Press Release **27th February 2014**

Large Growth in Infrastructure Investment from Unlisted Funds Likely in 2014

Unlisted infrastructure fund managers are sitting on a record $98bn in dry powder; 71% expect to deploy more capital in 2014 than last year

Preqin's recent survey of unlisted infrastructure fund managers worldwide reveals that the vast majority (71%) expect to deploy more capital in 2014 than in 2013. With fund managers sitting on a record $98bn in dry powder and 44% of fund managers planning to invest significantly more capital in the year ahead compared to 2013, there is likely to be a substantial increase in the amount of capital invested in infrastructure assets in 2014.

However, infrastructure fund managers are concerned about sourcing suitable assets for investment; 77% believe there is more competition for assets than a year ago and 29% believe transaction sizes in 2014 will likely increase as a result of market conditions driving up prices.

Other Key Facts:

- The availability of debt financing has been a key issue in recent years; however, 47% of infrastructure fund managers believe the availability of debt financing is better now than a year ago, while only 3% stated it was worse.
- Furthermore, there are signs that traditional lenders are now returning to the market; 77% of fund managers expect banks to be the primary source of debt financing for the infrastructure asset class in 2014.
- Geographically, 54% of Europe-based fund managers feel debt availability is better than 12 months ago, compared to 13% of US-based fund managers, with European lenders having been particularly cautious in the past few years.
- 91% of fund managers believe transaction sizes will be the same or larger in 2014 than in 2013, likely as a result of increased competition for assets driving up prices.
- The average deal size in both 2012 and 2013 was $438mn, which is the highest figure in the period since 2007.
- Infrastructure fund managers view energy as the most attractive sector, followed by transport and renewable energy.
- In 2013, 689 infrastructure deals were completed, with an estimated aggregate value of $302bn, up from 684 deals in 2012 valued at an estimated $300bn.
- In 2013, 44% of infrastructure deals were made in European assets, while North America-based assets accounted for 32% of transactions.

For more information and analysis, please see
https://www.preqin.com/docs/reports/Preqin_Special_Report_Infrastructure_Deals_February_2014.pdf

Comment:
"With record levels of unlisted infrastructure dry powder and fund managers planning to put more capital to work in 2014 compared to 2013, the outlook for the year ahead is particularly positive. However, with many institutional investors targeting direct investments and improving debt market conditions, it is not surprising that the majority fund managers are now finding competition for assets is growing. Most firms remain confident there are attractive opportunities in 2014, with energy and transport sectors viewed most positively, but there will also be concerns that this increased demand may result in assets becoming mispriced. While new sources of debt are emerging, with a growing number of debt funds being formed and some institutional investors providing financing for infrastructure, banks are increasingly prepared to lend on infrastructure assets, and the vast majority of fund managers expect traditional lenders to remain the main source of debt in the coming year."

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

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.

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