

# Infrastructure in Northern Asia

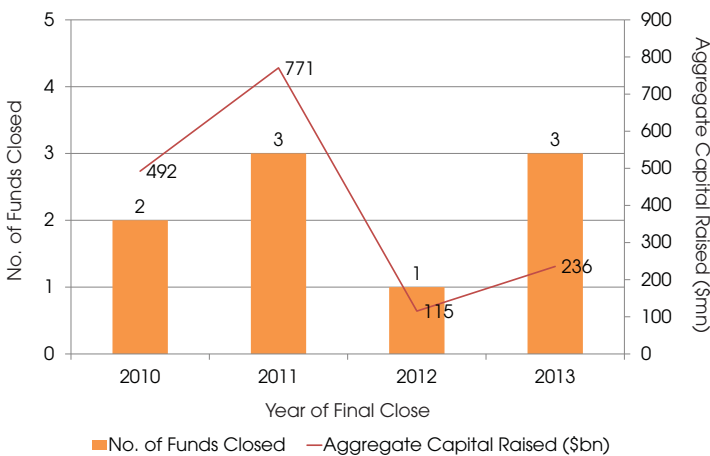
The unlisted infrastructure fund market in Northern Asia (including Japan and South Korea) remains relatively small, with data from Preqin's **Infrastructure Online** service revealing the minor fluctuations in fundraising for the region since 2010. North Asia-focused fundraising declined from three funds closing in 2011 raising an aggregate \$777mn to just one fund closed in 2012 raising \$115mn; in 2013, this increased to three funds reaching a final close, although the total capital raised remained low, at \$236mn. The largest fund closed in this time period is Macquarie Korea Growth Fund, raised by UK-based Macquarie Infrastructure and Real Assets (MIRA); the fund closed in June 2011, having raised KRW 550,000 for infrastructure investments in South Korea.

Preqin's recently-expanded deals module on **Infrastructure Online**, containing extensive information on over 8,500 transactions, reveals that deal flow in North Asia has increased

considerably in recent years. The number of completed transactions has increased from just 7 in 2011 to 19 in 2013, with reported aggregate deal flow increasing from \$975mn to \$2,348mn. Preqin also produces an estimated aggregate deal value using the total reported value of all deals where this is known, plus the average deal value for transactions where a deal size has not been disclosed; for 2013, the estimated aggregate deal value for North Asia transactions is a considerable \$6,368mn. Japan has accounted for a growing proportion of North Asian infrastructure transactions, increasing from accounting for just 38% of deals in the region in 2008 to 74% in 2013. Correspondingly, completed transactions in South Korea have declined to accounting for 26% of deals in 2013.

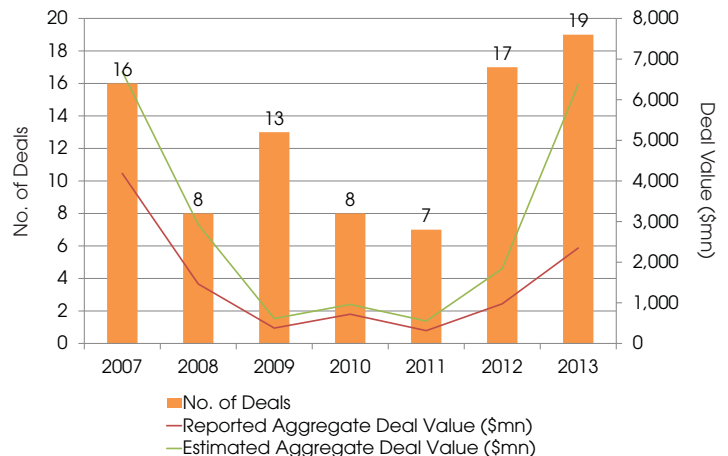
Transport and telecommunications have accounted for almost half (49%) of completed deals in Northern Asia since 2007. Solar power and wind power account for a combined 28% of

**Fig. 1: Annual North Asia-Focused Unlisted Infrastructure Fundraising, 2010 - 2013**



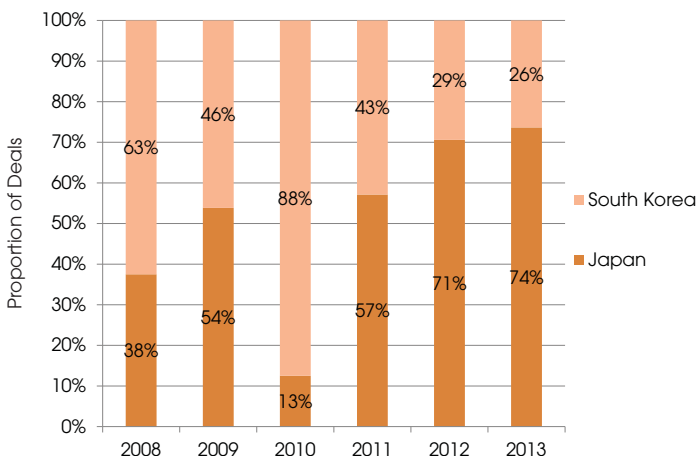
Source: Preqin Infrastructure Online

**Fig. 2: Number and Aggregate Value of North Asia-Focused Infrastructure Deals, 2007 - 2013**



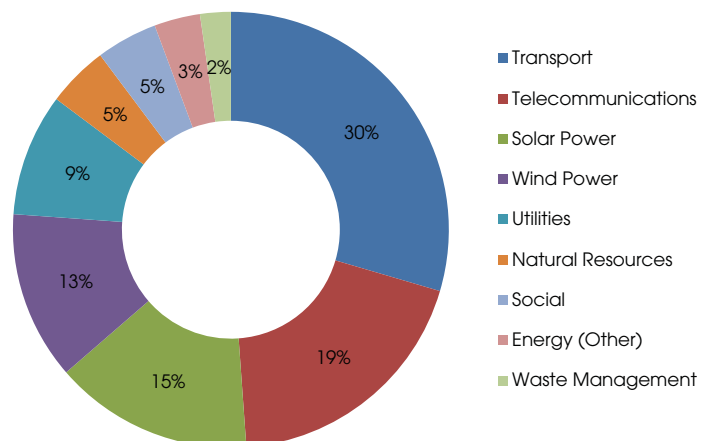
Source: Preqin Infrastructure Online

**Fig. 3: Breakdown of North Asia-Focused Infrastructure Deals by Location Focus, 2008 - 2013**



Source: Preqin Infrastructure Online

**Fig. 4: Breakdown of North Asia-Focused Infrastructure Deals by Industry, Deals Completed in 2007 - 2013**

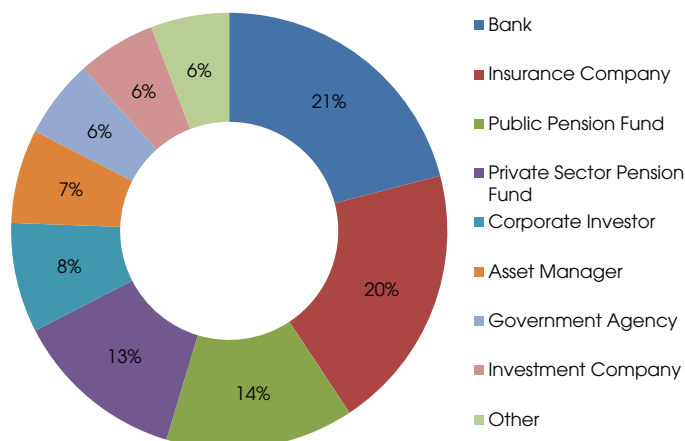


Source: Preqin Infrastructure Online

transactions, with 9% of deals focusing on utilities. Notable infrastructure deals completed in the region in 2012 and 2013 are shown in Fig. 8, with the acquisition of Japan Cablenet by JCOM in November 2013 at the top of the list, with a total transaction size of JPY 110bn. In December 2013, KDDI re-acquired a 50% stake in Japan Cablenet.

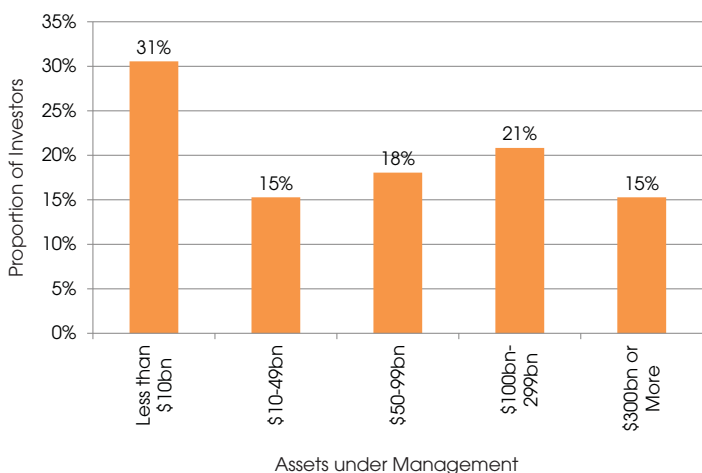
Preqin's database of over 2,200 active infrastructure investors reveals that banks and insurance companies are the most prevalent types of investors based in Northern Asia, representing 21% and 20% of the regional universe respectively. Public and private sector pension funds also represent a significant proportion of investors, accounting for 14% and 12% of investors respectively. Due to the abundance of larger investors such as banks and insurance companies, a large proportion of investors have considerable assets under management (AUM), with the average AUM of North Asia-based investors standing at \$160bn. The Fund Searches and Mandates feature on Preqin's **Infrastructure**

**Fig. 5: Breakdown of North Asia-Based Infrastructure Investors by Type**



Source: Preqin Infrastructure Online

**Fig. 6: Breakdown of North Asia-Based Infrastructure Investors by Assets under Management**



Source: Preqin Infrastructure Online

Data Source:

Preqin's **Infrastructure Online** contains extensive information on 86 investors based in Northern Asia, including 22 investors actively looking to make new commitments and 54 investors which have previously investors in funds focusing on the region.

Access detailed investor profiles, including assets under management, allocation to infrastructure, future investment plans and key contact details.

For more information, please visit:

[www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)

**Fig. 7: Sample of North Asia-Based Investors Targeting Unlisted Infrastructure Funds in the Next 12 Months**

Investor	Type	Location	Investment Plans in the Next 12 Months
Korean Teachers' Credit Union	Public Pension Fund	South Korea	Korean Teachers' Credit Union will be open to investing via direct investments, private funds and listed vehicles in the next 12 months. In terms of geographical location, it will target Asian, OECD and emerging markets. The pension plan does not have any specific strategic investment preference.
Japan Bank for International Cooperation	Government Agency	Japan	Japan Bank for International Cooperation is considering making new investments in four to five private infrastructure funds in the next 12 months. It is open to all regions and industries although it has previously invested in funds targeting toll roads, solar energy, gas and water distribution, and wind farm assets. The government agency will consider both new and existing managers.
Kyushu Electric Pension Fund	Private Sector Pension Fund	Japan	Kyushu Electric Pension Fund is considering making new commitments to infrastructure funds in the next 12 months. It is likely to invest in more than one market across a range of economic and social sectors as it prefers diversification. The pension fund has an allocation of 2.5% to infrastructure, with 40% split to unlisted vehicles and 60% to listed funds.

Source: Preqin Infrastructure Online

**Online**, containing details of the investment plans for over 380 investors in the next year, reveals that many investors based in Northern Asia are seeking new infrastructure investments in the next 12 months, as demonstrated in Fig. 7.

**Fig. 8:** 10 Notable North Asian Infrastructure Deals Completed in 2012 - 2013

Asset	Investors	Transaction Date	Industry	Country	Total Deal Size (mn)
Japan Cablenet	Sumitomo Corporation	Nov-13	Cable Television Networks	Japan	110,000 JPY
Seoul Subway Line 9, Section 1	Hanwha Life Insurance, Kyobo Life Insurance, Shinhan Financial	Oct-13	Railroads	South Korea	746,400 KRW
Tahara Solar/Wind Project	Mitsui & Co - Innovation & Corporate Development Business Unit, Toshiba Corporation, Unidentified Investor/s	Sep-12	Solar Power	Japan	18,000 JPY
Tahara PV Plant	Mitsubishi Corporation, Unidentified Investor/s	Jan-13	Solar Power	Japan	20,000 JPY
Japan Cablenet	KDDI Corporation	Mar-12	Cable Television Networks	Japan	16,500 JPY
Oita Solar Power Plant	Marubeni Corporation	Oct-12	Solar Power	Japan	174 USD
Yeong Yang I	Macquarie Infrastructure and Real Assets (MIRA)	Nov-13	Wind Power	South Korea	151 USD
Jetstar Japan Airline	Japan Airlines Corporation, Qantas Airways	Oct-13	Aircraft	Japan	11,000 JPY
Daegu 4th Beltway East	Unidentified Investor/s	Jun-12	Toll Roads	South Korea	123,800 KRW
Niigata Factory Cogeneration Plant	Hokuetsu Kishu Paper, Mitsubishi Corporation	Jan-12	Power Plants	Japan	80,000 JPY

Source: Preqin Infrastructure Online

**Fig. 9:** Top Five North Asia-Focused Unlisted Infrastructure Funds to Hold a Final Close, 2010 - 2013

Fund	Manager	Final Close Size (mn)	Final Close Date	Location Focus
Macquarie Korea Growth Fund	Macquarie Infrastructure and Real Assets (MIRA)	550,000 KRW	Jun-11	South Korea
KBF	Korea Infrastructure Investments Asset Management Company	500,000 KRW	Jan-10	South Korea
KRIF	Korea Infrastructure Investments Asset Management Company	252,000 KRW	Mar-11	South Korea
TM Nippon Solar Energy Fund II	Tokio Marine Asset Management	13,500 JPY	Aug-13	Japan
TM Nippon Solar Energy Fund	Tokio Marine Asset Management	9,000 JPY	Aug-12	Japan

Source: Preqin Infrastructure Online

#### Data Source:

Preqin's newly-expanded deals module on **Infrastructure Online** contains information on over 8,500 infrastructure transactions.

Detailed profiles include the type of infrastructure asset and location, buyers and sellers, data on the equity invested and the percentage stake acquired, plus information on the deal date, structure and duration, as well as debt providers and legal and financial advisors. Access extensive firm profiles with contact information for key decision makers.

For more information, or to arrange a demonstration, please visit:

[www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)