



Japan Korea
Week

Post event report

7 - 10 May 2019 | Seoul & Tokyo

INFRASTRUCTURE
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Infrastructure Investor Japan Korea Week 2019

The Infrastructure Investor Japan Korea Week, comprising of the second annual Seoul Summit and fifth annual Tokyo Summit, gathered more than 600 infrastructure professionals for networking and lively debate on the future of Tokyo and Korea's institutional outbound investments into the asset class.

Key themes from the week included: The rise of mid-market infrastructure, investing in the energy transition, opportunities for investing in Asia and understanding the Japanese and Korean LPs views on the current market. Thank you to all our speakers that shared their insights on the trends currently affecting global infrastructure investments.

Thank you also to our sponsors for their valuable contributions. To all those who attended, we hope you found the Summit enjoyable and thought-provoking - we

look forward to welcoming you back next year to Tokyo and Seoul. If you have any further queries about the Japan Korea Week or our other Infrastructure Investor conferences - please do not hesitate to get in contact with me.

Kind regards,

Andrew Wolff
andrew.w@peimedia.com



Key speakers at the Tokyo Summit



Hisashi Hatta
Advisor (formerly CEO)
AISIN Employees' Pension Fund



Hisamitsu Iida
Section Manager
Sompo Japan Nipponkoa Insurance



Takako Koizumi
General Manager, Infrastructure Investments
Tokio Marine Asset Management



Shigefumi Kuroki
General Manager, Head of Global Infrastructure
Investments, Structured Finance Department
Development Bank of Japan



Tadasu Matsuo
Head of Alternative Investment
Japan Post Insurance



Yasuhiro Ono
Director
Japan Post Bank



Keisuke Sakamoto
Director, Public-Private Partnership/Private
Finance Initiative (PPP/PFI) Promotion Office
Cabinet Office of Japan



Satoru Tanabe
Head of Infrastructure
Pension Fund Association

Key speakers at the Seoul Summit



Gwenola Chambon
Head of Infrastructure Funds
Mirova



Byung Kyu Cheon
Chief Investment Officer
DGB Life insurance



Hyungon Kim
Senior Manager
KTCU



Jason Hyunjae Kim
Head of Infrastructure Team 2
Samsung Fire and Marine Insurance



Jake Lee
Head of Infrastructure
Hyundai Insurance



Janghwan Lee
Executive Director, Division Head of Alternative
Investment Division
Lotte Non-Life Insurance



Si Wan Lee
Head of Project Finance
Samsung Life Insurance



David Luboff
Head of Asia-Pacific Infrastructure
KKR

Key takeaways from the Week



1. **Get ready to go beyond core**

Perhaps because of the squeeze on core returns, Japanese institutional investors are gearing up to diversify their exposure to the asset class – in terms of strategies, geographies and fund managers.

Yasuhiro Ono, director of private equity and infrastructure at Japan Post Bank, said that his firm is looking to diversify their regional, vintage and sector exposure. “We also believe that we should diversify our approach to investment, and we are making efforts to participate in co-investment opportunities,” Ono added.

Still, Japanese LPs made clear that, between shifting asset class definitions and new infrastructure-like products entering the market, they are more eager than ever to understand the assets being acquired by managers.

“It’s important for us to visit the assets and understand the risks associated [with them], and that the risk level is not too high,” Hisamitsu Iida, private assets portfolio manager at Sompo Japan Nipponkoa Insurance, said.

2. **Tough times for debt investors**

Infrastructure debt is worrying Korean LPs, as returns have compressed across the asset class.

“PPP-type projects are preferred [among Korean investors]. But senior loans from these are only yielding 2 percent in Europe. That is not enough [for us] to go into that market,” Jason Hyunjae Kim, head of the infrastructure team at Samsung Fire & Marine Insurance.

And as fund managers move towards lesser-known geographies in search of higher returns, Korean LPs are having a hard time following them. Si Wan Lee, head of project finance at Samsung Life Insurance, admitted that his firm is having issues committing capital to more “exotic countries” due to its “strong” investment guidelines.

“We can venture into Latin America, [countries] like Mexico, Peru, or Chile. [But] it is tough due to our internal credit team’s concerns [on investing in these countries],” he said.

3. **Co-investment is key**

Korean players are used to investing directly in their domestic infrastructure market and are looking for similar opportunities abroad. Therefore, when it comes to choosing global fund managers, potential co-investment opportunities play an important role.

“What is important for us is to have more opportunities for co-investment, and

Key takeaways from the Week



more information [about deals coming to the market]," explained Samsung Fire & Marine Insurance's Kim, during one of the panels in Seoul.

Hyungon Kim, senior manager at the Korean Teachers' Credit Union, sent a clear message to the GPs in the room, explaining that his institution is looking for mid-sized funds that also provide co-investment opportunities.

"Our investment ticket stands at between \$50 million and \$100 million," he said. "But we can have a higher ticket under exceptional circumstances, when we are building a special relationship with a GP."

4. **Get used to lower returns...**

To date, Japanese investors have focused most of their energy on core infrastructure. But as Philippe Busslinger, senior managing director for Europe at Canadian pension Ontario Municipal Employees Retirement System, pointed out, "it's getting harder and harder to generate excess returns" from core infrastructure. Harder, but not impossible. Despite the "healthy competition", Busslinger argued opportunities still exist to make "a very good [risk-adjusted] return".

Also, as QIC global head of infrastructure Ross Israel said, the definition of core is not static. "Core assets in the next 10 years will be different to those

in the last 10 years," he said, highlighting how assets in the electricity sector have been evolving.

Savvy investors looking for outsized returns from traditional infrastructure would do well to spot this new generation of core as early in the cycle as possible.

5. **Avoid copy and paste emails**

South Korean institutional investors have asked fund managers to do research on LPs before contacting them and to "tailor" their pitches rather than sending generic e-mails.

"When we get an e-mail, the impression is that the text is not really specific," Jake Lee, head of infrastructure at Hyundai Marine & Fire Insurance, explained during a panel discussion at Infrastructure Investor's Seoul Summit on 7 May.

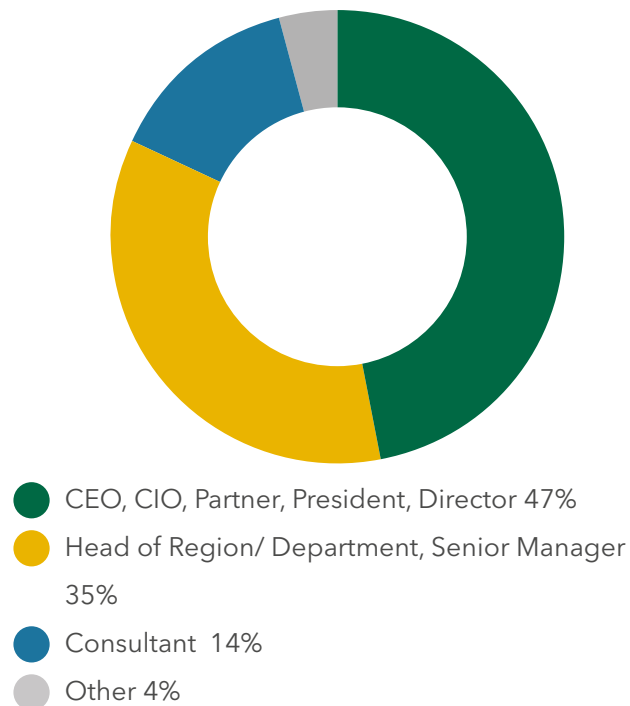
"In some cases, there are really shoddy copy-paste e-mails, with the text still in blue colour," he added, referring to the font that some e-mail providers use for forwarded messages.

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for more insight from the event

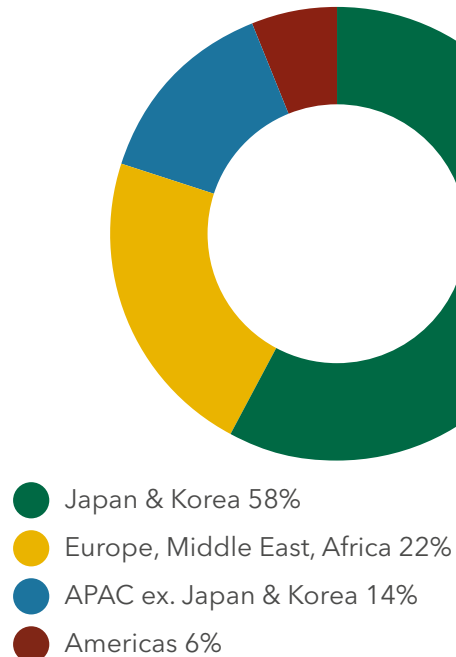
2019 attendee breakdown



Attendees included:



Regional attendance breakdown:



633
ATTENDEES



267
COMPANIES



68
SPEAKERS



28
COUNTRIES

Companies that attended the Japan Korea Week included

- Aberdeen Standard Investments (Japan)
- ABL Life Insurance
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- Golding Capital Partners
- Government Employees Pension Service
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- Green Investment Group
- Greencoat Capital
- GTIS Partners
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- Hanwha Life Insurance
- Hermes GPE
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“As infrastructure as an asset class continues to grow, Infrastructure Investor’s events around the globe provide both investors and global infrastructure managers with a great forum to come together and discuss the industry - where we’ve been and where we’re going.”

Brandon Donnenfeld
KKR

- Japan Co-Op Insurance Consumers' Co-Operative Federation
- Japan Post Bank
- Japan Post Insurance
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- JP Morgan Asset Management
- KB Insurance
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- Kookmin Bank
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- Korea Investment Corporation
- Korea Overseas Infrastructure & Urban Development
- Korean Teachers Credit Union
- Kye& Investment
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- Mercatus
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- Meritz Fire and Marine Insurance
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- MG Non-Life Insurance
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- Miraeasset Life Insurance
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- Mitsubishi Heavy Industries
- Mitsubishi UFJ Trust and Banking Corporation
- Mitsui & Co. Alternative Investments
- Multilateral Investment Guarantee Agency
- National Agricultural Cooperative Federation (NACF)
- National Federation of Fisheries Cooperatives
- National Investment and Infrastructure Fund
- National Pension Research Institute
- National Pension Service (NPS)
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- QIC
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- Samsung Life Insurance
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- Secom Pension Fund
- Seoul Guarantee Insurance
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- Shinkin Central Bank
- Shinsei Bank
- Sompo Japan Nipponkoa Insurance
- Srei
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- Tokyo University of Science
- Tong Yang Life Insurance
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- TransPacific Group (Asia)
- UTM Management
- Vantage Infrastructure
- Vieira de Almeida & Associados
- Warburg Pincus
- Woori Bank
- wpd AG

“I found the Infrastructure Investor Summits a great opportunity to gauge the market landscape from GPs and the current appetite of LPs from both a Japanese, Korean, and global perspective.”

Andrew Shin
Willis Towers Watson



Interactions at the Japan Korea Week 2019

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The Tokyo and Seoul Summits provide a unique opportunity for leading fund managers, institutional investors, service providers and developers to meet, share experiences and build relationships with those in the industry from Japan, Korea and around the globe.



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“The Seoul Summit is very helpful to understand the market and to meet the people who matter.”

Seungki Jeong
Analyst, DB Financial Investment

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