



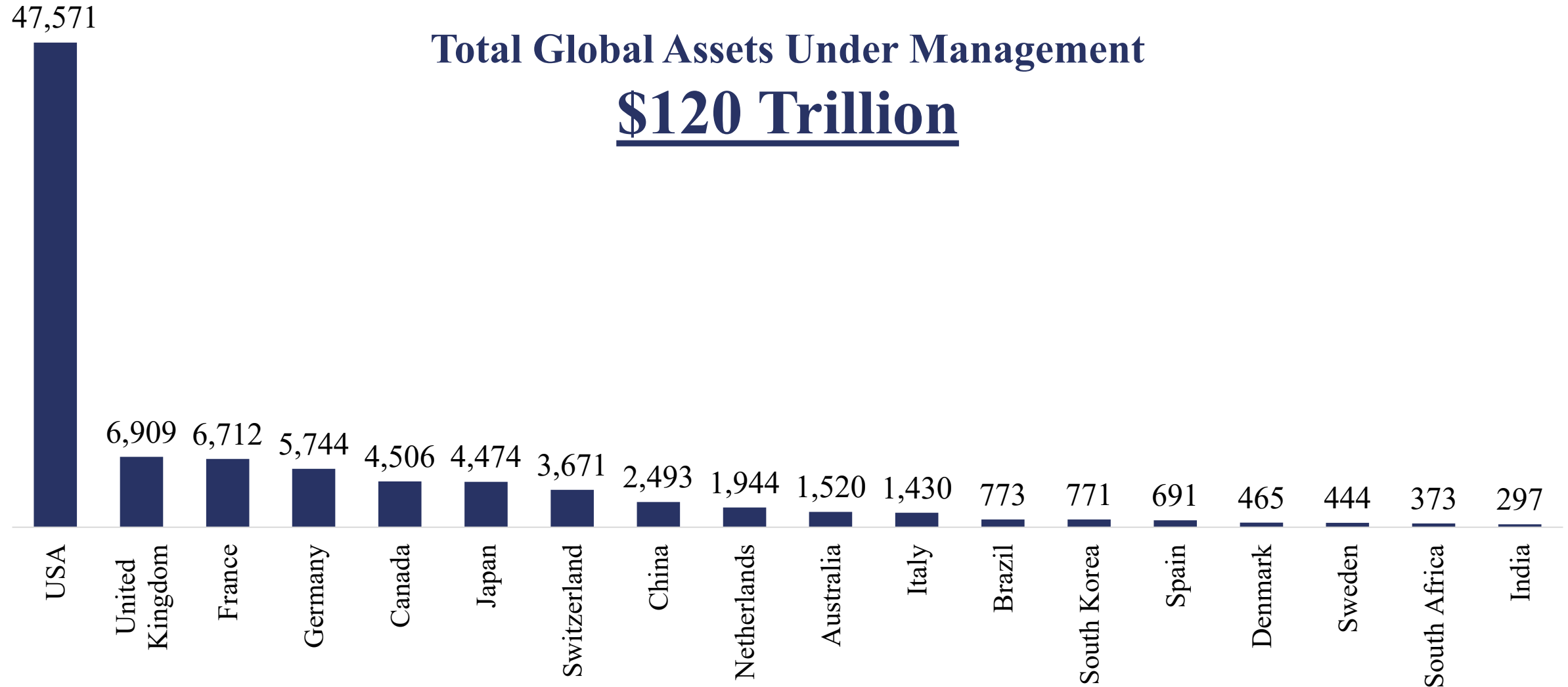
INVEST INDIA

NATIONAL INVESTMENT PROMOTION
& FACILITATION AGENCY

Mobilizing Institutional capital in Infrastructure

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Global Assets Under Management by Country (\$B)



Who are Institutional Investors?

Limited Partners (LPs)

Sovereign Wealth Funds, Pension Funds, Insurance Funds, Endowments etc.

Invest directly (limited) or through GPs

- *Small investment teams*
- *Less involved in investments management*
- *Prefer minority stake in investing*



General Partners (GPs)

Fund Managers, Asset Management Companies etc.

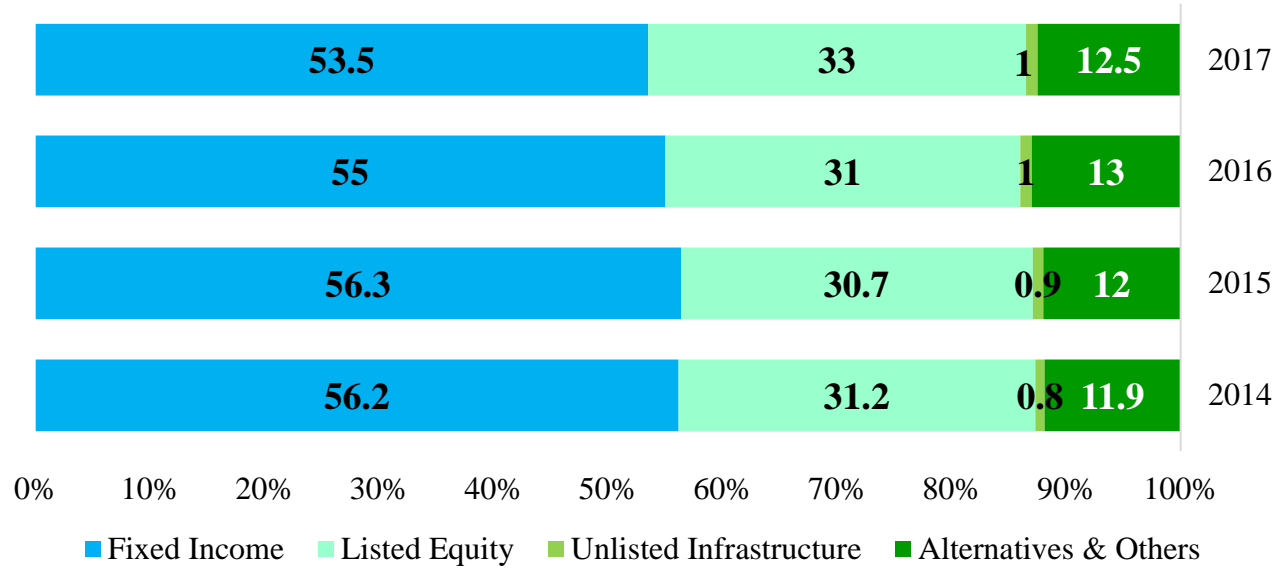
Raise money from LPs

- *Mandate based investing*
- *Money raised for Limited term*
- *Minority / Majority Stake but mostly active management*

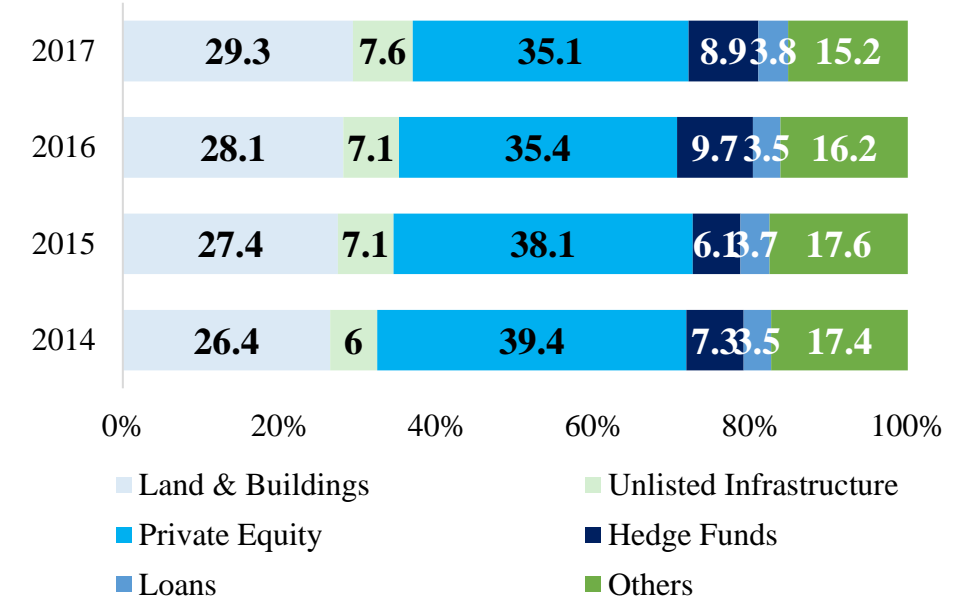


Where do Institutional Investors invest?

ASSET ALLOCATION AS A % OF TOTAL ASSETS



Breakdown of Alternatives



Challenges

Global Fixed Income

- Prolonged low yields

Global equities

- High Volatility
- Low Global Growth
- Heightened Political Risks

Alternatives

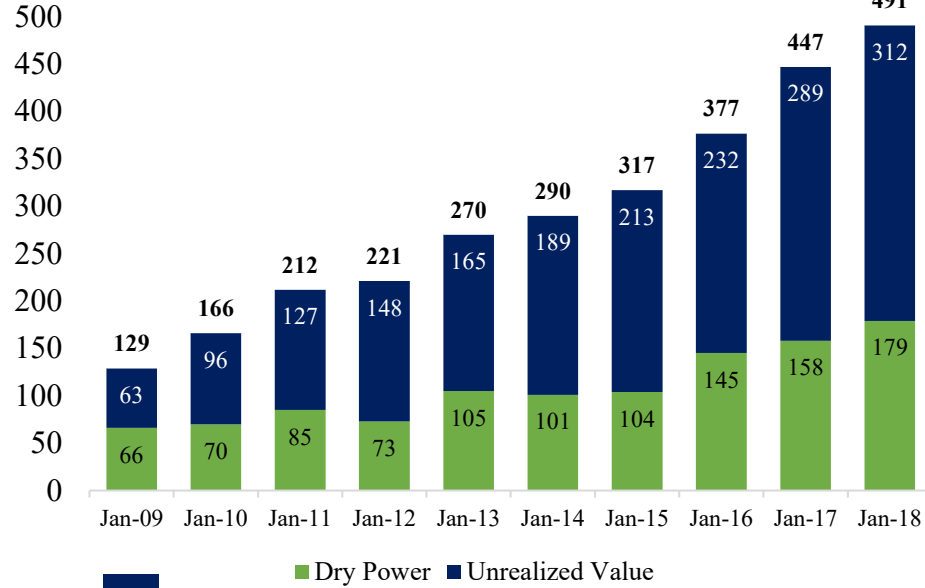
- Inflated valuations
- Infrequency of value appraisal

Unlisted Infrastructure

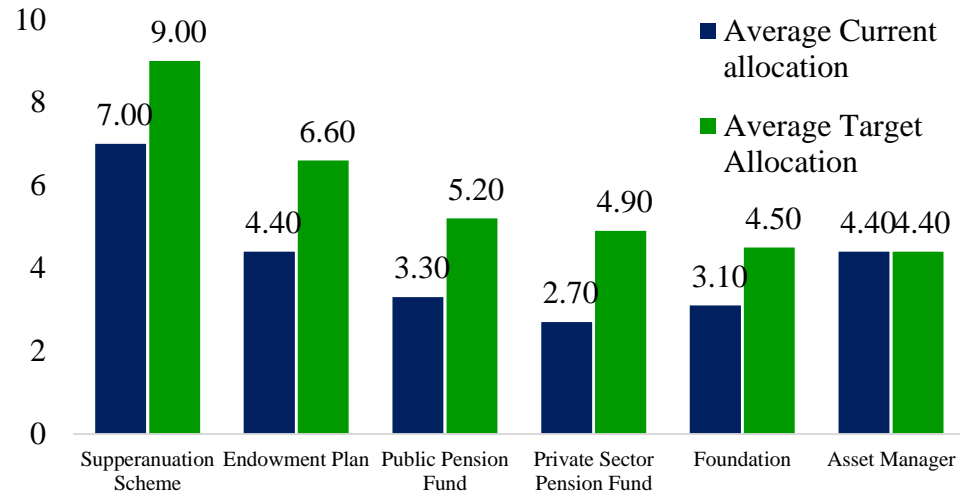
- Inflated valuations
- Stringent regulations
- Non Availability of assets

Infrastructure – A rising Asset Class

Unlisted Infrastructure AUM



Average Current & Target Allocations to Infrastructure (% of AUM)

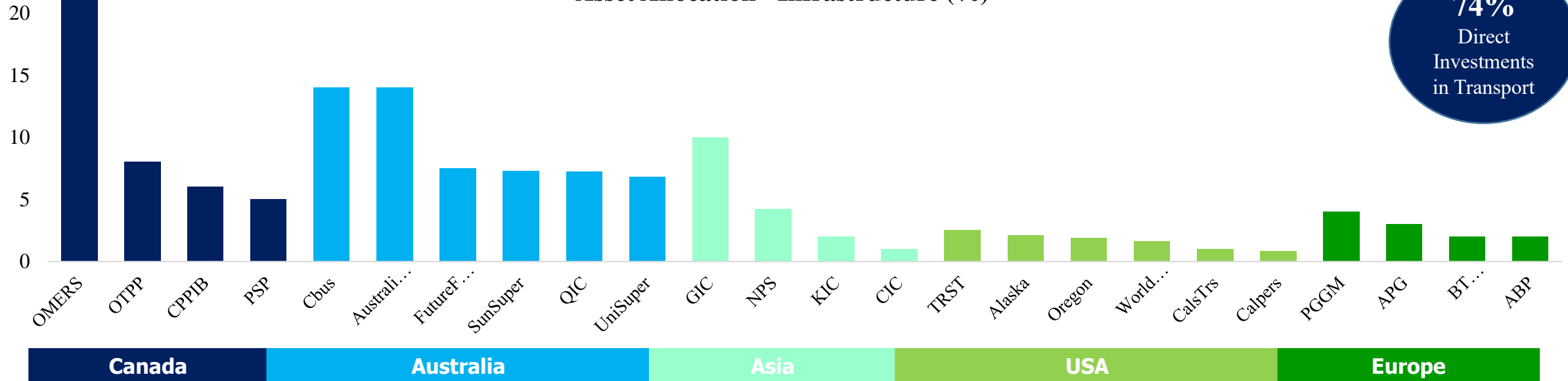


~500M
Avg. Deal size in Transport

30%
Avg. Allocation to Transport

74%
Direct Investments in Transport

Asset Allocation - Infrastructure (%)



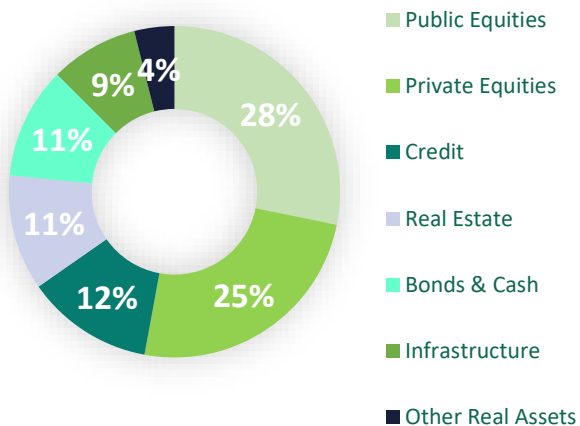


CANADA PENSION PLAN INVESTMENT BOARD

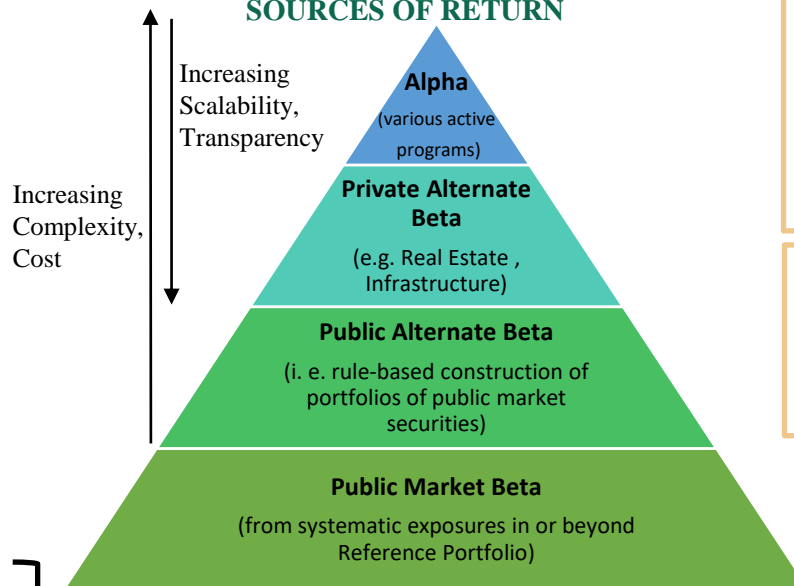
OVERVIEW

CPPIB is a **state owned pension** fund sponsor which invests in public equity, fixed income, and alternative markets across the globe. The firm also invests in private equity, real estate and infrastructure projects, and energy and natural resources. The target investment size for infrastructure investments is between C\$500 million (\$465 million) to C\$2000 million (\$1863 million) and depending upon the investment opportunity the firm might also invest C\$4000 million (\$3,727.24 million) in a single investment. The geographical focus has been international markets with strong regulatory frameworks, typically in North America, Western Europe, Australasia, and emerging markets throughout the world.

ASSET MIX



SOURCES OF RETURN



8 Years

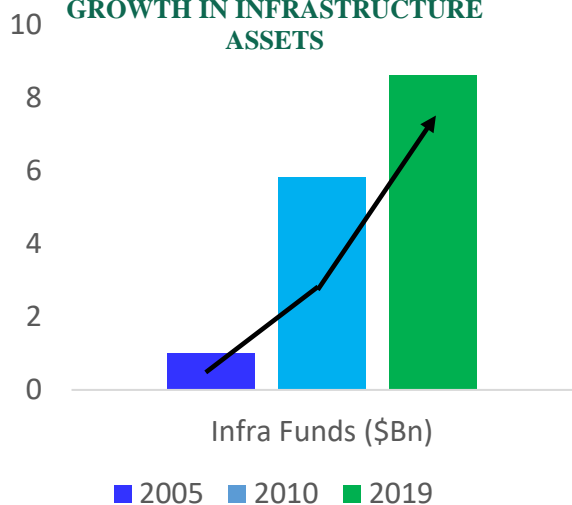
Before investment income needed to Pay Pensions

75+ Years
Duration of CPP Sustainability

20 Million

Number of CPP contributors and beneficiaries

GROWTH IN INFRASTRUCTURE ASSETS

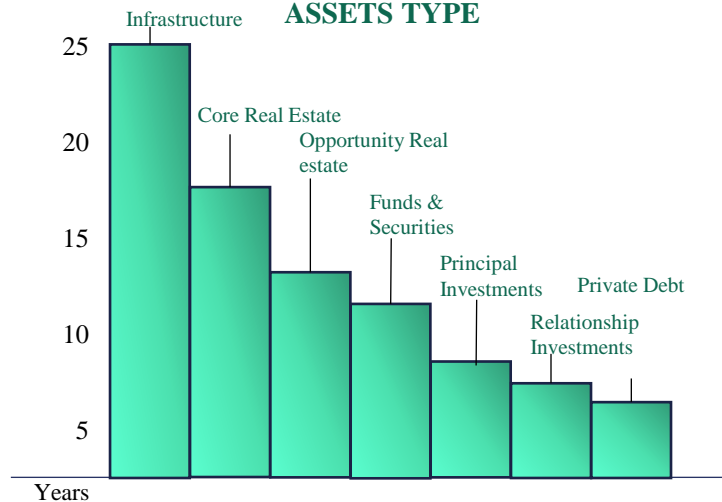


CPPIB's investments in Infrastructure increased since Ms. Cressida Hogg joined as MD & Global Head of Infrastructure since July 2014.

In 2015, CPPIB invested in well established brownfield infrastructure assets while also evaluating opportunities in greenfield projects.

Target size for investing in infrastructure assets - \$500Mm – 2Bn. Investment in 1 good opportunity can go up to \$4Bn

CPPIB EXPECTED AVERAGE HOLD PERIOD OF ASSETS TYPE



\$540Bn
AUM

\$ 84B
Net income (2021)

9.9%
Annualized return (10 years)

102B+
Asia Investments

Roads



Canada | 50% | C\$7.1Bn | 2010



Mexico | 29% | C\$748Mn | 2016



US | 33.33% | \$560Mn | 2016



Chile | 49.99% | C\$1.14Bn | 2012



India | \$332 Mn | 2014

Renewable



Canada | 99% | C\$260 Mn | 2014



Brazil | 20% | R\$975 Mn | 2018



Brazil | 50% | R\$664 Mn | 2018



UK | 50% | 2019



NA & EU | \$2.25 Bn | 2018

Energy & Res.



USA | \$900 Mn | 2017



USA | 35% | \$1.3 Bn | 2019



Canada | 99% | C\$1.7Bn | 2015



Canada | 99% | C\$260 Mn | 2014



Canada | C\$1.3Bn | 2011

Others



UK | 32% | C\$1.05Bn | 2006
(Water)



BROADCAST AUSTRALIA

Australia | 86% | 2009
(Telecom)



grupo Gas Natural Fenosa

Spain | 86% | E 900Mn | 2009
(Gas)



Peru | 49.9% | \$ 1.4Bn | 2013
(Gas)



UK | 34% | £1.62 Bn | 2015
(Ports)



Associated British Ports Holdings Ltd owns and **operates 21 ports** in the United Kingdom, managing around 25 per cent of the UK's sea-borne trade. The company's activities cover transport, haulage and terminal operations, ship's agency, dredging and marine consultancy.

1947

Nationalized by Labour Govt. post Second World War

1962

British Transport Docks Board (BTDB) setup to manage Nationalized Ports

1981

Limited company setup and renamed to **Associated British Ports**

1983

Listed on London Stock Exchange

2006

Goldman Sachs and Other Companies acquired the company for £ 2.8Bn & delisted from LSE

2015

Anchorage Ports (CPPIB) acquired 33.3% (£1.62 Bn) from Consortium

**Current
Holding**

33.3%  10%



23%



33.3%



CPP
INVESTMENT
BOARD

21 Ports

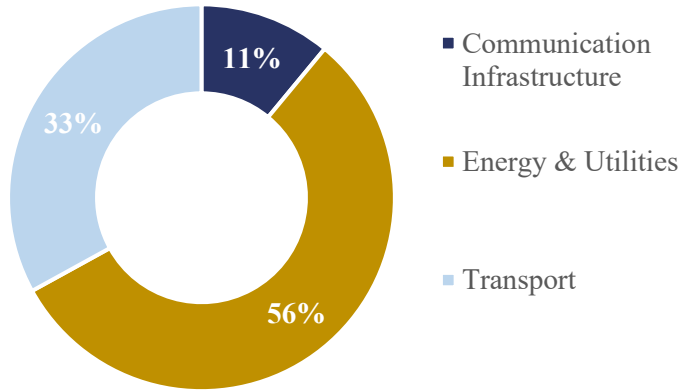
- Ayr
- Port of Barrow
- Barry Docks
- Fleetwood
- Port of Garston
- Goole
- Port of Grimsby
- Hams Hall
- Port of Hull
- Port of Immingham
- Port of Ipswich
- King's Lynn
- Port of Lowestoft
- Newport Docks
- Plymouth
- Port of Port Talbot
- Silloth
- Port of Southampton
- Port of Swansea
- Teignmouth
- Troon

Brookfield **BROOKFIELD INFRASTRUCTURE PARTNERS L.P.**

OVERVIEW

Brookfield is a global alternative asset manager with approximately \$560 billion in assets under management. It has over a 120-year history of owning and operating assets with a focus on property, renewable energy, infrastructure and private equity. It manages one of the largest portfolios of premier office properties and renewable energy generating facilities as well as long-life infrastructure assets that include utilities, transport and energy and timberlands in North and South America, Australasia and Europe. Brookfield is publicly listed on the NYSE, TSX and Euronext Amsterdam.

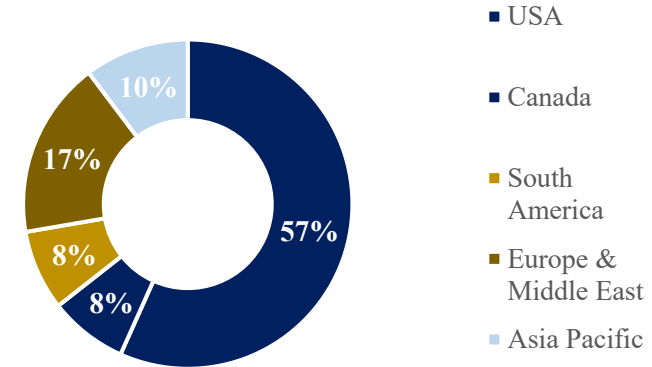
ASSET MIX



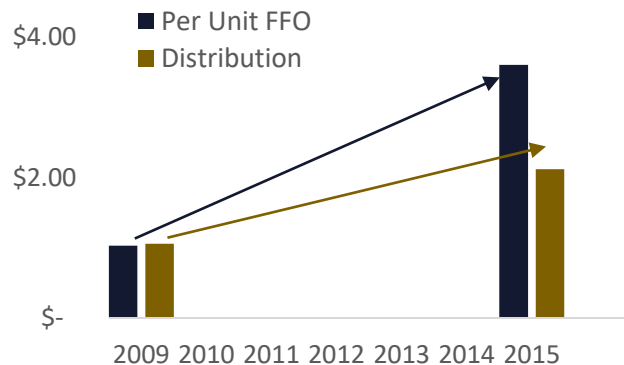
INVESTMENT GUIDELINES

- **Value Based** asset acquisition
- Superior returns often require **contrarian thinking**
- Invest where **competitive advantage**
- Provide **certainty**, reduce risk and lower our cost of capital

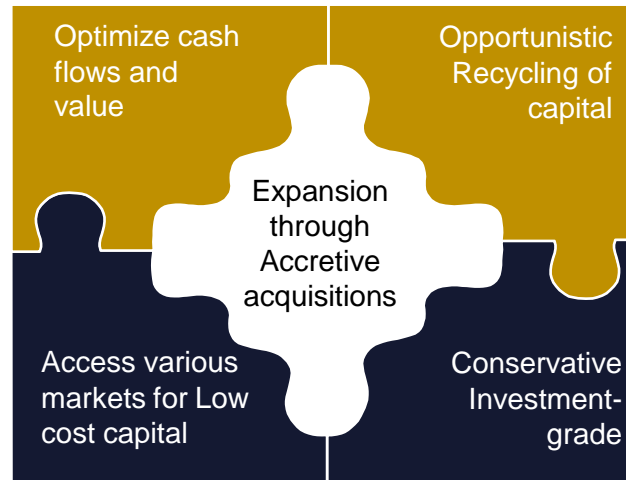
GEOGRAPHICAL MIX



FFO & DISTRIBUTION



FUND STRATEGY



CASHFLOW MANAGEMENT

- Hedge ~75% of expected FFO generated in foreign currencies
- 90% high quality cash flows; regulated or contracted
- 70% cash flows indexed to inflation; 60% cash flows with no volume risk

\$ 725 Bn
AUM

15%+
Returns

5%
Distribution
Yield

67%
FFO Payout
ratio

5-9%
Payout growth
target

GROWTH MODEL

Buy for Value

+

Top Line Growth

+

Stable Capital Structure

+

Compound Cash Flows

=

12 – 15% Target Return

+

Sell to low cost capital Buyer

=

**Target Long Term Growth
(15%)**

INDIA PRESENCE

Total investment : **\$20 Bn**

Largest PE Investor in India

30 Mn Sq ft
office space

1297 keys
luxury hotels

3000 lane kms
of NHs

1480 Km
gas pipeline

1,06,000
telecom towers

510 MWs
Renewable energy

KEY INVESTMENTS

2014-15

unitech

2015-16

GAMMON
Builders to the Nation

2016-17

HIRANANDANI

2017-18

2018-19

EQUINOX

2019-20

Jio

Reliance
Industries Limited

THE LEELA
PALACES HOTELS RESORTS

AXIS
ENERGY

Utilities

6.6 million
Electricity And Gas
Connections

2,700 km
Regulated natural gas
pipeline

2,000 km
Electricity
transmission lines

Transport

32,300 km
Rail operations

4,000 km
Toll roads

13
Ports

Energy

16,500 km
Natural gas
pipeline

600 bcf
Natural gas
storage

1.6 million
Residential
infrastructure
customers

Data Infra

9,100
Multipurpose towers
and active rooftop
sites

20,000 km
Fiber backbone

52
Data centers



VLI offers logistics solutions to integrate ports, railways and terminals, with capacity to meet, with increasing efficiency, the demand of the main players that move the economy of the country. The company encompasses the Norte Sul (FNS) and Centro Atlântica (FCA) railroads, as well as integrating terminals, which link loading and unloading of products to rail transport, and the operation of port terminals located in strategic axes of the Brazilian coast, such as Santos (SP), São Luís (MA), Barra dos Coqueiros (SE), São Gonçalo do Amarante (CE) and Vitória (ES).



more than **7.500** employees



3 own ports



more than **9 billion** invested by 2019



8 intermodal terminals



5 logistic corridors



North-South **Railroad**
Central-Atlantic **Railroad**



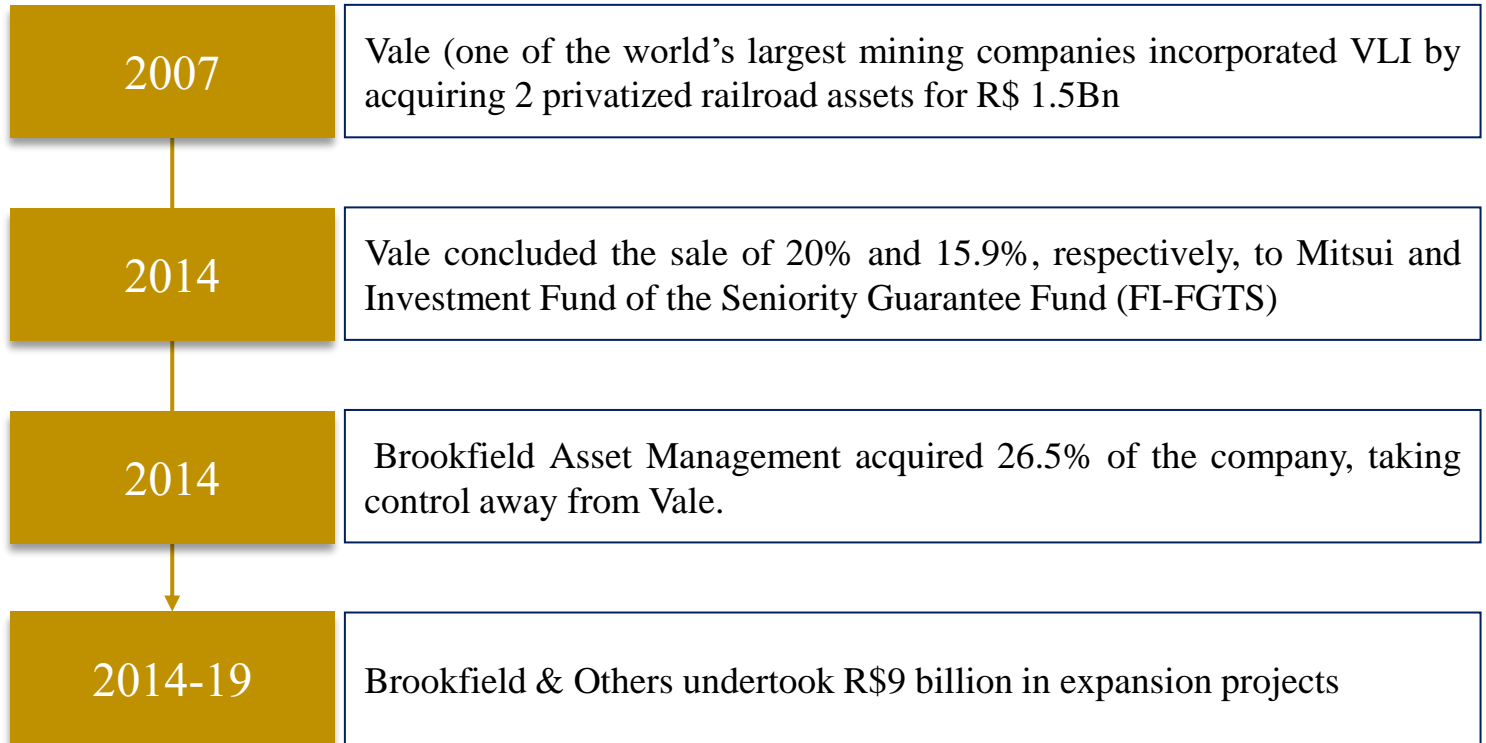
present in more than **300 municipalities** e **10 states**



volume of ports in 2016: **25.540** million tonnes

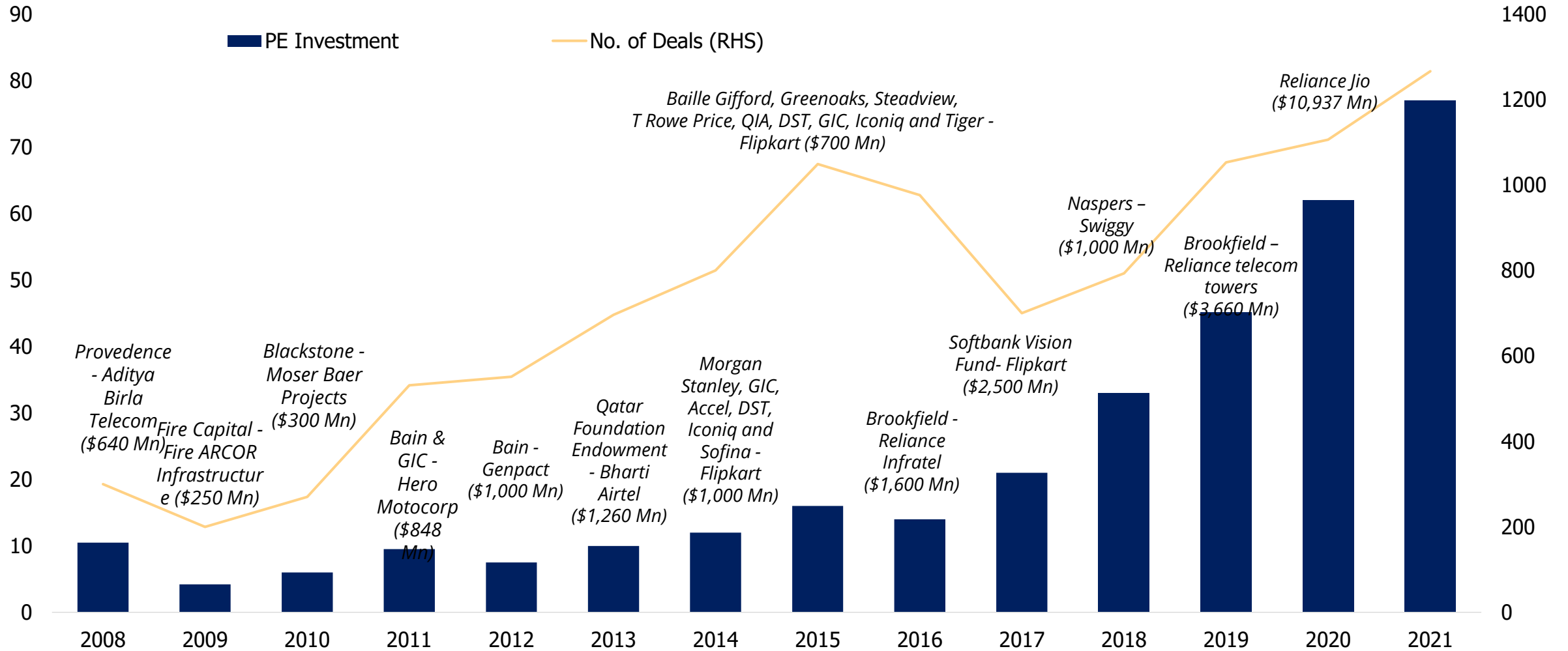


volume of railways in 2016: **48.115** million tons









Institutional Investments in India

PRIVATE INSTITUTIONAL INVESTMENTS



770+ active funds currently 30% growth over 2018

LP INDIA INVESTMENT EXPERIENCE

 <p>ADIA دھارا اےوٹوپی لاسٹنٹار Abu Dhabi Investment Authority</p>	Energy Mi	Housing Mi	Highways Mi	Railways Retail Consumer goods
 <p>FAIRFAX FINANCIAL HOLDINGS LIMITED</p>	Airports M	Logistics M	Financial Services SM	Infrastructure Retail Consumer goods
 <p>CPP INVESTMENT BOARD</p>	Real Estate M	Financial Services M	Logistics SM	Healthcare Financial Services Retail
 <p>TEMASEK</p>	Financial Services Mi	Logistics Mi	Energy Mi	Healthcare Natural Resources Consumer goods
 <p>CDPQ</p>	Renewables M	Logistics M	Real Estate M	Healthcare Financial Services Retail
 <p>INVESTISSEMENTS PSP INVESTMENTS</p>	Highways M			Energy Telecom

Growth capital in existing platforms

Controlling stake in operational assets

Co-investments in M&A deals

New platform creation with experienced operators

Indirect investments through GPs

Mi Minority hold

M Majority hold

SM Significant Minority hold

PARTICIPATION OF PRIVATE INVESTORS

ASSET MONETISATION

- Monetization of existing, operational, and revenue generating assets
 - 11 asset classes for monetization include power transmission lines, highways, major ports, and PSU non-core assets
- Success: Highway monetization by Macquarie (\$1.5 Bn - 9 roads); Cube Highways (\$699 Mn - 9 roads)*

DISINVESTMENT

- Marquee government entities with sizeable brand value and market share available for acquisition
 - Disinvestment target for FY 2022-23: \$8 Bn
 - Air India Disinvestment Completed
- 10 Strategic Disinvestments – Shipping corporation of India, Container corporation of India, Bharat Petroleum, Air India etc*

REITs & InvITs

- New and easier means of investment opportunities for a wider range of retail investors
 - Public Sector Undertakings to launch REITs/ InvITs for asset monetization
- Success: 15 SEBI registered InvITs; 3 Public Listed InvITs: India Grid Trust, IRB InvIT Fund, Powergrid InvIT*

INVESTMENT AVENUES

- NIIF setup as a collaborative investment platform for investors in infrastructure and other sectors
- India Infrastructure Finance Company setup to provide long term finance to viable infrastructure projects; raises funding from domestic and international sources
- **Over 5 years, benchmark indices NSE NIFTY delivered 26% return, and BSE SENSEX delivered 29% return**

NHAI Toll-Operate-Transfer

PROJECT

Toll-Operate-Transfer of 9 Highways of National Highways Authority of India for 30 years against an upfront Statement

PROBLEM STATEMENT

Pilot Project with Limited Investor Reach

POTENTIAL SOLUTION

Thorough Promotion of TOT Model across major platforms

OUR CONTRIBUTION

INVESTOR IDENTIFICATION

- Invest India Team conducted a detailed analysis of over 200 funds on their risk-return profiles and investment methodology

INVESTOR OUTREACH

- Mega outreach to all major funds through events, influencers
- Development of monthly newsletter
- 1x1 India strategy development with top funds

SUCCESS

Australian fund Macquarie bid \$1.45 Bn for the bundle against Government floor price of \$950 M



STATUS

5 Bundles of ToT Roads released.

Delhi Metro Rolling Stock Procurement

PROJECT

Procurement of 150 rolling stock on long term basis (35 years) on PPP basis including maintenance of rolling stock and depot.

PROBLEM STATEMENT

Lack of funds to procure coaches upfront

POTENTIAL SOLUTION

Lease coaches on long term basis for 35 years

INVEST INDIA CONTRIBUTION

IDENTIFICATION OF GLOBAL STANDARDS

- Identified projects executed globally in this asset class
- Analysed projects in countries like Australia (Reliance Rail) and UK (Eversholt)

INVESTOR OUTREACH

- Identified potential financial investors and manufacturers
- Held extensive discussions with Authority and interested bidders to maximize benefit for both and mitigate risks

SUCCESS

Institutional investors



Manufacturers



STATUS

Project could not be completed because Delhi Metro decided to not buy any additional rolling stock. The model is launched across other Cities

PROJECT STRUCTURING

- Assisted in structuring of project such as potential sub-contracting to manufacturers instead of equity, exit options, payment terms etc.

National Monetization Pipeline

Public Assets worth USD 81 Billion to be monetized between 2022 and 2025

OWNERSHIP

Monetization of rights through lease for a long-term concession period

ASSETS

Brownfield operational assets with a steady revenues to attract patient long-term capital

PORTFOLIO

20+ asset classes across 12+ sectors

Roads
USD 21.7 B

Railways
USD 20.7 B

Power
USD 11.5 B

Gas Pipelines
USD 3.3 B

Telecom
USD 4.7 B

Warehousing
USD 3.9 B

Mining
USD 3.9 B

Aviation
USD 2.8 B

Ports
USD 1.7 B

Urban Real Estate
USD 2.0 B

Stadiums
USD 1.6 B

Other Pipeline
USD 3.06 B

Conclusion based on our learnings!

- Understand the Institutional Investors
- Greenfield is very difficult
- Asset recycling is attractive
- Copy don't create
- Risk allocation has to be globally best and better
- Identify sectors/models where certain risks don't exist
- Perception matters immensely over long term
- First few projects are expensive
- Creating good experience is key
- Know the things which we will not be able to address

Thank you

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