

Infrastructure in China

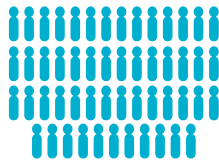
We take a look at the infrastructure market in China, including deals, fundraising and institutional investors using information from Preqin's [Infrastructure Online](#).

Key Facts



21%

Proportion of Chinese deals in Guangdong, the highest of any individual province.



53

Number of China-based infrastructure investors profiled on Preqin's **Infrastructure Online**.



\$20.9bn

Reported aggregate deal value of the 170 completed transactions in China since 2006.



\$12.8bn

Aggregate capital raised by the 12 unlisted China-based infrastructure funds closed since 2008.

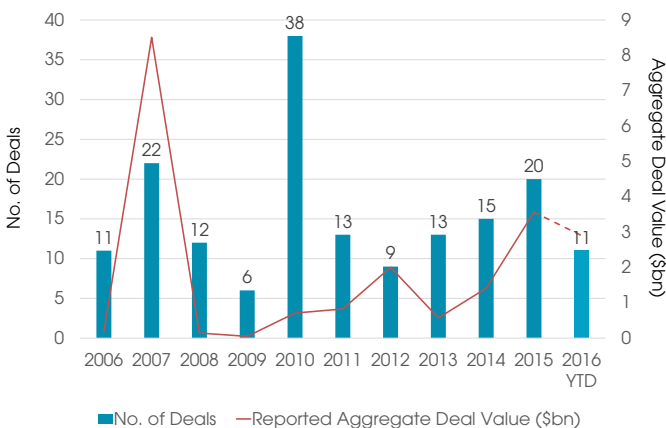
Chinese Infrastructure Deals

Preqin's **Infrastructure Online** features information on approximately 12,300 completed infrastructure deals, including information on nearly 250 completed transactions in China. Transactions in China have yet to match the peak seen in 2007 when 22 infrastructure deals completed for \$8.5bn (Fig. 1), although the majority of this total was the result of one transaction: the \$7.29bn acquisition of Phase I of the Taishan Nuclear Power Plant. Total deal values have been relatively subdued since, although rising aggregate deal values from 2013 have led to a post-crisis record of \$3.6bn from 20 deals in 2015. Furthermore, 11 transactions have already been completed

in 2016 for a reported \$2.9bn, indicative of a strong Chinese infrastructure deal market.

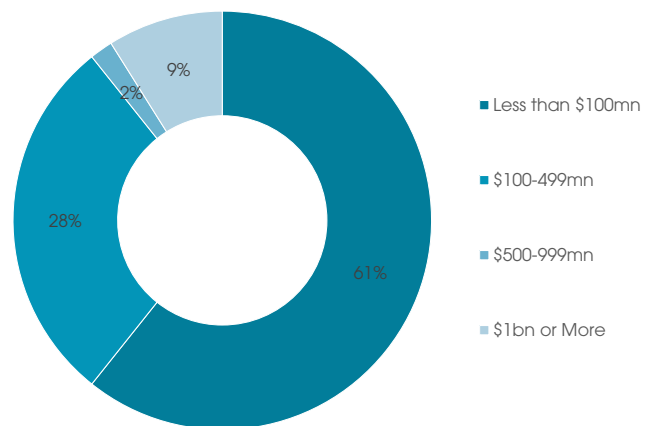
Fig. 2 illustrates how few big-ticket infrastructure transactions have been completed since 2010, with the vast majority (89%) of deals completed in China valued at less than \$500mn. In this period, the largest proportion (39%) of transactions were for utilities assets, although renewable energy deals represent 27% of the market (Fig. 3). As Fig. 4 displays, infrastructure assets at the secondary stage of development are responsible for two-thirds of completed deals since 2010, with new developments representing over a quarter of transactions in China.

Fig. 1: Number and Aggregate Value of Completed Chinese Infrastructure Deals, 2006 - 2016 YTD (As at 3 May 2016)

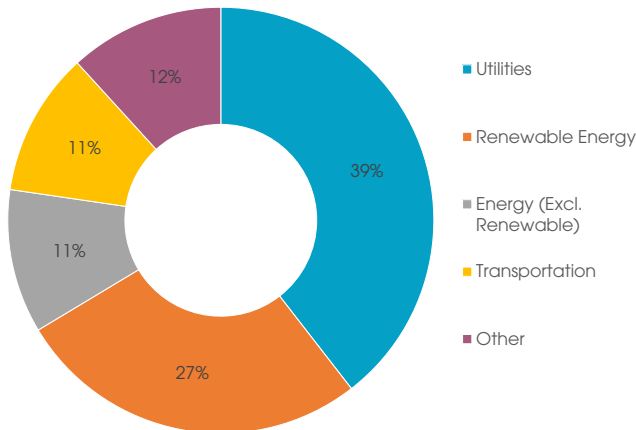


Source: Preqin Infrastructure Online

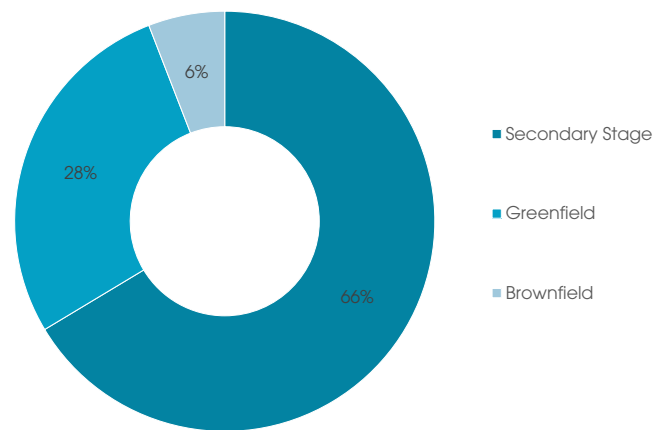
Fig. 2: Completed Chinese Infrastructure Deals by Transaction Value, 2010 - 2016 YTD (As at 3 May 2016)



Source: Preqin Infrastructure Online

Fig. 3: Completed Chinese Infrastructure Deals by Industry, 2010 - 2016 YTD (As at 3 May 2016)


Source: Preqin Infrastructure Online

Fig. 4: Completed Chinese Infrastructure Deals by Project Stage, 2010 - 2016 YTD (As at 3 May 2016)


Source: Preqin Infrastructure Online

Fig. 5: Notable Chinese Infrastructure Deals Completed, 2014-2016 YTD (As at 3 May 2016)

Asset	Investor(s)	Deal Date	Industry	Deal Size (mn)
Chinese Hospital Portfolio Project	Dalian Wanda Group	Jan-16	Hospitals	2,300 USD
United PV Chinese Solar Development Project	Huaxia Life Insurance, United Photovoltaics Group	May-15	Solar Power	9,000 CNY
930MW Hareon Solar Portfolio	United Photovoltaics Group	May-15	Solar Power	8,800 CNY
ChongQing SongZao Sembcorp Electric Power	Sembcorp Industries, Unidentified Investor(s)	Sep-14	Power Plants	6,000 CNY
JinkoSolar	China Development Bank Capital, Macquarie Infrastructure and Real Assets (MIRA), New Horizon Capital	Jul-14	Solar Power	225 USD
Tian Lun Gas Holdings	IFC Asset Management Company, International Finance Corporation (IFC)	May-15	Power Distribution	150 USD
100MW Dingbian Solar Power Plant	Kong Sun Holdings Limited	Jan-16	Solar Power	895 CNY
100MW Hubei Solar Power Project	United Photovoltaics Group	Nov-15	Solar Power	850 CNY
Goldtrust Water	Unidentified Investor(s)	Apr-15	Water Treatment	110 USD
Hua Nan Expressway	Unidentified Investor(s)	May-15	Toll Roads	110 SGD

Source: Preqin Infrastructure Online

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All of the free research reports, newsletters, statistics and tools Preqin offers can be found in one place: Preqin's **Research Center Premium**.

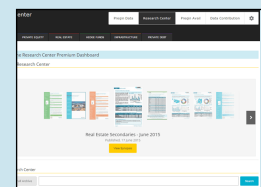
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China-Based Fundraising Market

A relatively small number of unlisted infrastructure funds have been raised by China-based infrastructure firms, with only 12 vehicles reaching a final close since 2008, securing an aggregate \$12.8bn in capital commitments; no funds have reached a final close so far in 2016 (Fig. 7). While fundraising by China-based firms in recent years has increased from levels seen prior to 2011, capital raised has yet to surpass the \$6.6bn secured by funds closed in 2012-2013, although much of this success was down to the \$5bn final close of China-Africa Development Fund in 2013 (Fig. 6). The fund seeks to attract investment in Africa by Chinese companies in a variety of industries, such as power generation, transportation infrastructure, natural resources and manufacturing sectors.

China-Based Institutional Investors in Infrastructure

Preqin's **Infrastructure Online** contains detailed profiles for over 2,500 institutional investors targeting infrastructure, including 57 based in China. As shown in Fig. 8 and Fig. 9, large proportions of typically sizeable institutional investors such as asset managers (23%) and insurance companies (23%) mean that two-thirds of China-based investors in infrastructure hold \$10bn or more in assets under management, including 46% with more than \$50bn.

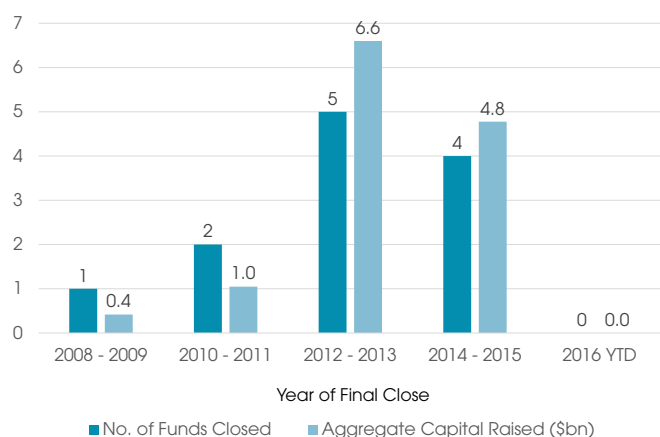
With so many large institutions, it is unsurprising that the vast majority (85%) of China-based infrastructure investors target direct investment in the asset class, as investors of this size are most likely to have the capability and resource to perform the necessary due diligence and monitoring of assets (Fig. 10). Unlisted investment in the asset class is still prevalent among China-based investors, with 60% investing through this route.

Fig. 6: Five Largest China-Based Unlisted Infrastructure Funds Closed, 2010-2016 YTD (As at 3 May 2016)

Fund	Firm	Final Close Date	Fund Size (mn)	Geographic Focus
China-Africa Development Fund	China Development Bank Capital	Dec-13	5,000 USD	Africa
CCCC First Phase Equity Investment Fund	CCCC Fund Management	Nov-15	15,000 CNY	China
Urban Construction Fund	Suzhou International Development Venture Capital Holding	Apr-13	10,000 CNY	China
Guangdong Nuclear Power and New Energy Industrial Investment Fund I	CGN Private Equity Fund Management	Nov-10	7,000 CNY	China
Sunvision Capital Urban PPP Infrastructure Fund	Sunvision Capital	Dec-14	6,000 CNY	China

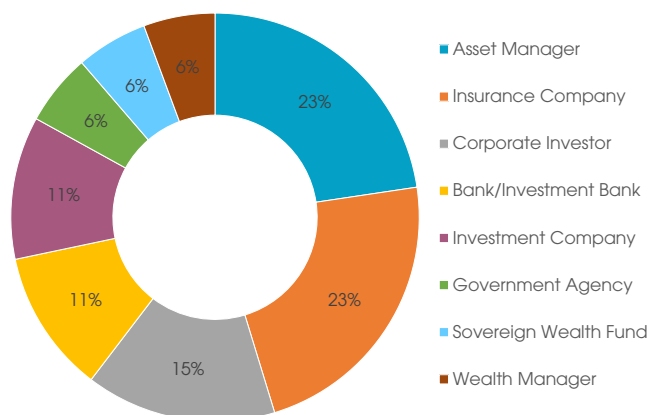
Source: Preqin Infrastructure Online

Fig. 7: China-Based Unlisted Infrastructure Fundraising, 2008 - 2016 YTD (As at 3 May 2016)



Source: Preqin Infrastructure Online

Fig. 8: China-Based Infrastructure Investors by Type



Source: Preqin Infrastructure Online

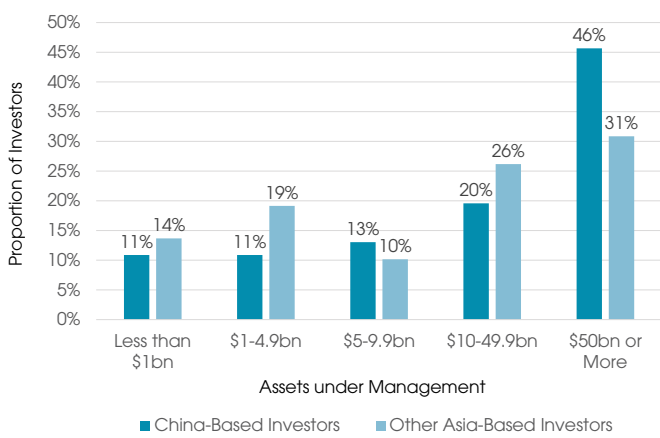
Data Source:

Preqin's **Infrastructure Online** contains comprehensive information on the infrastructure market in China, including detailed profiles for more than 250 Chinese deals, 35 funds targeting China, 57 China-based investors and more.

For more information, please visit:

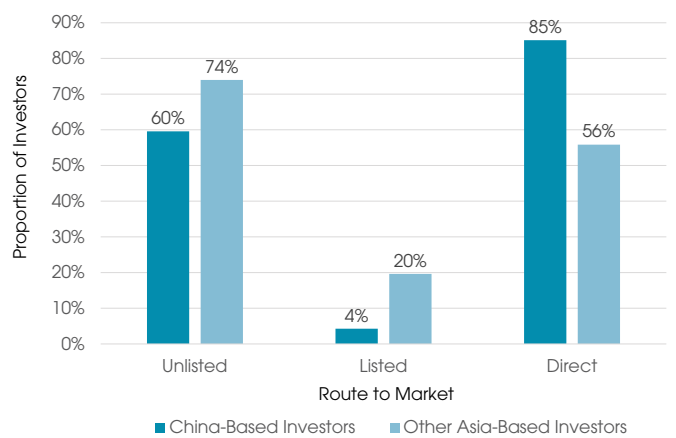
www.preqin.com/infrastructure

Fig. 9: Infrastructure Investors by Assets under Management: China-Based Investors vs. Other Asia-Based Investors



Source: Preqin Infrastructure Online

Fig. 10: Infrastructure Investors by Preferred Route to Market: China-Based Investors vs. Other Asia-Based Investors



Source: Preqin Infrastructure Online

Fig. 11: Sample of China-Based Investors Targeting Unlisted Infrastructure Funds in the Next 12 Months

Investor	Type	Investment Plans in the Next 12 Months
Taikang Asset Management	Asset Manager	Looking to invest in US- or UK-focused unlisted infrastructure funds in the next 12 months, although it may consider investing in Hong Kong and other European markets.
China Foreign Economy and Trade Trust	Wealth Manager	Planning to target China-focused unlisted infrastructure funds over 2016 and is open to all strategies.

Source: Preqin Infrastructure Online



Source new investors for funds or deals

Identify new investment opportunities

Conduct competitor and market analysis

Search for potential deal partners

Develop new business

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