

## Q2 2010 Infrastructure Fundraising Highest Since 2008; Dealflow Slows to Lowest Level Since 2006

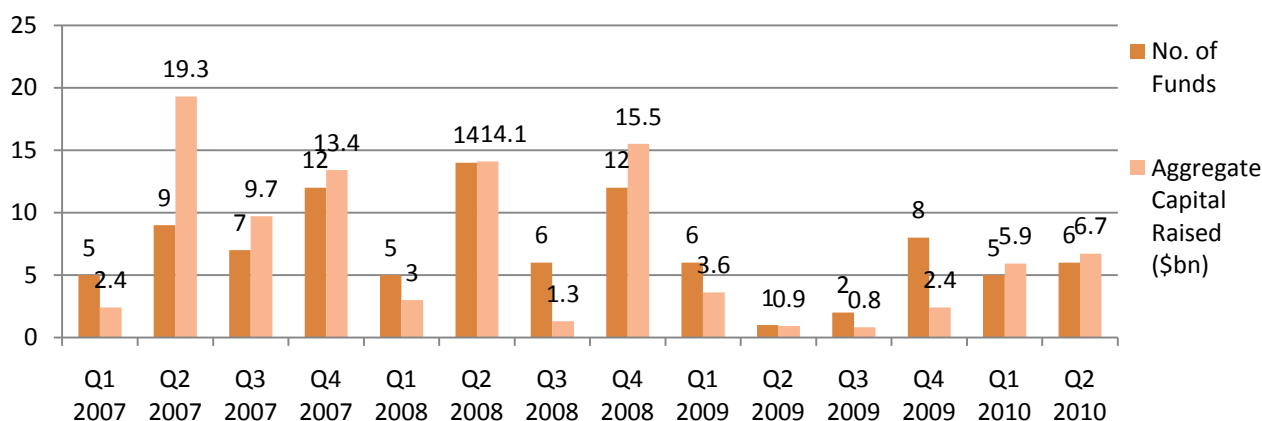
There were mixed fortunes for the unlisted infrastructure sector in Q2 2010. In the fundraising market a total of \$6.7bn was raised worldwide by six funds achieving a final close – the highest level of aggregate capital collected since 2008. This marks the fourth consecutive quarter registering an increase in fundraising from the previous quarter. This contrasts with more stark figures for infrastructure dealflow, where the 23 deals involving unlisted infrastructure managers represents the lowest total since 2006.

### Putting the Results in Context:

- \$6.7 billion was raised by the six unlisted infrastructure funds achieving a final close in Q2 2010.
- This figure includes the \$3.1 billion GS Infrastructure Partners II, and the \$1.6 billion Macquarie Infrastructure Partners II.
- \$12.6 billion has been raised in 2010 to date and Q2 marks the fourth consecutive quarter of growth since Q3 2009.

For more detailed information on the funds closed in Q2 2010, please see the factsheet following this press release.

**Fig. A: Global Unlisted Infrastructure Fundraising, Q1 2007 - Q2 2010**

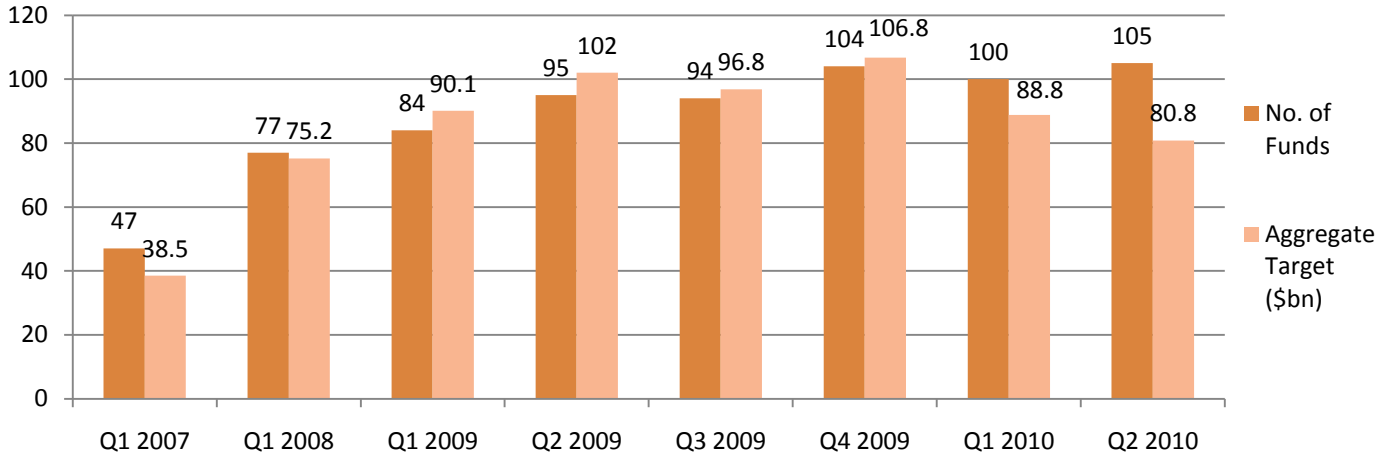


### Current Fundraising Market:

- The market is extremely competitive, with 105 funds currently on the road seeking capital, the highest number of all time.
- Investor caution and difficult fundraising conditions have forced fund managers to reduce fundraising targets. The aggregate capital sought by funds in market has steadily declined since Q4 2009, dropping from \$106.8 billion to \$80.8 billion in Q2 2010.

Fig. B overleaf shows the change in the number and aggregate target of unlisted infrastructure funds in market since Q1 2007.

**Fig. B: Unlisted Infrastructure Funds on the Road over Time, Q1 2007 - Q2 2010**

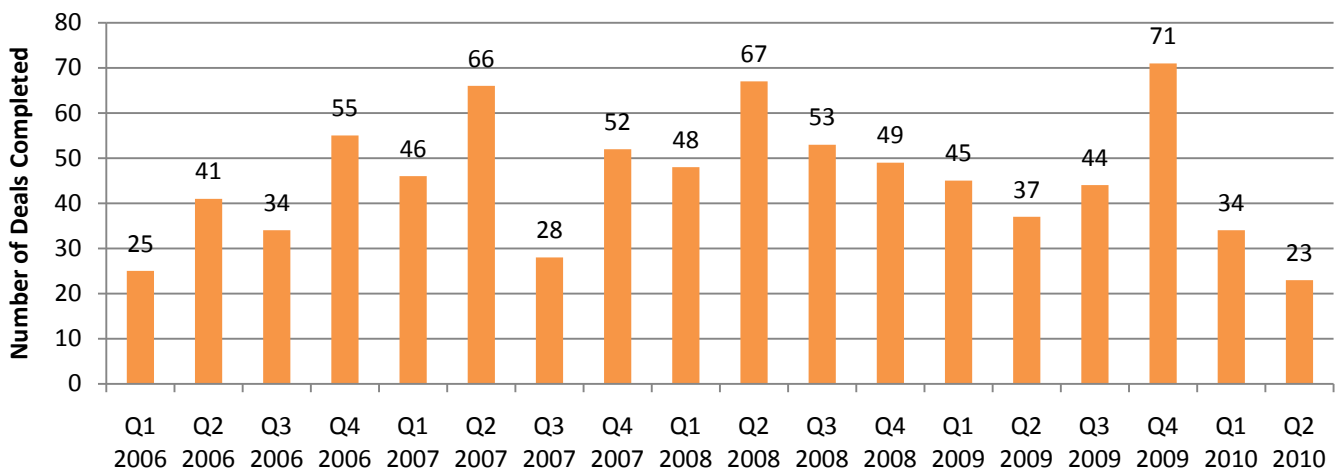


**Q2 2010 Deal Activity:**

- 23 deals were reported by infrastructure fund managers in Q2 2010, the lowest quarterly deal volume since Q1 2006.
- Despite recent positive growth in fundraising, the number of successful deals continues to be hampered by the availability of finance and concerns over the pricing of assets.

For more detailed information on how deal volume is split by region, please see the factsheet following this release.

**Fig. C: Number of Deals Completed by Unlisted Infrastructure Fund Managers, Q1 2006 - Q2 2010**



## How Does Preqin Collect Fundraising and Deal Information?

Preqin maintains frequent contact with all fund managers, regularly calling and emailing to receive fund status updates and information on deals completed, as well as monitoring filings, news and press releases. Over the past few weeks, Preqin has directly contacted over 280 fund managers around the world either to confirm the fundraising status of funds in market or to enquire about recent and historical deal activity.

### Comment:

“Recent positive fundraising figures indicate that investor confidence is gradually returning, with additional investor commitments allowing significantly sized vehicles to hold a final close. However, fundraising conditions will remain tough in the coming months as investors and fund managers continue to debate the future direction of the asset class.

The majority of investors have suggested to Preqin that they plan to make additional infrastructure investments over the next 12 months. However, investors have also highlighted several issues that need to be overcome in order for fund managers to attract commitments including a revised management fee framework and a suitable fund structure that matches the long-term characteristics of infrastructure assets.

In terms of deal flow, the low number of deals completed in Q2 2010 is a reflection of the limited availability of debt in the current market and high asset valuations. Future deal flow is going to be dependent on increased debt-to-equity ratios and a reduction in vendors’ price aspirations. The fact that dealflow is slowing is also bad news for fundraising, with low activity levels meaning that investors do not have to make as many new commitments in order to maintain their allocations to the asset class. With a sustained drop in dealflow also likely to dampen investor enthusiasm for the asset class, it is vital that the number of deals and exits being completed increases in coming months in order for fundraising to continue its recent improvement”

**Elliot Bradbrook, Senior Analyst, Preqin**

**\*Ends\***

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### About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin’s services daily, and its data and statistics are regularly quoted by the financial press.

For more information, please visit: [www.preqin.com](http://www.preqin.com)

### Note to Editors:

- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter ‘U’ after the ‘Q’.

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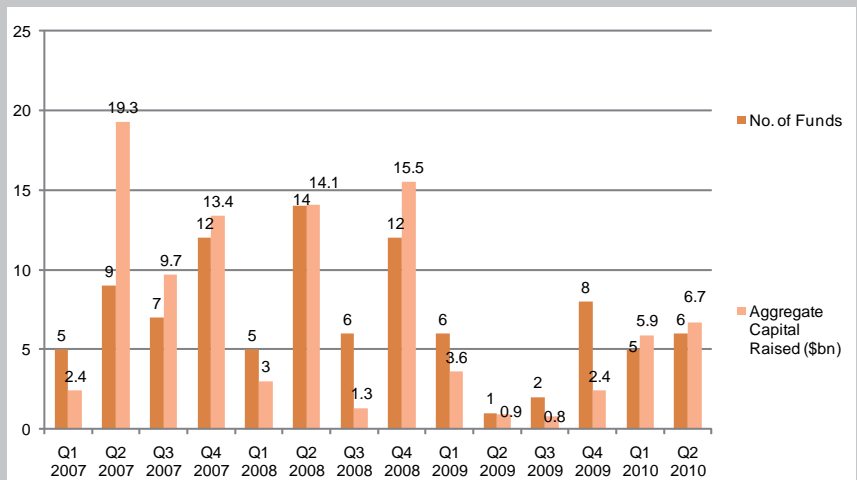
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Fig. A:  
Global Unlisted Infrastructure Fundraising,  
Q1 2007-Q2 2010



Source: Preqin

Fig. B: Unlisted Infrastructure Funds Closed in Q2 2010

| Fund   | Firm                               | Amount Closed (mn) | Manager Country |
|--|------------------------------------|--------------------|-----------------|
| GS Infrastructure Partners II                          | GS Infrastructure Investment Group | 3,100 USD          | US              |
| Macquarie Infrastructure Partners II                   | Macquarie Capital Funds            | 1,600 USD          | Australia       |
| EnCap Energy Infrastructure                            | EnCap Investments                  | 792 USD            | US              |
| DIF Infrastructure II                                  | DIF                                | 500 EUR            | Netherlands     |
| Zachry Hastings Infrastructure Fund                    | Zachry Hastings Alliance           | 330 USD            | US              |
| Challenger Mitsui Emerging Markets Infrastructure Fund | Challenger MBK Fund Management     | 273 USD            | Singapore       |

Source: Preqin

Six unlisted infrastructure funds closed in Q2 2010 raising an aggregate \$6.7 billion. This figure includes the \$3.1 billion GS Infrastructure Partners II, and the \$1.6 billion Macquarie Infrastructure Partners II. This represents 53% of the \$12.6 billion raised in 2010 to date and the fourth consecutive quarter of growth since Q3 2009.

#### Funds Currently in Market

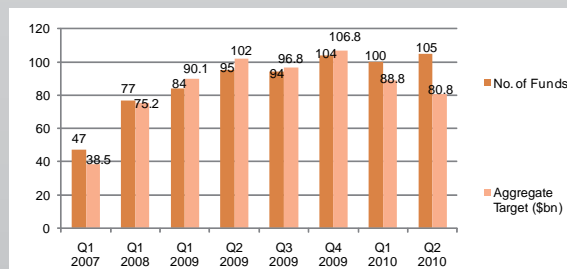
The number of infrastructure funds currently in market is at its peak with 105 funds actively seeking capital. However, the aggregate target of funds in market has been steadily declining since Q4 2009, dropping from \$106.8 billion to \$80.8 billion

in Q2 2010. Fund managers are reducing fundraising targets and new funds are typically seeking less capital due to continued investor caution and difficult fundraising conditions. Fig. C shows how the number and aggregate target of unlisted infrastructure funds has changed since Q1 2007.

#### Q2 2010 Deal Activity

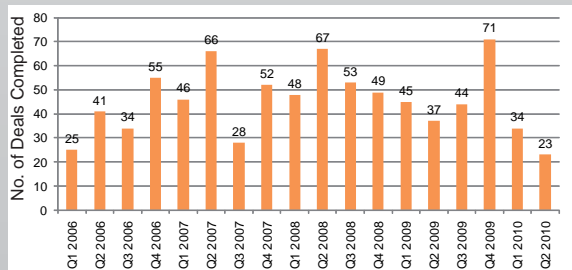
In Q2 2010, unlisted infrastructure fund managers reported 23 deals, the lowest quarterly deal volume since Q3 2007. This shows that despite recent positive growth in fundraising, the ongoing contraction of the credit markets continues to restrict deal flow.

Fig. C:  
Unlisted Infrastructure Funds on the Road over Time, Q1 2007 - Q2 2010



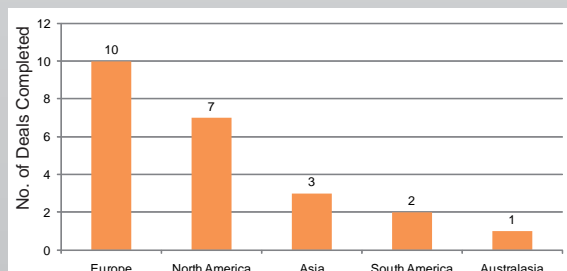
Source: Preqin

Fig. D: Number of Deals Completed by Unlisted Infrastructure Fund Managers, Q1 2006 - Q2 2010



Source: Preqin

Fig. E:  
Number of Infrastructure Deals Completed by Region, Q2 2010



Source: Preqin



Preqin provides information, products and services to infrastructure firms, fund of funds, investors, placement agents, law firms, advisors and other professionals across six main areas:

- > Fund Performance
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