

Global Infrastructure Deal Activity Declines for Second Consecutive Quarter

Number of deals and total deal value both fall, but remain comparable with previous years

Preqin's quarterly update on the infrastructure industry finds that transaction activity remains healthy, with 289 deals announced for infrastructure assets worth an aggregate \$75bn*. While this represents a slight drop in the number of deals and combined deal value for a second successive quarter, it is due to the high levels of activity seen in the first half of the year; 318 deals were concluded in Q2 for a total of \$99bn, while Q1 was a record quarter with 437 deals financed for an all-time high \$103bn. Nonetheless, deal activity remains on par, or higher, than most quarters seen in the past four years despite concerns over valuations, and thus 2016 remains on track to be a record-breaking year for the industry.

The geographical dispersion of infrastructure assets sought by fund managers is indicative of the diversification that the asset class provides for investment portfolios. Despite the largest number of deals occurring in North America in Q3 (96), the region saw the lowest aggregate deal value (\$15bn), whereas in Asia 66 deals were concluded for a combined \$21bn. Europe remains an attractive area for investment within the infrastructure industry with 86 projects acquired for \$18bn. However, in contrast to other areas of the private capital industry, assets outside these three principal regions attracted substantial investment – 38 transactions took place for a combined \$21bn, including the largest deal of the quarter, the AUD 9.7bn financing for the Port of Melbourne.

Other Key Q3 Infrastructure Deals Facts:

- **Project Stage:** Just 16% of global infrastructure transactions were concluded for greenfield sites, down from 39% in Q2, while 43% of deals were at the secondary stage. **The proportion of financings for brownfield sites significantly increased in Q3 to reach 41%**, rising from a fifth of all transactions in Q2, and 5% in Q1.
- **Transaction Value Band:** The proportion of infrastructure deals larger than \$1bn is set to increase in 2016, accounting for 15% of all deals, rising one percentage point from 2015. However, **45% of all infrastructure deals are worth less than \$100mn**, with 32% of financings concluded for \$100-499mn.
- **Deals by Industry:** **Renewable energy assets continue to account for the largest proportion (40%) of all infrastructure transactions in 2016.** Financings for transport projects represent 26% of deals, while social projects and utilities assets each account for 9% of all transactions respectively.
- **Largest Deals:** **Two of the three largest deals announced were for natural resources pipelines in Brazil and Spain respectively**, while transport projects represent four of the ten largest deals. No transactions in North America were in the top ten, although three of the top 10 acquired assets were in South America.

To access further information and analysis, please see the factsheet that follows:

Comment:

"Following a record-breaking opening quarter of 2016, the number and aggregate value of infrastructure financings declined for a second consecutive quarter in Q3; however, industry assets still attracted high levels of capital and deal activity through the years is likely to be at an all-time high. Competition between fund managers remains intense and with the majority of investors planning to ramp up their direct investment participation, the landscape does not look like easing in the near future.

The nature of the infrastructure industry inherently opens itself up to less developed economic markets, and it is clear that fund managers are now looking to invest in regions outside of North America and Europe. As emerging markets countries look to improve and expand their existing infrastructure systems, fund managers will be looking at these opportunities, which may be less prized compared to blue chip assets in more developed countries."

Tom Carr – Head of Real Asset Products, Preqin

**All data correct as at time of going to press 3rd October; figures subject to upward revision as further information becomes available.*

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

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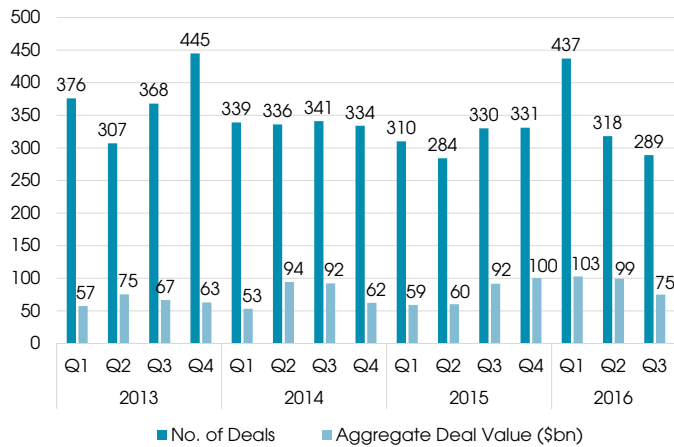
Q3 2016 Infrastructure Deals

October 2016

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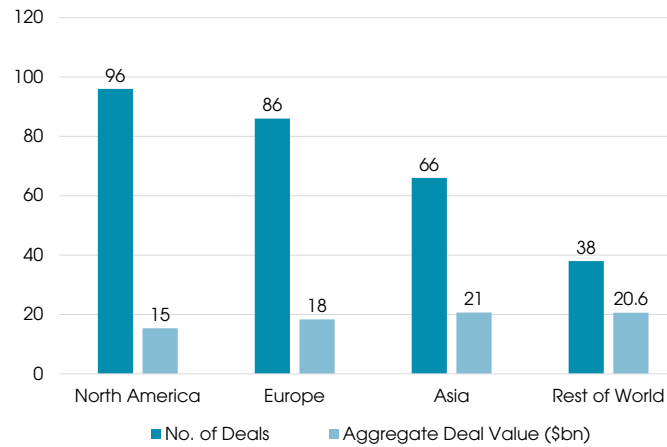


Fig. 1: Global Quarterly Infrastructure Deals, Q1 2013 - Q3 2016



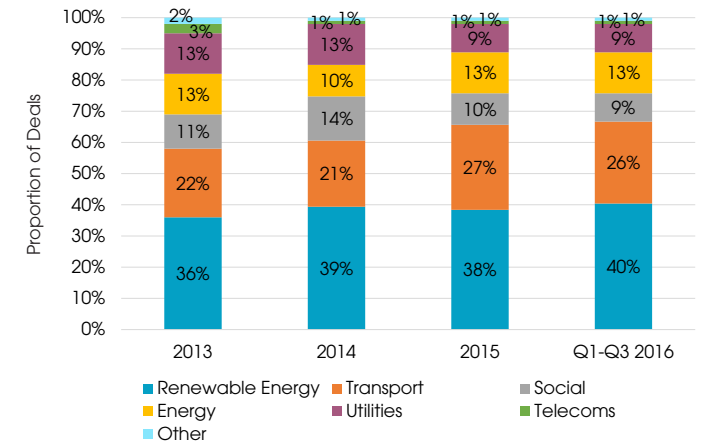
Source: Preqin Infrastructure Online

Fig. 2: Infrastructure Deals in Q3 2016 by Region



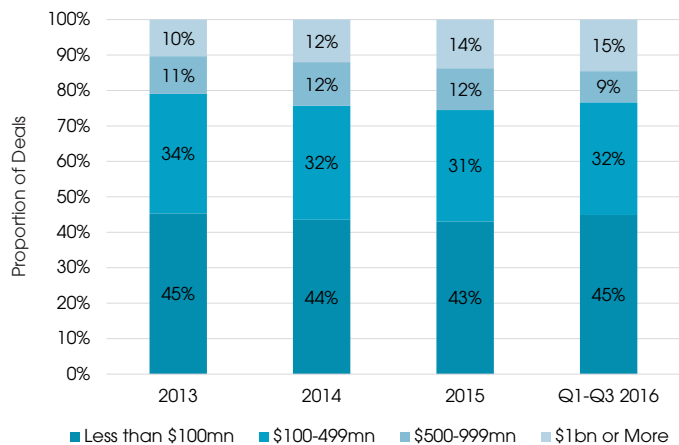
Source: Preqin Infrastructure Online

Fig. 3: Infrastructure Deals by Primary Industry, 2013 - Q1-Q3 2016



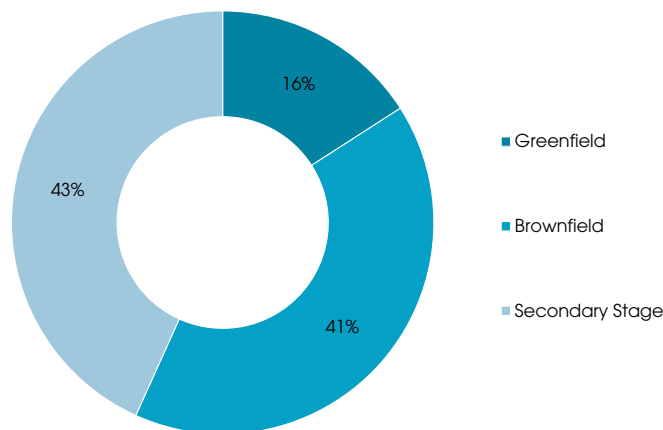
Source: Preqin Infrastructure Online

Fig. 4: Infrastructure Deals by Value Band, 2013 - Q1-Q3 2016



Source: Preqin Infrastructure Online

Fig. 5: Infrastructure Deals in Q3 2016 by Project Stage



Source: Preqin Infrastructure Online

Key Facts



\$75bn

Aggregate value of infrastructure deals in Q3, down from \$99bn in Q2.



15%

Proportion of deals completed in Q1-Q3 2016 worth \$1bn or more, a record high.



96

Number of deals completed in North America in Q3, the highest of any region.

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Fig. 6. 10 Largest Infrastructure Deals Announced Globally in Q3 2016

Asset	Location	Primary Industry	Investor(s)	Deal Size (mn)	Stake (%)	Deal Date
Port of Melbourne	Australia	Seaports	Future Fund, Global Infrastructure Partners, OMERS, QIC Global Infrastructure	9,700 AUD	100	Sep-16
Nova Transportadora do Sudeste Gas Pipeline	Brazil	Natural Resources Pipelines	BC Public Service Pension Plan, Brookfield Asset Management, China Investment Corporation, GIC	5,200 USD	90	Sep-16
Gas Natural Fenosa	Spain	Natural Resources Pipelines	Global Infrastructure Partners, Unidentified Investor/s	3,800 EUR	20	Sep-16
Diga di Rogun Dam Project	Tajikistan	Hydropower	Impregilo	3,900 USD	100	Jul-16
Rome to Latina Freeway PPP Project	Italy	Roads	Sacyr Concesiones	2,800 EUR	100	Jul-16
Baltic Srodkowy III Offshore Wind Farm	Poland	Wind Power	Kulczyk Investments	2,576 USD	100	Aug-16
Bakken Pipeline Project	US	Natural Resources Pipelines	-	2,500 USD	-	Aug-16
Phase I Urumqi Metro Line No. 2 PPP Project	China	Railroads	China Railway Construction Corporation, Taida (Beijing) Investment, Unidentified Investor/s	2,400 USD	100	Jul-16
Bakken Pipeline Project	US	Natural Resources Pipelines	Enbridge, Marathon Oil Corporation	2,000 USD	37	Aug-16
Suide – Yanchuan Motorway PPP	China	Roads	China Railway Group Limited	1,960 USD	100	Sep-16

Source: Preqin Infrastructure Online

Looking for more data and analysis?

Preqin provides information, data and research on the infrastructure industry across fund performance, fundraising, fund managers, investors, deals, fund terms and more.

If you have more detailed requests for private equity data or any questions, please contact us:

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