1. Executive Summary

Back on Track?

The effects of the global financial crisis in 2009 and the lack of institutional investor activity brought an end to a sustained period of growth within the unlisted infrastructure fund industry. However, as the global economy has recovered, so too has the infrastructure asset class. Fundraising has picked up as investor sentiment has improved, buoyed by compelling investment opportunities in both developed and emerging markets. While the health of the industry has improved, some significant changes, driven primarily by the shifting demands of institutional investors, have also been seen within the infrastructure universe.

As shown in Fig. 1.1, infrastructure fundraising has been in decline since its peak in 2007. This culminated in an 80% drop in aggregate capital raised in the midst of the financial crisis between 2008 and 2009, when 17 unlisted infrastructure funds reached a final close raising just $7.4bn in investor capital. Institutional investors were forced to take stock of their portfolios and postpone further fund commitments, which resulted in the most challenging fundraising conditions experienced by infrastructure fund managers to date.

However, fundraising improved significantly in 2010, with 37 funds reaching a final close, raising an aggregate $30.5bn. This represented more than four times the aggregate capital raised in 2009, and just an 18% drop from the 2008 total. Those institutional investors that had previously shied away from making further commitments returned to market and several sizeable funds that had been on the road for over two years were able to reach a final close. Fundraising conditions are expected to remain challenging in 2011, but recent fundraising figures and positive investor sentiment towards the asset class suggest that investor appetite is slowly returning to pre-crisis levels.

The improving attitude towards infrastructure funds over the last 18 months is shown by the increasing number of vehicles reaching or exceeding their initial fundraising targets. As shown in Fig. B, 46% of funds that closed in 2010/H1 2011 achieved or exceeded their original targets, 14 percentage points higher than those that did so in 2009. This is in part a feature of the recent growth in fundraising, but is

Fig. 1.1: Unlisted Infrastructure Fundraising: 2004 - June 2011

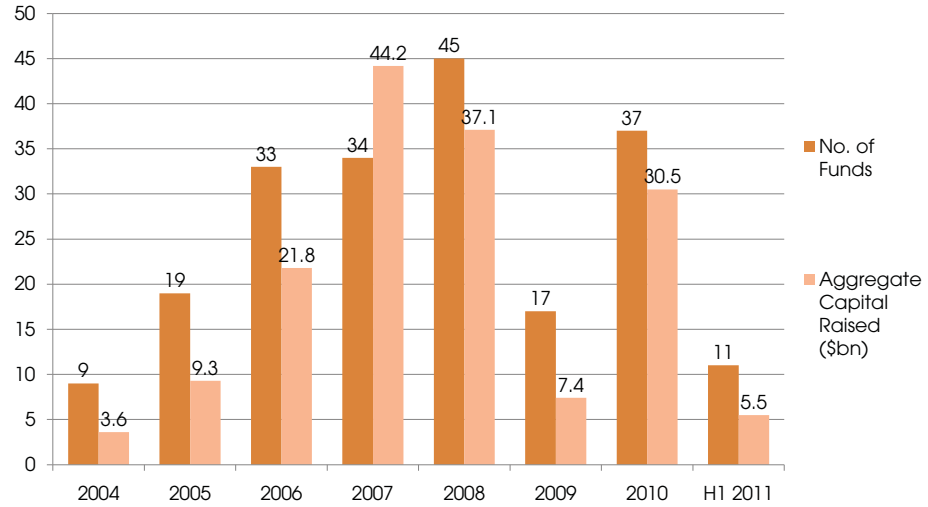
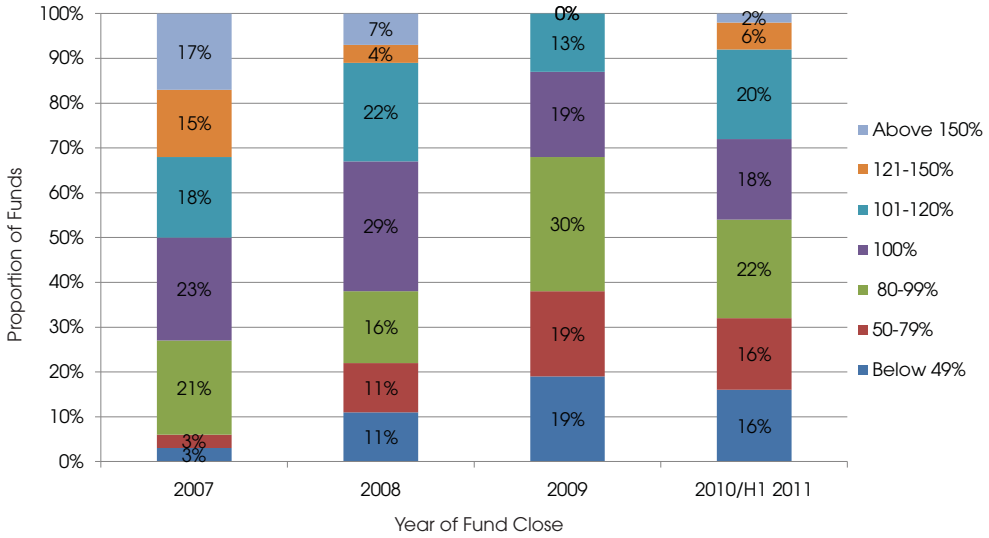


Fig. 1.2: Final Close as a Percentage of Target Value, 2007 - H1 2011



also as a result of fund managers setting more realistic fundraising targets in the wake of the financial crisis. However, the number of funds meeting or exceeding their fundraising goals in 2010/H1 2011 was still significantly less than the 73% and 62% that achieved this in 2007 and 2008 respectively.

Despite the challenging fundraising environment, infrastructure fund managers have continued to launch new vehicles. A record 128 unlisted infrastructure funds are currently on the road seeking an aggregate $92.1bn. This represents 16% more funds than were on the road in January 2010, but an increase of only 2% in terms of aggregate capital sought. This again shows that fund managers are generally lowering their fundraising expectations for new funds, and also suggests that fundraising is set to remain extremely competitive with so many firms seeking commitments for new vehicles.

Deal Flow

Although recent fundraising levels have improved, infrastructure deal flow remains restricted by the ongoing effects of the financial crisis. The reduction in available and affordable long-term debt financing and high asset valuations has led to a more restricted deal flow since 2008. As Fig. 1.3 shows, the number of deals taking place each year has remained relatively consistent since 2007, falling slightly from 250 completed transactions in 2008, to 238 in 2009 and to 231 in 2010. The figure for H1 2011 suggests that annual deal volume will perhaps be lower than in the previous year, although the H1 figure should rise as more information becomes available.

To compensate for the more restrictive debt financing options following the economic downturn, we have seen a decrease in the equity/debt ratio of infrastructure transactions and a reduction in the overall size of deals. Fig. 1.4 shows the annual breakdown of all infrastructure deals completed by unlisted infrastructure fund managers since 2009 by deal size.

Investor Sentiment

Preqin's research suggests that investors remain keen to invest in infrastructure funds and assets over the long term. As of June 2011, Preqin's Infrastructure Online database featured profiles of over 1,150 institutional investors actively investing in infrastructure opportunities and over 130 other institutions that were considering establishing maiden allocations to the asset class.

The results of our June 2011 infrastructure investor survey (shown in Chapter 25) illustrate the growing importance of infrastructure assets as part of an institutional investors' portfolio. As shown in Fig. 1.5, 62% of investors plan to continue investing in unlisted infrastructure funds over the long term, while 22% expect to make direct investments and 18% plan to make co-investments in the future. 36% of surveyed investors expect to increase their

Fig. 1.3: Annual Number of Deals Made by Unlisted Infrastructure Fund Managers, 2003 - H1 2011

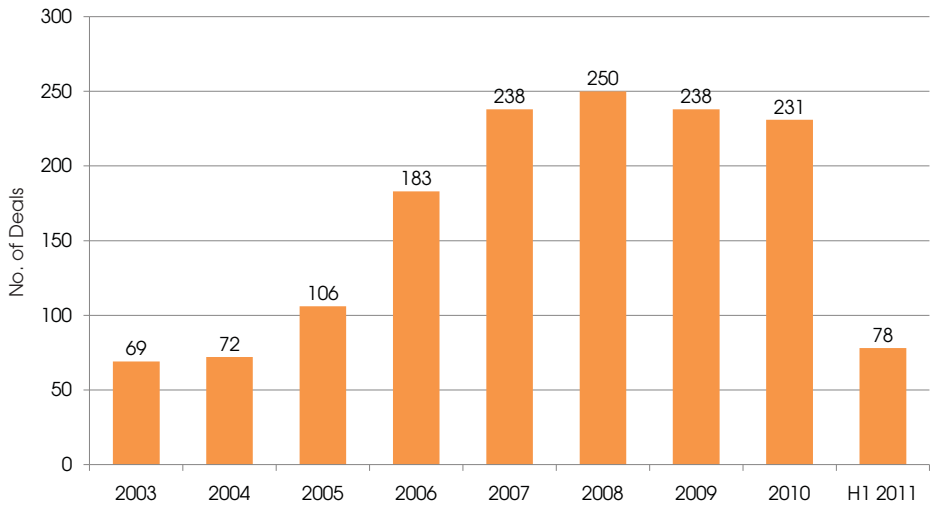


Fig. 1.4: Breakdown of Deals by Transaction Value, 2009 - June 2011

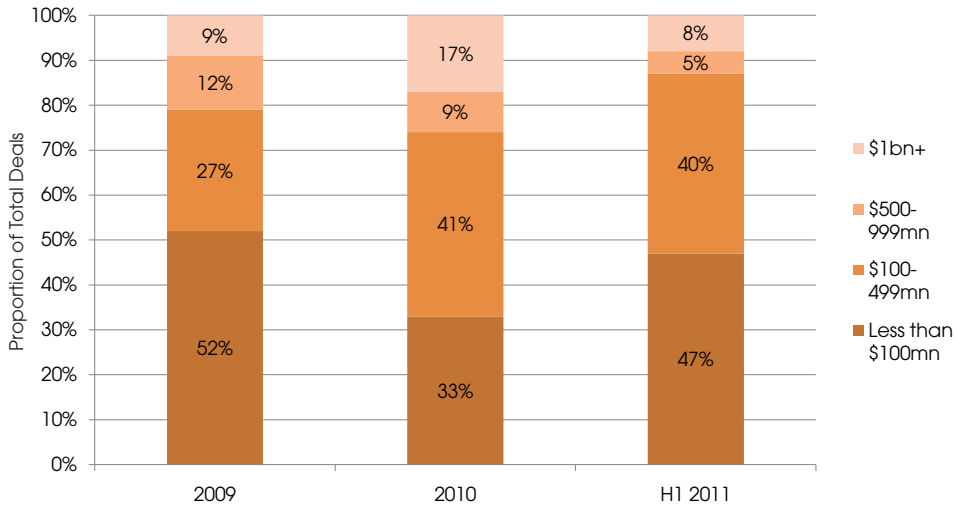
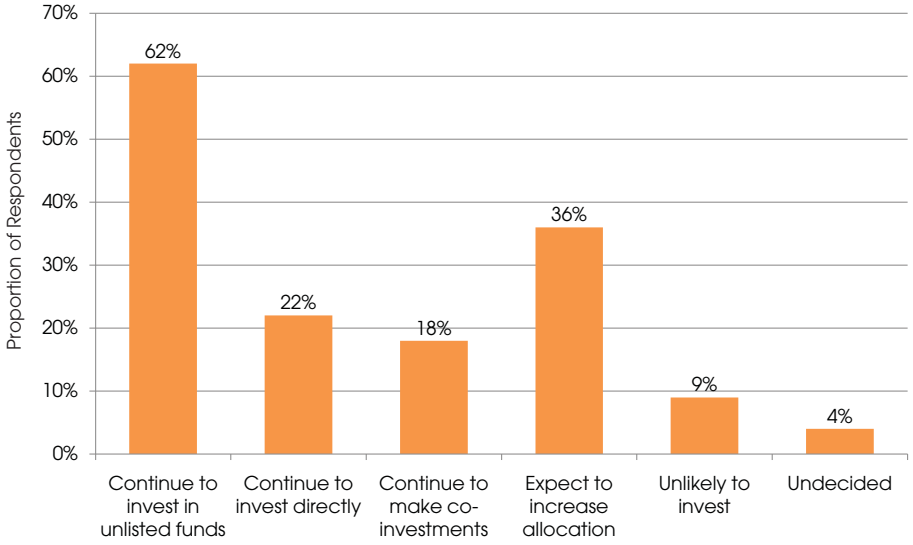


Fig. 1.5: Investors' Long-Term Infrastructure Investment Plans



allocations to infrastructure opportunities going forward and only 9% do not plan to invest at all.

In the 12 months following June 2011, 40% of investors plan to commit to at least one unlisted infrastructure fund, while a further 22% will invest on an opportunistic basis. The growth in popularity of direct infrastructure investment is also apparent, with 6% of investors planning to make direct investments in infrastructure assets over the coming year.

The survey clearly reflects the return of investor confidence and appetite for infrastructure assets following the financial crisis. It also illustrates that the alignment of LP and GP interests is slowly improving, with the proportion of investors citing both management fees and carry structures as areas in which the alignment of interests could be improved falling by 10 and 19 percentage points respectively from those stating the same in June 2010. At the same time, the proportion of investors believing fund manager hurdle rates to still be a major issue increased slightly.

Outlook

The unlisted infrastructure fund industry has made impressive progress in the last decade, emerging from a niche sector within private equity to become what is widely accepted as a separate asset class. The current infrastructure investor universe is made up of institutions from over 70 different countries, with 46% having established separate allocations to the asset class.

The current fundraising market features a record 128 direct funds, including 13 unlisted infrastructure debt/mezzanine vehicles, and a further seven infrastructure-specific funds of funds. The number of debt funds and infrastructure funds of funds coming to market is likely to grow in the future as the asset class continues to develop. Analysis of the infrastructure debt fund market can be found in Chapter 12, with analysis of the fund of funds market featured in Chapter 10.

However, if the unlisted fund industry is going to make a greater contribution to infrastructure project finance and the global infrastructure funding deficit, both LPs and GPs must continue to work towards resolving the key issues that still hinder the development of the asset class. For example, although our June 2011 investor survey suggests the alignment of LP and GP interests is improving, issues such as fund terms and conditions continue to have an impact on investor appetite for infrastructure funds. Investors now have considerably more influence when negotiating fund terms and conditions than in previous years, meaning fund managers will have to make sure their terms, especially those relating to management fees and carry structures, satisfy investor demands if they are to be successful in an increasingly competitive fundraising market.

The resolution of these key issues will directly affect investor activity and therefore impact on future fundraising and deal flow. Investor confidence is slowly returning to pre-crisis levels, although most investors will now likely follow a more conservative investment approach when committing to infrastructure funds. Therefore increased investor and fund manager interaction and cooperation are needed in order for the market to continue to grow.

The 2011 Preqin Infrastructure Review

Now in its fourth year, the 2011 Preqin Infrastructure Review represents the most comprehensive examination of the unlisted infrastructure asset class ever produced. We feature exclusive information on over 300 infrastructure firms and 500 funds, including 104 with performance data. We also include intelligence for nearly 1,500 deals conducted by these firms.

On the investor side, we show profiles for over 170 institutional investors actively investing in sssentiment towards infrastructure funds. In addition, the Review features detailed analysis of all aspects of the sector, allowing you to understand the latest trends.

All data is gathered by our dedicated team of analysts from numerous sources, including via direct interaction with fund managers and investors to ensure the information in the Review is as accurate, comprehensive and exclusive as possible. We hope that you find the Review to be a useful resource, and as ever we welcome any feedback and suggestions that you may have.

The 2011 Preqin Infrastructure Review

A comprehensive guide to the infrastructure market

Contents

in 2009 when the number of investments by unlisted fund managers fell to 238. The decline in the number of deals executed in 2009 can be attributed to a number of factors. At an industry level, fund managers were restricted by the contraction of the credit markets, a lack of available assets with relatively simple deal structures and high asset valuations. These issues carried over into 2010 and are continuing in 2011 to date, with 78 deals completed by unlisted infrastructure fund managers in the first six months of the year, despite improved fundraising levels.

While the number of infrastructure deals involving fund managers has declined slightly since 2008, they are still contributing significant amounts of capital to high-profile infrastructure project finance deals. In March 2011, Arcus European Infrastructure Fund I acquired a 77.8% stake in Forth Ports for £760mn, having previously acquired a 19.6% stake in the UK port company in 2008.

As the unlisted infrastructure fund market has developed, we have witnessed the emergence of funds offering different strategies to investors. To help alleviate the constriction on debt resulting from the credit crunch and capitalize on the opportunities surfacing, a number of fund managers have begun to offer infrastructure debt/mezzanine vehicles to institutional investors. A recent entrant into the market place is Seqimco Infrastructure Debt Fund. The fund seeks exposure to infrastructure and utility loans and bonds, financings for PPP projects, and other essential infrastructure financing throughout the UK and the wider European community. It can invest in both the primary and secondary markets with a focus on senior secured loans but with some capacity for senior subordinated debt.

There are currently 33 closed-end debt/mezzanine funds specifically catering for the infrastructure market, which, along with an established infrastructure-specific fund of funds market, is a sure indication of the progress the relatively young infrastructure asset class has made in the last decade. A review of both the infrastructure fund of funds market and the infrastructure debt fund market can be found in Chapters 10 and 12, respectively.

Outlook

The unlisted infrastructure fund market rebounded strongly in 2010. The number of funds closed and the aggregate capital raised by infrastructure fund managers increased 54% and 76% respectively from 2009 levels. The average final close size of an infrastructure fund also increased 100% between 2009 and 2010, from $400mn to $800mn. This data suggests that the unlisted infrastructure sector is well on the road to recovery following the poor conditions faced during the financial crisis.

Fundraising has shown continued signs of recovery in the first half of 2011, with 11

Fig. 3.8: Average Fund Size by Region, 2005 - June 2011

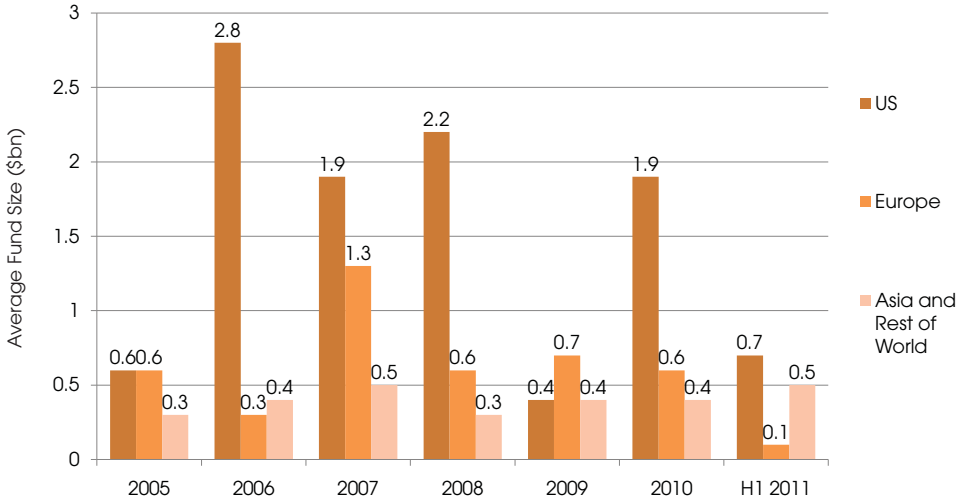
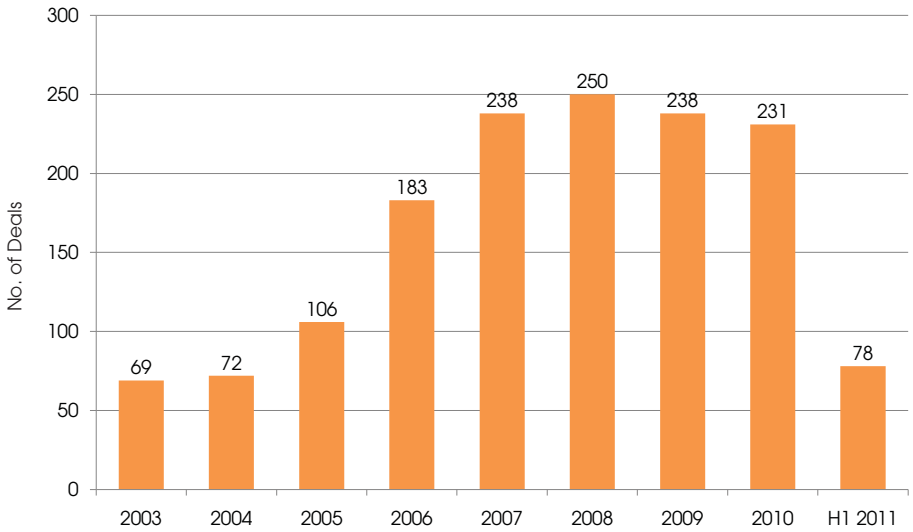


Fig. 3.9: Annual Number of Deals Made by Unlisted Infrastructure Fund Managers, 2003 - June 2011



4. Recent Unlisted Fundraising: 2007 - June 2011

Overall Fundraising

The unlisted infrastructure market enjoyed a sustained period of growth prior to the economic downturn. Fundraising peaked in 2007 when 34 funds achieved a final close, raising an aggregate $44.2bn. However, as shown in Fig. 4.1, the impact of the financial crisis caused fundraising to slow dramatically, particularly in 2009, and fund managers have subsequently found it difficult to attract investor commitments. In 2008, 45 infrastructure funds held a final close, more than in the previous year, but the aggregate capital raised was lower, standing at $37.1bn. In 2009, 17 infrastructure funds reached a final close having raised a total of $7.4bn, 83% less than the figure raised in 2007.

Investor confidence began to return in 2010 and fundraising levels improved significantly, with 37 infrastructure funds reaching a final close raising an aggregate $30.5bn. However, it should be noted that much of this capital was raised prior to the onset of the financial crisis and 62% of the total capital was garnered by three vehicles - Energy Capital Partners II ($4.3bn), Alinda Infrastructure Fund II ($4.1bn) and GS Infrastructure Partners II ($3.1bn).

In H1 2011, 11 infrastructure funds reached a final close raising $5.5bn in total capital commitments. Much of this was fresh capital committed in either 2010 or 2011, showing good momentum in the market despite lower final close figures than in previous years. The number of funds reaching partial closes in H1 2011 was also encouraging; 18 funds reached an interim close raising an aggregate $9.1bn and many of these funds plan to hold a final close in 2011.

Fundraising by Geographic Focus

As shown in Fig. 4.2, of the 144 funds closed between 2007 and June 2011, those primarily focused on North America raised the largest amount of capital, with 36 funds raising an aggregate $65.2bn. In terms of the number of funds closed, those focused on European assets were the most numerous, with 57 funds raising $40.8bn. A further 51 funds focused outside of developed markets closed, raising an aggregate $18.7bn.

The increasing globalization of the infrastructure asset class has resulted in a significant number of funds targeting multiple regions for investment. For example, GS Infrastructure Partners II,

Fig. 4.1: Annual Unlisted Infrastructure Fundraising, 2007 - June 2011

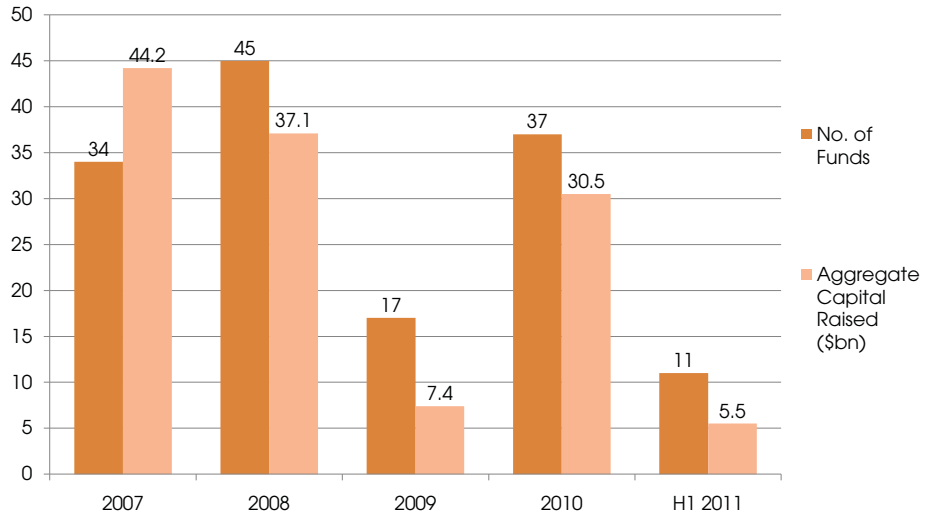
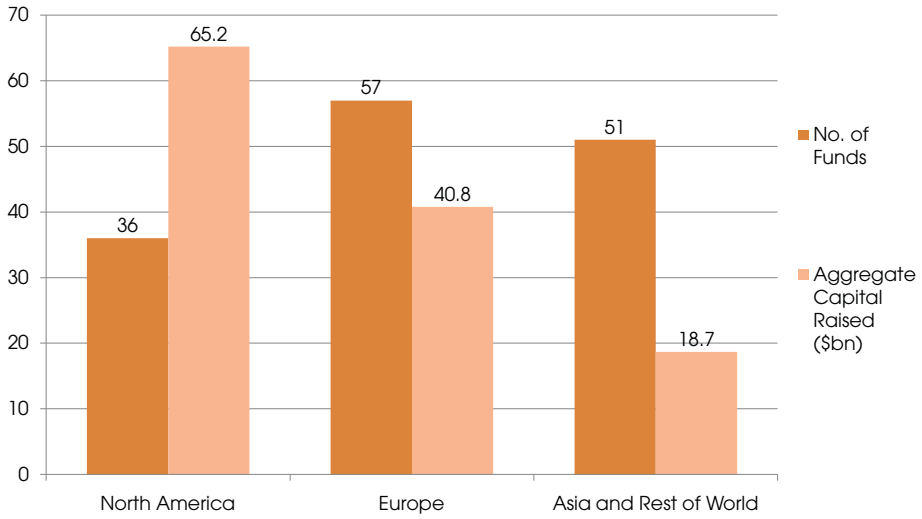


Fig. 4.2: Infrastructure Fundraising by Primary Geographic Focus, 2007 - June 2011



IDFC Private Equity

Established: 2002
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www.idfcpe.com
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IDFC Private Equity (IDFC PE) was set up in 2002. It is India's largest and most active private equity firm focused on infrastructure, managing a corpus of INR 60 billion (USD 1.3 billion) across three funds. IDFC PE is an active minority investor and seeks to invest between USD 40 million and USD 140 million in each portfolio company. The investment team consists of professionals with deep experience in managing growth capital investments and turnaround situations through their life cycle, as well as advising companies on their strategic and capital raising initiatives. IDFC PE is a 100% subsidiary of IDFC (Infrastructure Development Finance Company Ltd.).

IDFC Private Equity Fund III — Closed

Fund Size (mn): 700 USD
Strategy: Primary
Infrastructure Industry Preference:
Economic: Aviation/Aerospace, Bridges, Energy, Natural Resources, Railway, Renewable Energy, Transportation, Telecom, Roads, Sea Ports, Logistics
Social: Education Facilities, Healthcare/Medical Facilities
Project Stage Strategy: Brownfield
Countries: India
Typical Investment Size (mn): USD 40-140

IDFC Private Equity Fund III follows the path of its predecessors in the series by investing in companies involved in a range of infrastructure sectors. The vehicle had a fundraising target of USD 600 million, but was oversubscribed and closed on its hard-cap figure of USD 700 million. The fund focuses on a range of Indian infrastructure sectors including energy, telecoms, transportation, logistics, oil and gas, renewable energy, healthcare and educational facilities. The fund will invest between USD 40 million and USD 140 million in a single project.

IDFC Private Equity Fund II — Closed

Fund Size (mn): 440 USD
Strategy: Primary
Infrastructure Industry Preference:
Economic: Aviation/Aerospace, Energy, Natural Resources, Railway, Renewable Energy, Transportation, Telecom, Roads, Sea Ports, Logistics
Social: Education Facilities, Healthcare/Medical Facilities
Project Stage Strategy: Brownfield
Countries: India

IDFC Private Equity Fund II closed in Q2 2006 with USD 440 million in equity commitments. Like its predecessor, the fund focuses on various sectors including power, oil and gas, telecom, transportation, renewable energy, healthcare and educational facilities.

India Development Fund — Closed

Fund Size (mn): 190 USD
Strategy: Primary
Infrastructure Industry Preference:
Economic: Aviation/Aerospace, Energy, Natural Resources, Railway, Renewable Energy, Transportation, Telecom, Roads, Sea Ports, Logistics
Social: Education Facilities, Healthcare/Medical Facilities
Project Stage Strategy: Brownfield
Countries: India

India Development Fund was one of the initiatives announced by the Finance Minister of India to facilitate private investment in infrastructure. The fund focuses on economic and social infrastructure in both rural and urban areas and has a particular interest in assets in Special Economic Zones (SEZs). Its interests include ports, energy, telecom, healthcare/medical facilities, education facilities and tourism. Aside from its infrastructure investments, India Development Fund also invests in other areas such as real estate, with stakes in Hotel Leelaventures and Chalet Hotels. The fund also invested INR 1 billion in International Recreation Parks in May 2006, providing exposure to a number of Indian amusement parks.

Funds Managed

Fund	Status	Size (mn)	Vintage	Geographic Focus
IDFC Private Equity Fund III	Closed	700 USD	2008	India
IDFC Private Equity Fund II	Closed	440 USD	2005	India
India Development Fund	Closed	190 USD	2002	India

* = Fund Target

Sample Deal Activity:

Asset Name	Status	Year	Industry	Country	% Stake
Sical Logistics	Sale	2010	Logistics	India	13.3
Suzlon Energy	Investment	2010	Wind Power	India	17.1
SE Forge	Sale	2010	Wind Power	India	17
GMR Energy	Investment	2010	Power Plants	India	-
L&T Infrastructure Finance Company	Sale	2010	Diversified	India	-
BP Energy India	Investment	2009	Wind Power	India	100
Quippo Telecom Infrastructure	Investment	2009	Telecommunications	India	-
Wireless TT Info Services	Investment	2009	Wireless Communication	India	-
Delhi International Airport	Sale	2009	Airports	India	3.9
SMMS Investments	Sale	2009	Telecommunications	India	100
Maharashtra Natural Gas	Investment	2009	Natural Resources	India	-
Gujarat State Petronet Limited	Sale	2009	Natural Resources Pipelines	India	20.5
Deepak Cables	Investment	2008	Power Distribution	India	-
SE Forge	Investment	2008	Wind Power	India	17
Moser Baer Photo Voltaic	Investment	2008	Solar Power	India	-
Seaways Shipping	Investment	2008	Shipping	India	22
Green Infra	Investment	2008	Renewable Energy	India	-
Emergent Ventures India	Investment	2008	Clean Technology	India	-
Goodearth Maritime	Investment	2008	Sea Ports	India	-
Doshion	Investment	2007	Water Utilities	India	-
Moser Baer Photo Voltaic	Investment	2007	Solar Power	India	-
GMR Energy	Sale	2007	Power Plants	India	15.1
Gujarat Pipavav Port	Investment	2007	Sea Ports	India	-
SMMS Investments	Investment	2007	Telecommunications	India	100
SMMS Investments	Sale	2007	Telecommunications	India	49
Sical Logistics	Investment	2007	Logistics	India	13.3
Quippo Infrastructure Equipment	Investment	2007	Economic	India	11.24
Delhi Assam Roadways Corporation	Investment	2007	Logistics	India	-

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RREEF Infrastructure

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RREEF Infrastructure, headquartered in London, is the infrastructure investment business of Deutsche Bank Asset Management Division. It makes investments in core infrastructure sectors focusing on economic infrastructure opportunities across the transportation and utilities industries. RREEF Infrastructure manages comingled funds, separate accounts and is one of the partners in a joint venture that manages Spark Infrastructure, a vehicle listed on the Australian stock market. It has additional offices in Sydney and New York.

* = Fund Target

RREEF Pan-European Infrastructure Fund II — First Close

Fund Size (mn): 3,000 EUR *
Strategy: Primary
Infrastructure Industry Preference:
Economic: Aviation/Aerospace, Bridges, Energy, Natural Resources, Railway, Renewable Energy, Satellite Networks, Transportation, Telecom, Roads, Tunnels, Utilities, Water, Waste Management, Sea Ports, Distribution/Storage Facilities, Logistics
Social: General
PPP/PFI Investments: No
Project Stage Strategy: Brownfield (75%), Greenfield (15%), Secondary Stage (25%)
Regions: Europe
Typical Investment Size (mn): EUR 100-300

RREEF Pan-European Infrastructure Fund II will invest in a diversified portfolio of infrastructure assets, but with a primary focus on mature assets in the EU and EFTA regions. The fund will target investments in which it can obtain meaningful influence over the business strategy, management, governance, capital and legal structure. The fund will focus primarily on mature secondary stage infrastructure assets (50-75%), along with exposure to brownfield growth projects (20-25%). It may also invest greenfield stage projects (0-15%).

No more than 30% of the equity raised can be invested in non-euro denominated investments and a maximum of 20% can be invested in any one deal.

RREEF Pan-European Infrastructure Fund — Closed

Fund Size (mn): 2,067 EUR
Strategy: Primary
Infrastructure Industry Preference:
Economic: Aviation/Aerospace, Energy, Railway, Renewable Energy, Transportation, Roads, Utilities, Water, Sea Ports, Distribution/Storage Facilities
Social: General
PPP/PFI Investments: No
Project Stage Strategy: Brownfield, Greenfield, Secondary Stage
Regions: Europe
Typical Investment Size (mn): EUR 200-200

RREEF Pan-European Infrastructure Fund invests in core infrastructure assets located in Continental Europe and the UK. The fund will focus primarily on mature secondary stage infrastructure assets (40-65%), brownfield growth projects (25-35%) and greenfield stage projects (0-15%).

Funds Managed

Fund	Status	Size (mn)	Vintage	Geographic Focus
RREEF Pan-European Infrastructure Fund II	First Close	3,000 EUR *	2011	Europe
RREEF Pan-European Infrastructure Fund	Closed	2,067 EUR	2006	Europe

Sample Deal Activity:

Asset Name	Status	Year	Industry	Country	% Stake
Bahia de Bizkaia Gas	Investment	2010	Power Plants	Spain	5
Autovia del Camino	Investment	2010	Roads	Spain	80
Kelda Group	Investment	2010	Water Distribution	UK	23.37
Planta de Regasificación de Sagunto, S.A.	Investment	2009	Natural Resources	Spain	30
Bahia de Bizkaia Gas	Investment	2009	Power Plants	Spain	25
Port of Lubeck	Investment	2008	Sea Ports	Germany	25.1
Northern Gas Networks	Investment	2008	Power Distribution	UK	5.8
Tank and Rast	Investment	2007	Motorway Service Stations	Germany	48.6
Maher Terminals	Investment	2007	Sea Ports	US	100
A5 Ostregion Toll Road	Investment	2006	Toll Roads	Austria	25
Peel Ports	Investment	2006	Sea Ports	UK	49.9
BAA Toggle Facility	Investment	2006	Airports	UK	-
Northern Gas Networks	Investment	2005	Power Distribution	UK	4.1

* = Fund Target

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* = Fund Target

infrastructure fund managers during the last three years, in terms of the number of deals completed. As can be seen in Fig. 24.5, however, private equity firms have been more active than investment banks over the last 12 months, accounting for the majority of the top 10 most active firms over the past year.

The most active fund manager, based on known deals in the past 12 months, is Macquarie Infrastructure and Real Assets (MIRA), which has completed 20 deals in this period. Macquarie's investments over the past 12 months have been made by several of the unlisted infrastructure funds it manages, including Macquarie European Infrastructure Fund III, Macquarie Renaissance Infrastructure Fund and Macquarie State Bank of India Infrastructure Fund. In December 2010, MIRA made a deal through its Mexico-focused vehicle, Macquarie Mexican Infrastructure Fund. The vehicle took a 100% stake in Durango Highways for a total purchase price of MXN1.5bn, which included MXN450mn of equity. Dutch infrastructure firm DIF was the second most active firm over the past 12 months, with 12 investments being made in infrastructure assets during the period.

Deal Activity by Region

Infrastructure fund managers have traditionally focused on assets in developed Western European countries such as the UK, France and the Netherlands, as well as the wider OECD community. However, the increasing globalization of the infrastructure market over recent years means that many infrastructure fund managers now target investment opportunities in both developed and emerging economies.

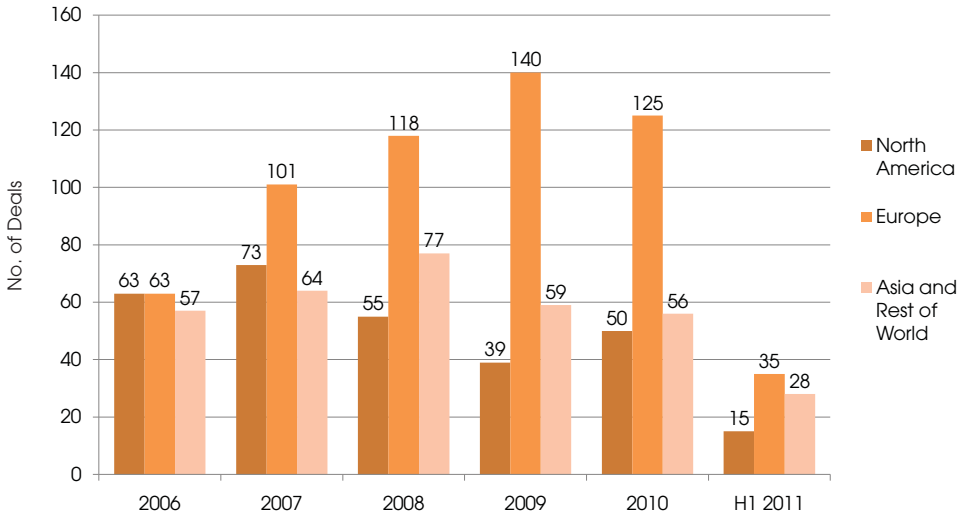
Europe remains the most prominent region, with 582 of the 1,218 infrastructure deals completed since 2006 involving European assets, representing 48% of the global total. As shown in Fig. 24.6, the number of deals completed in Europe grew steadily from 63 in 2006 to 140 in 2009 as fund managers took advantage of the growing need for private investment in infrastructure projects in the region. However this growth halted in 2010 when 125 investments were made in European assets, a drop of 11% from the previous year.

North America and Asia and Rest of World saw 295 and 341 deals finalized, respectively, during the period. The annual number of deals completed in North America grew between 2006 and 2007, but has since declined. Consequently, there were more deals completed in assets located in Asia and Rest of World between 2008 and 2010, than in assets located in North America. This suggests that a growing number of fund managers are beginning to look outside of developed markets for investment opportunities, although relatively few fund managers are willing to venture into the greenfield-orientated emerging economies in the current environment.

Fig. 24.5: 10 Most Active Unlisted Infrastructure Fund Managers in Last 12 Months

Fund Managers	Number of Investments in Last 12 Months	Total Raised through Unlisted Infrastructure Funds (bn)
Macquarie Infrastructure and Real Assets (MIRA)	20	USD 20.6
DIF	12	EUR 0.8
NIBC Infrastructure Partners	8	EUR 0.3
Innisfree	6	GBP 1.8
JPMorgan - Infrastructure Investments Group	6	USD 1.6
Morgan Stanley Infrastructure	5	USD 4.0
Barclays Infrastructure Funds	5	GBP 1.3
Fondaco	5	EUR 0.1
BNP Paribas Clean Energy Partners	4	EUR 0.4
3i Infrastructure	4	USD 1.2

Fig 24.6: Breakdown of Infrastructure Deals by Region, 2006 - June 2011



Alaska Permanent Fund Corporation

Sovereign Wealth Fund

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Alaska Permanent Fund Corporation (APFC) perceives infrastructure assets as attractive additions to its portfolio, providing inflation protection with higher expected returns than fixed income. It targets a return of 5.5% above inflation. APFC has a target allocation to infrastructure of 3% of total assets forming part of a real assets allocation.

APFC achieves its infrastructure exposure through unlisted fund investments. As of February 2011, it was invested in three funds with USD 1.4 billion in total commitments which were approximately 50% drawn down. APFC targets an infrastructure portfolio that comprises the following sectors: energy, water, transportation, telecommunications and social infrastructure; domestically and in both OECD and non-OECD countries. It invests in both brownfield and greenfield development projects, but no more than 20% of its infrastructure allocation may be invested in greenfield development projects. APFC is not permitted to make co-investments in infrastructure.

As of Q2 2011, APFC's Board of Trustees had approved a USD 400 million allocation to be made to infrastructure for the fiscal year 2012; the fund would also consider appointing new infrastructure managers if deemed necessary.

Total Assets (mn): 40,066 USD **Year of First Investment in Infrastructure:** 2008

Source of Allocation to Infrastructure:	Separate Infrastructure allocation	
Allocation to Infrastructure Asset Class(mn):	688 USD	2.0% of Total Assets
Target Allocation to Infrastructure Asset Class(mn):	1,175 USD	3.0% of Total Assets
Committed to Unlisted Infrastructure Funds(mn):	1,350 USD	3.5% of Total Assets
Infrastructure Consultant:	Callan Associates	
Typically Invest Per Infrastructure Fund (mn):	USD 350-500	

Preferences

Direct		Unlisted Funds		Listed Funds		Co-investment
No		Yes		No		No
Greenfield	Brownfield	Secondary Stage	Primary	Fund of Funds	Secondaries	Debt/ Mezzanine
•	•	•	•			
N. America	Europe	Asia & RoW	Emerging Mkts	Global	First-Time Funds	PPP/PFI
•	•	•	•	•	Yes	Yes

Infrastructure Industry Preferences (Based on Past Investments and Stated Preferences)

Airports, Energy, Railroad, Roads, Seaports, Transportation, Utilities

Sample Fund Investments

Citi Infrastructure Partners (2008), Global Infrastructure Partners (2008), GS Infrastructure Partners II (2008)

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Public Investment Corporation

Asset Manager

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Email: info@pic.gov.za

Public Investment Corporation (PIC) is dedicated to infrastructure investment that helps build and develop infrastructure in South Africa and the wider African community. The asset manager first began investing in the asset class in the mid-1990s, both through unlisted infrastructure vehicles and direct investments in projects and infrastructure-related companies. As of 2011, PIC makes much of its investments through its Isibaya Fund, a vehicle that provides finance for projects that are able to generate good financial returns while also supporting positive, long-term, economic, social and environmental outcomes for South Africa.

In 2008, Public Investment Corporation committed USD 250 million to Pan African Infrastructure Development Fund, giving the firm exposure to African infrastructure projects, specifically within economic sectors such as energy, transportation, waste management and water. In July 2010, Public Investment Corporation was given a mandate of ZAR 30 billion by its largest client, Government Employees Pension Fund, to invest primarily in energy and clean technology projects in South Africa. The fund would consider making direct equity investments or buying bonds in state-owned companies.

As of June 2011, Public Investment Corporation had a target allocation of approximately ZAR 40 billion to unlisted alternatives, of which up to 70% could be allocated to infrastructure. Over the next 12 months, PIC will continue to invest in infrastructure both directly and via unlisted funds. It would also consider expanding its geographic focus from the domestic South African market to continental Africa.

Total Assets (mn): 910,900 ZAR

Source of Allocation to Infrastructure:	Separate Infrastructure allocation	
Target Allocation to Infrastructure Asset Class(mn):	28,000 ZAR	3.1% of Total Assets

Preferences

Direct		Unlisted Funds		Listed Funds		Co-investment
Yes		Yes		No		
Greenfield	Brownfield	Secondary Stage	Primary	Fund of Funds	Secondaries	Debt/ Mezzanine
•	•		•			
N. America	Europe	Asia & RoW	Emerging Mkts	Global	First-Time Funds	PPP/PFI
		•				Yes

Infrastructure Industry Preferences (Based on Past Investments and Stated Preferences)

Airports, Clean Technology, Energy, Logistics, Railroad, Renewable Energy, Roads, Seaports, Social, Telecommunications, Transportation, Utilities

Sample Fund Investments

Pan African Infrastructure Development Fund (2008), African Infrastructure Investment Fund (2004), South Africa Infrastructure Fund (1996)

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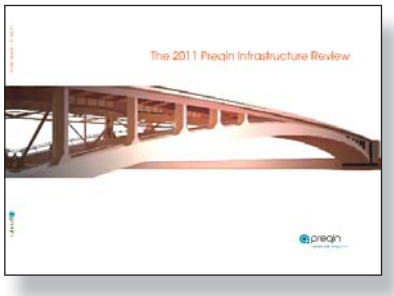

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