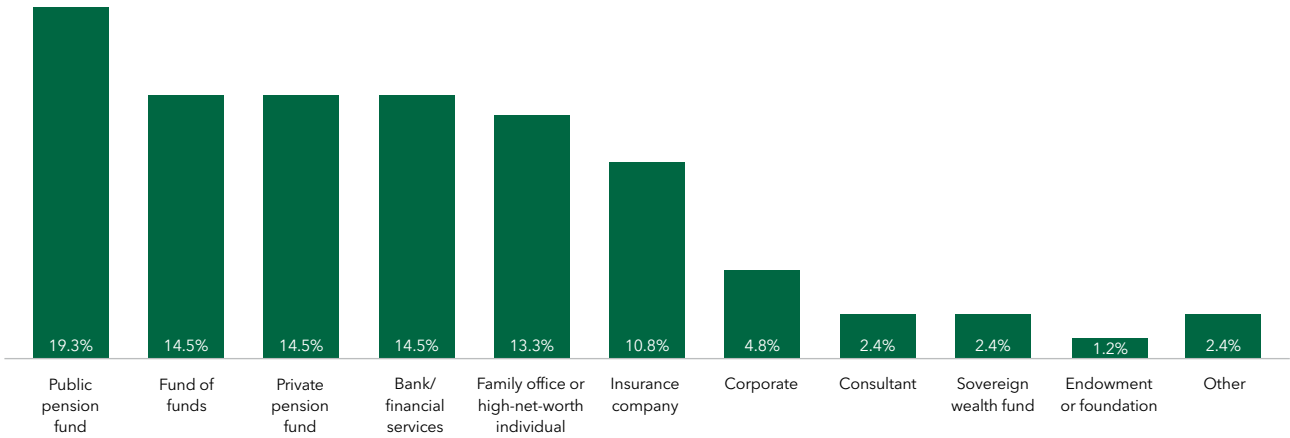
Percentage of respondents that believe their target allocation to infrastructure will increase over the next 12 months



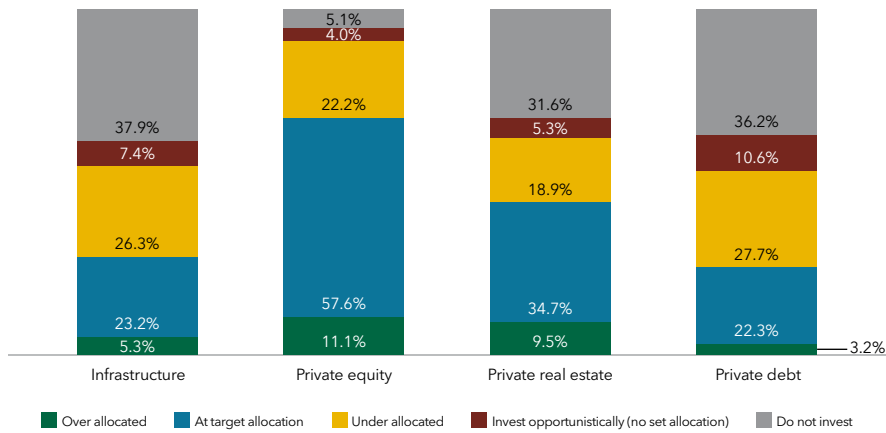
26.6%

Percentage of respondents who thought regulatory risks were the biggest threat to their performance

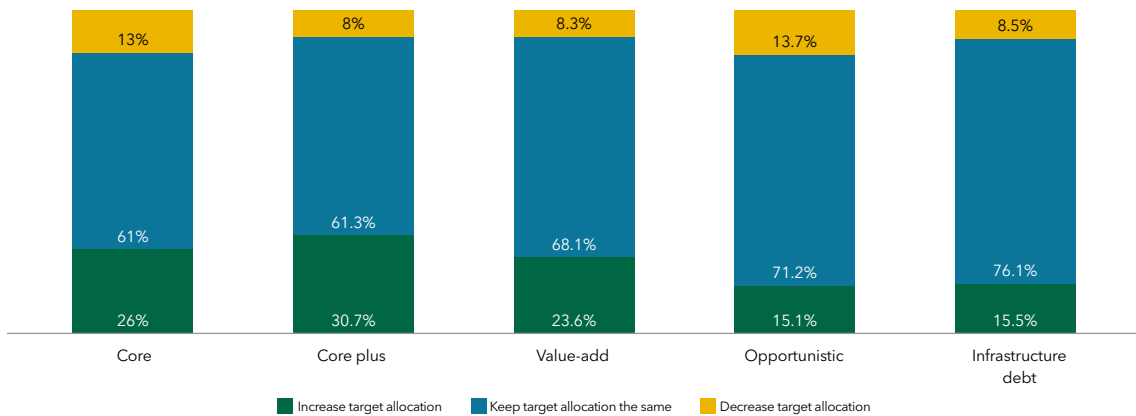
REGIONAL BREAKDOWN BASED ON INSTITUTION HEADQUARTERS



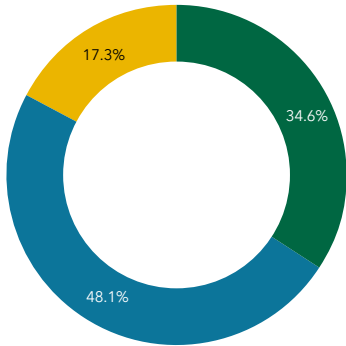
INVESTMENT PORTFOLIO ALLOCATION FOR ALTERNATIVE ASSETS



TARGET ALLOCATION PLANS TO INFRASTRUCTURE STRATEGIES OVER THE NEXT 12 MONTHS

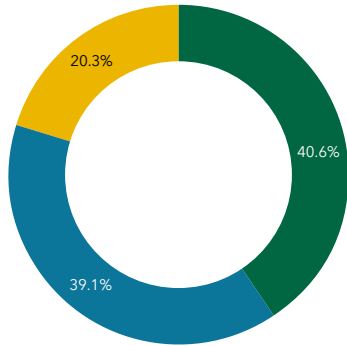


THE MAJORITY OF INVESTORS BELIEVE THEIR INFRASTRUCTURE INVESTMENTS WILL MEET OR EXCEED BENCHMARKS



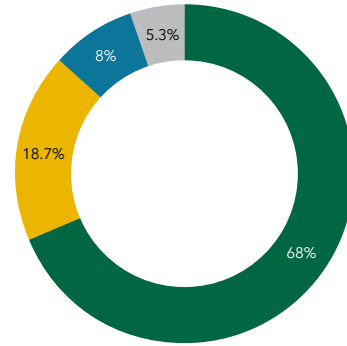
- Exceeded benchmark
- Met benchmark
- Fell below benchmark

THE MAJORITY OF INVESTORS PLACE SOME LEVEL OF EMPHASIS ON ESG ISSUES WHEN IT COMES TO FUND DUE DILIGENCE



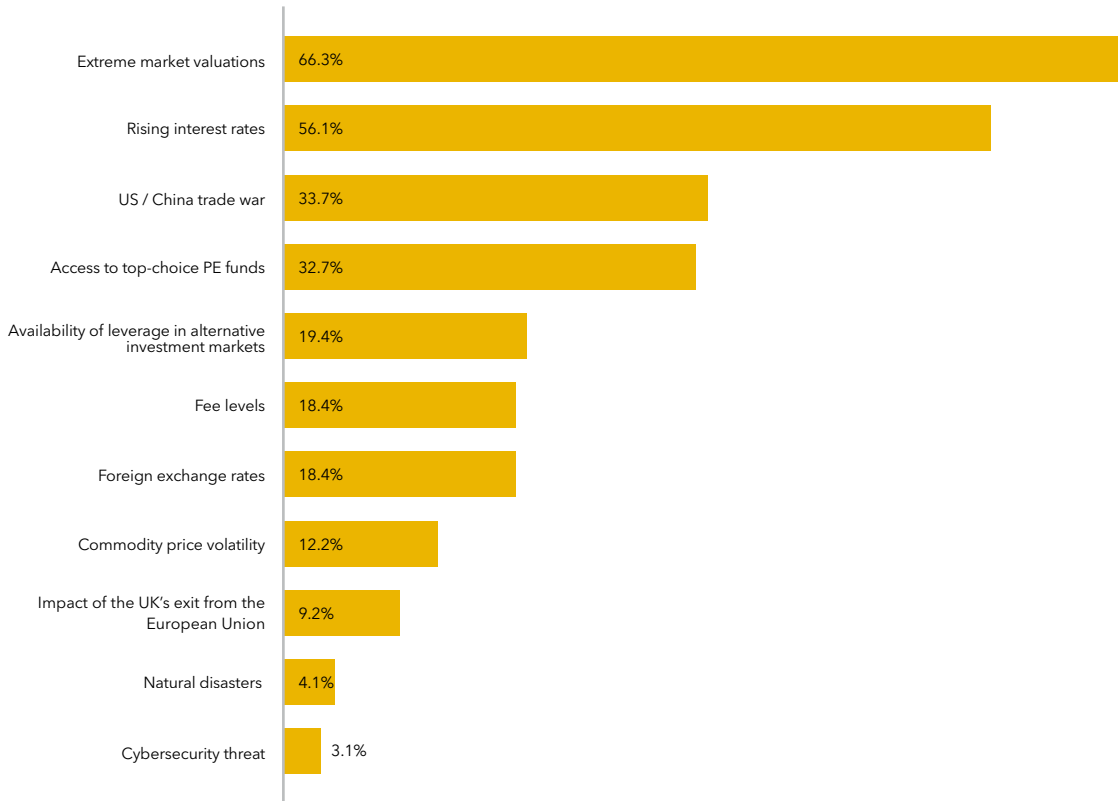
- ESG is a major consideration
- ESG is a minor consideration
- ESG is not a consideration

MOST INVESTORS BELIEVE GPS' INVESTMENTS REFLECT THEIR ESG POLICY TO SOME EXTENT



- GP's investments somewhat reflect my ESG policies
- GP's investments strongly reflect my ESG policies
- GP's investments hardly reflect my ESG policies
- GP's investments do not reflect my ESG policies at all

THINKING OF YOUR PRIVATE MARKETS PORTFOLIO, WHICH THREE FACTORS WILL HAVE THE GREATEST IMPACT ON PERFORMANCE OVER THE NEXT 12 MONTHS?



Source: Infrastructure Investor

Keeping it clean

From subsidy-free renewables to the rise of corporate PPAs, Deutsche Bank Corporate Trust's **Dean Kennedy** and **Thalia Delahayes** discuss the latest trends in clean energy investment

Q What are the big emerging trends in energy infrastructure?

TD: There has been a lot of interest in battery storage in the US, driven by legislation and a number of incentive programmes. In terms of technology, lithium-ion has been the main focus and the decrease in battery costs is pushing this new asset class forward. Energy storage has an important role to play, especially with the growth of renewable assets, power intermittence and grid management. We have worked on a few transactions already. From a project finance perspective, those have been fairly small. But we see great potential and a lot of interest from infrastructure players.

DK: We saw at least one battery storage project financing in Europe last year, although it was bilateral in nature and relatively small. We still keep our eyes open for bankable projects going forward and expect to see more activity in this space this year. There are a number of specialist battery storage funds that are cropping up now, as well as dedicated electric vehicle and other sub-sector funds. That reflects an asset class's coming of age. Those are predominantly UK-focused funds, which makes sense given the UK government's targets for reducing CO2 levels by 2025.

TD: I would agree that there is a lot of interest in electric vehicles and related infrastructure. Just think about how many gas stations there are. With the expected growth in EV, the scale of infrastructure required for charging stations will be vast.

Q What about developments in wind and solar?

TD: Something that is new for the US,



“We are seeing institutional investors really come into play in both Europe and the US” **Kennedy**

although not new for Europe at all, is offshore wind. European countries have installed a total of offshore wind capacity of 18,500MW compared to 30MW installed in the US. The first US offshore wind deal was done in 2016, in Block Island, and we are now seeing a big push with six states having committed to deploy more than 15GW of offshore wind along the Atlantic coast. There is a lot of expectation for this market in the US and we are seeing a number of European developers coming over and bringing their experience with them.

DK: Wind remains key in Europe as well. The UK clearly represented the lion's share of the market last year, with well over £10 billion (\$13 billion; €11 billion) of debt raised for greenfield projects or refinancings. That's before you even start to look at the next offshore transmission grouping and contracts for difference auction expecting to produce 6GW, two-thirds of which are going to be wind projects, that we are going to be seeing soon.

There has been a lot of refinancing activity around existing German wind-farms as well. And we have also been involved in some acquisition-style financings, where developers are getting to the stage where they are nearing completion of the wind farm and are looking to divest to other players, in particular large infrastructure funds. We have helped those funds by supporting the finance of these deals.

I would agree with Thalia that a number of European players are looking at opportunities in the US – some of the big oil names that are focusing on becoming cleaner, for example. We have

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seen a number of transactions where those corporates are looking to co-invest alongside players that have been in the market for some time.

Q Are you seeing more corporate involvement in terms of PPAs?

DK: Yes, we are. We were involved in a greenfield onshore wind financing in the Nordics last year and are about to close on a second. Both of those were backed by corporate PPAs. We are expecting to see similar deals in Ireland, which is targeting 40 percent of renewables electricity generation by 2020, ramping up by another 15 percent by 2030. There are some very big-name corporates coming in as offtakers with long-term contracts. I think that trend is going to accelerate in other countries as well.

TD: Corporate PPAs have been proliferating in the US for a few years now. According to a recent Bloomberg New Energy Finance report, of the 13.4GW of clean energy deals signed by corporations around the world through PPAs last year, 8.5GW of those were signed by US companies. Traditionally, these corporate PPAs have involved large tech and industrial companies. Now we are seeing universities and hospital complexes get involved and there is an expectation that smaller businesses will become more active in the future too.

Q Are there key differences in the way European and US industries are evolving?

DK: I think the two geographies are becoming more similar. We are seeing institutional investors really come into play in both Europe and the US, working alongside some of the banks. The challenges are also pretty similar in terms of what we have seen in the UK with PFI. We know the PF2 scheme has finished now and P3 has its challenges.

Obviously, there are political differences. We also don't see so much in



“Of the 13.4GW of clean energy deals signed through PPAs last year, 8.5GW of those were signed by US companies”

Delahayes

the public bond space in Europe with spreads volatile. There has been very limited use of the publically offered bonds we used to see pre-crisis, with the monoline wraps. In general, though, there is increasing alignment between the US and Europe in terms of the way deals are structured and the nature of players lining up for these deals.

TD: I would agree that it has definitely become a very global market. There is a lot of European and Asian money coming to the US. But there are still always local differences and local legislation which impacts financing structures. For example, in the US, tax incentive

plans have driven renewable investments for many years and resulted in the predominant role of tax equity in the financing of renewable energy projects. And we expect a short-term rush in wind and solar in the US as the production tax credit and the investment tax credit are respectively set to expire and step down starting in 2020.

Q What are your thoughts on subsidy-free renewables?

DK: It is a dominant theme. We have seen the issues there have been with tariffs, in Spain for example. We have come through that and there are rigorous targets to be met with new entrants and re-entrants to the market. There has been a lot of refinancing over the past few years and now we are seeing a lot of greenfield opportunities, particularly in southern Europe, with schemes in the Netherlands on the horizon.

We expect to continue to see subsidy-free opportunities and to continue to see the costs of building renewable projects, such as solar and wind, coming down. Obviously, technology is improving as well.

TD: Rapid cost declines made unsubsidised onshore wind and utility-scale solar cheaper than coal in many parts of the US and even competitive with combined-cycle natural gas on a levelised level. The growth of renewable energy is going to continue as costs continue to decrease and innovation – such as bifacial panels, battery storage and larger wind turbines – will help accelerate the transition. At the same time, given the challenge of climate change, the continuity of renewable subsidies (or alternatively, a carbon tax) is still an important question. ■

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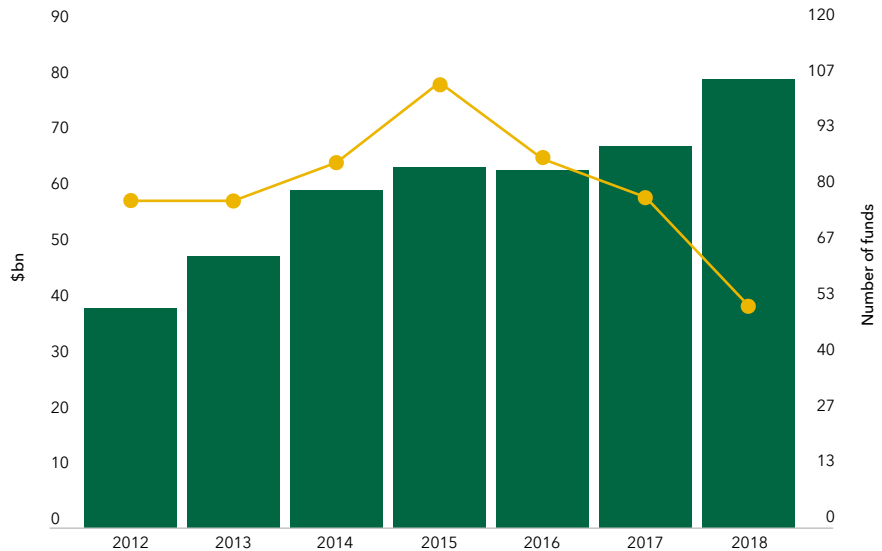
Fundraising overview

With over \$80bn raised for closed-ended funds, 2018 was the biggest fundraising year for the asset class

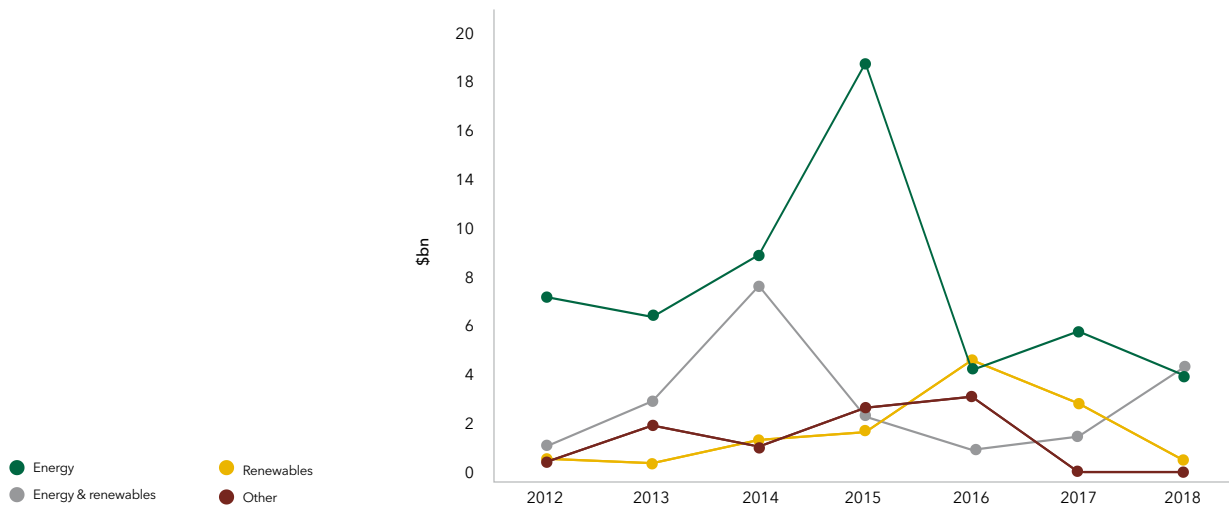
Year-on-year fundraising

More than \$80 billion was raised by infrastructure funds in 2018, a record for the asset class, surpassing the previous peak in 2017, *Infrastructure Investor* data show.

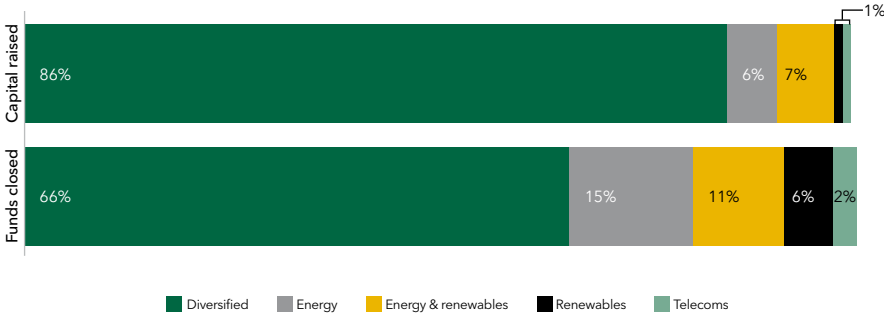
Infrastructure is generating ever more interest from investors, so it's no surprise managers are flocking back to market. With firms such as Global Infrastructure Partners and Brookfield Asset Management currently seeking capital for their respective funds, and Blackstone out to raise \$40 billion for its open-ended behemoth, 2019 is set for yet another record year.



Year-on-year fundraising for sector-specific funds



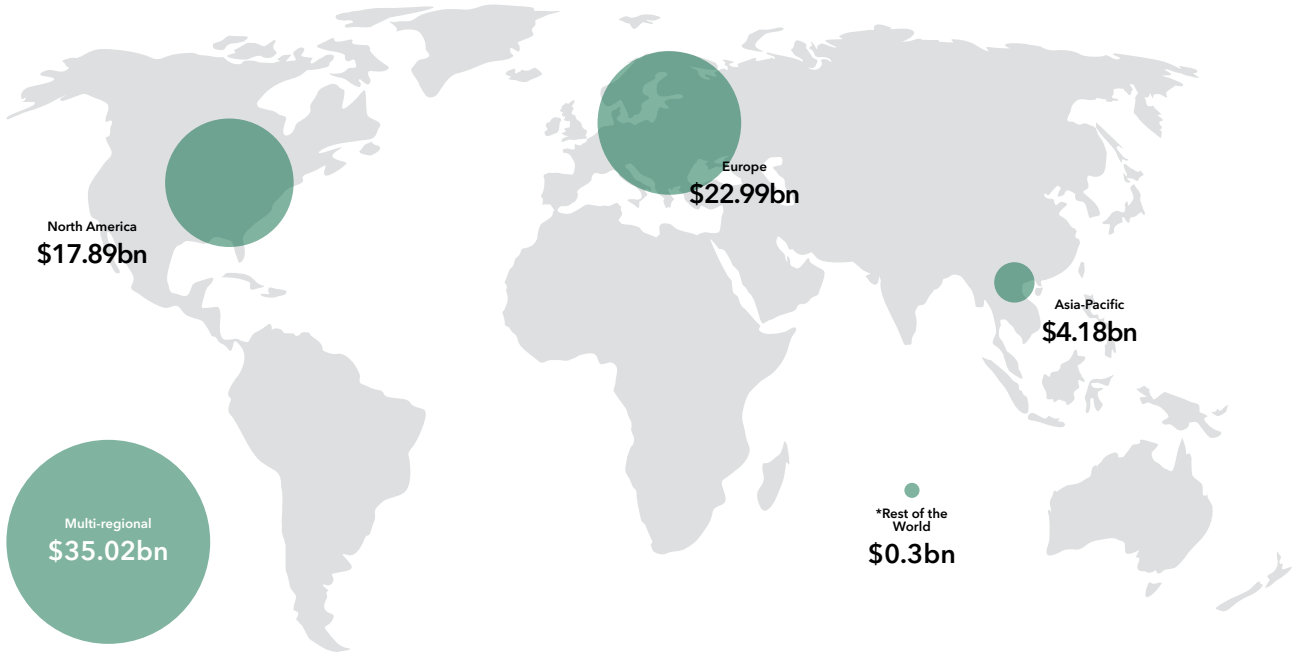
2018 fundraising strategy breakdown



Largest fund closes, 2018

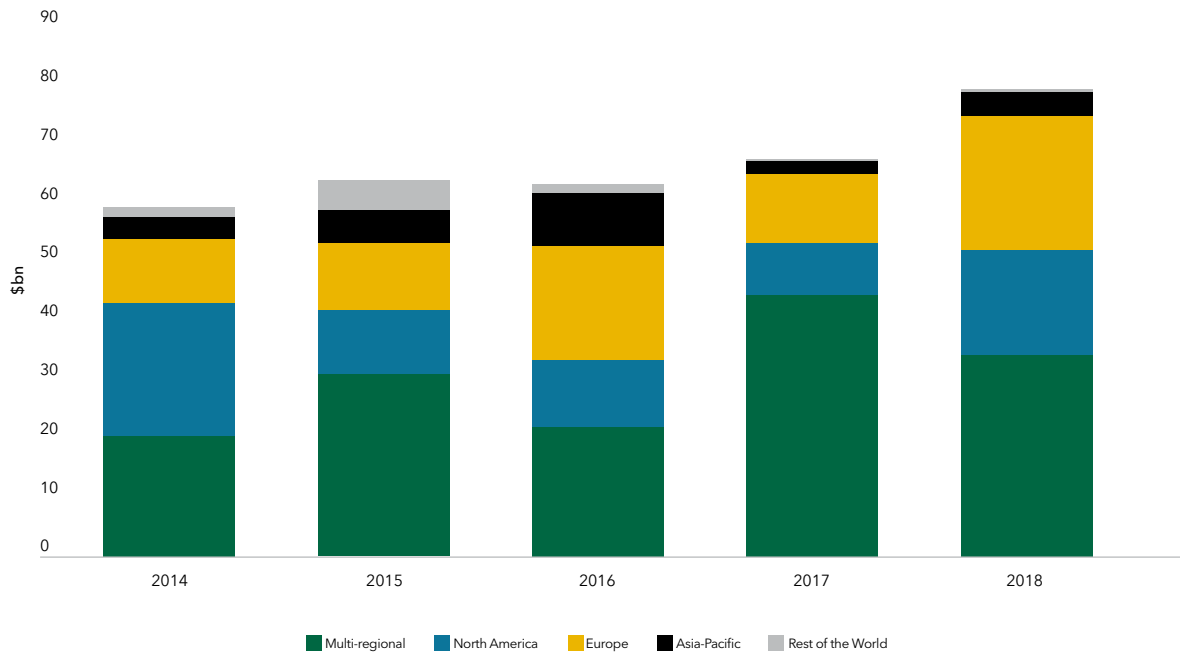


Regional focus of capital raised in 2018

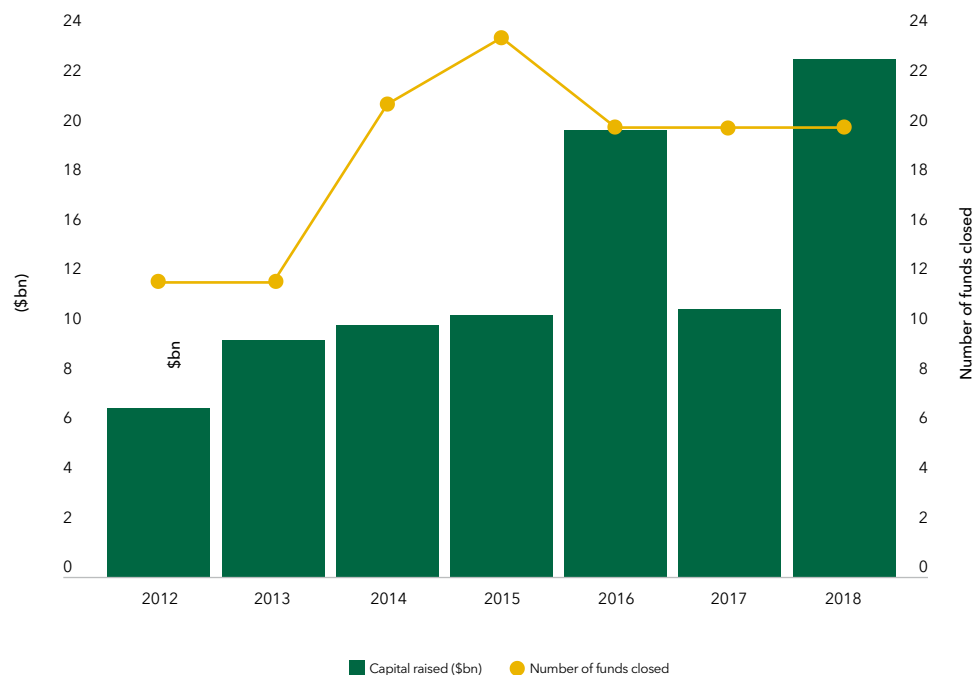


*Rest of the World: Latin America, Africa, Middle East

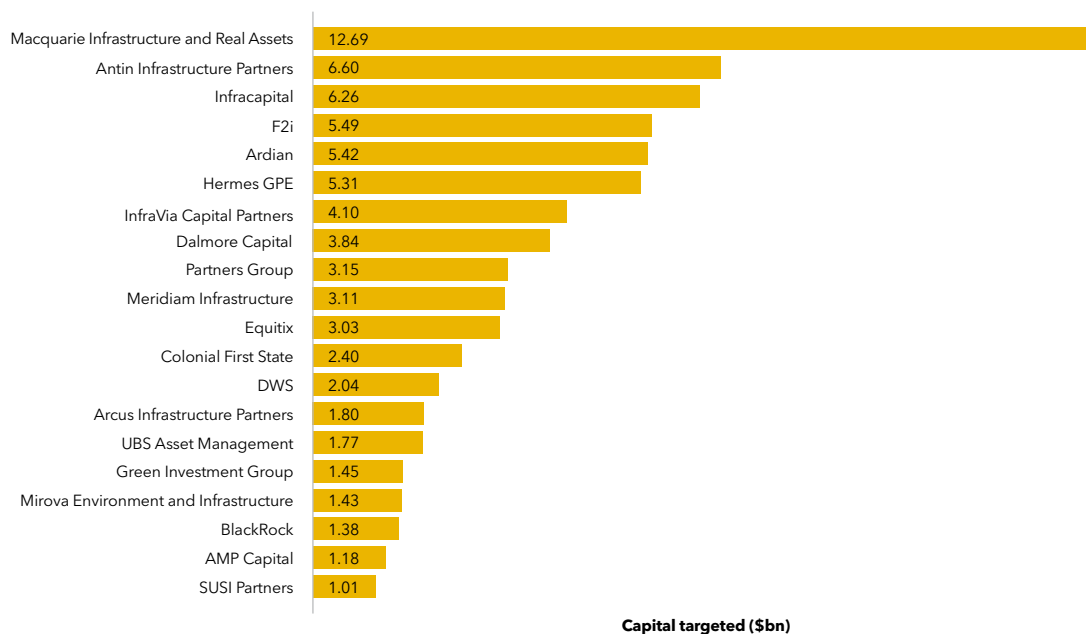
Regional focus of capital



Europe-focused fundraising



Largest managers by capital raised for Europe-focused funds, 2012-18



Source: Infrastructure Investor

Year in review

A look back at some notable quotes on the ups and downs of the global debt market from the past 12 months

“Blackstone and Brookfield are still challenged with some diversity issues. And while they’re working on it, they’re just not there yet”

Angela Miller-May, CIO, Chicago Teachers’ Pension Fund

“Renewables are probably the biggest infrastructure opportunity in Asia, and probably for Asia, the biggest opportunity of the century”

John Walker, vice-chairman, Asia, Macquarie Capital

“I get a lot of emails from GPs all over the world suggesting a phone call. We don’t like phone calls. Having a phone call in English for shy people [like us] is very tough”

Jake Jong-Kwan Lee, head of infrastructure, Hyundai Insurance

“What is quite amazing is that project bonds have been a more common instrument in Europe and North America but less so in Asia”

Ray Tay, senior credit analyst, Moody’s

“PFI has been a fraud on the people”

Sir Howard Davies, chairman, Royal Bank of Scotland

“Society is demanding that companies, both public and private, serve a social purpose”

Larry Fink, chief executive, BlackRock

“It does not really much matter who owns the water companies and hence it is not worth bothering to change it”

Dieter Helm, professor, Oxford University



“The yieldco, at its pinnacle, was buying assets at such high prices that it was squeezing private equity out of the market. That’s now flipped completely the other way”

John Breckenridge, head of energy infrastructure, Capital Dynamics

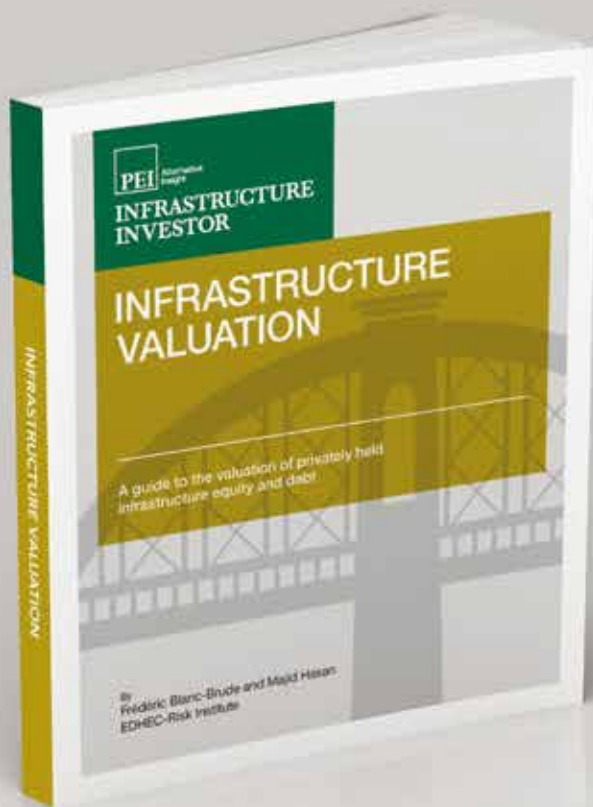


“Fund I, you’re in a nightclub looking like Zach Galifianakis; Fund III, you’re Brad Pitt”

Mike Dorrell, co-founder, Stonepeak Infrastructure Partners

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