

Rated Infrastructure Notes Ltd. (RIN)

Area of expertise: Private markets

Theme: Sources of current income/transitional capital



Overview

- There is a long-term need for infrastructure investment; the total shortfall in U.S. infrastructure funding over the next 10 years is estimated to be \$2tn¹ (i.e. \$200bn per annum)
- Estimates project approximately \$50bn² of U.S. private infrastructure loans maturing by 2017
- As U.S. infrastructure needs increase, more private capital, both equity and debt, will be required to replace and augment inadequate public funding

Investment opportunity

- RIN Ltd. (the "Issuer") is a newly formed private debt investment, utilizing CLO structuring, that will seek to originate a diversified portfolio of private infrastructure loans
 - The Issuer is seeking \$75mm of commitments from institutional investors to fund junior interests in the form of preferred shares ("Equity")
 - The first round closed in November, with a second close planned for December
- The risk profile is attractive, as data demonstrates that infrastructure loans have lower default and loss characteristics than non-infrastructure debt
 - Stable nature of infrastructure operating cash flows and tangible asset coverage
 - Lender protections provide ability to monitor borrowers and allow lenders to actively address underperformance
- **Risks: Possibility of loan default, lack of liquidity, increase in raw material prices, loss of principal, loss of share value, and deflation**

Management team

- Provided approximately \$14.0bn (€10.7bn) of financing to 18 infrastructure businesses
- Pioneers of infrastructure finance involved in marquis transactions in Europe and North America
- Over 40 years of collective infrastructure experience
- Extensive experience across geographies and infrastructure sub-sectors



(1) Source: The American Society of Civil Engineers report, March 2013

(2) Source: DeAWM's proprietary database of infrastructure financing details for approximately 500 transactions between January 1, 2005 and August 31, 2013 in Western Europe and North America