# Performance Update

Infrastructure funds are widely expected to produce stable and predictable long-term returns for institutional investors. However, there is still only limited data available to create meaningful performance benchmarks for the industry, mainly because the majority of unlisted infrastructure funds were launched post-2004. Many of these vehicles still have dry powder available to invest or are invested in relatively immature assets, and it is consequently difficult to measure performance.

Preqin currently holds performance data for 121 unlisted infrastructure funds, the majority of which have been raised in recent years. However, we can look at the performance of older infrastructure funds for an indication of what to expect when these younger funds mature, and to make comparisons with other private equity strategies.

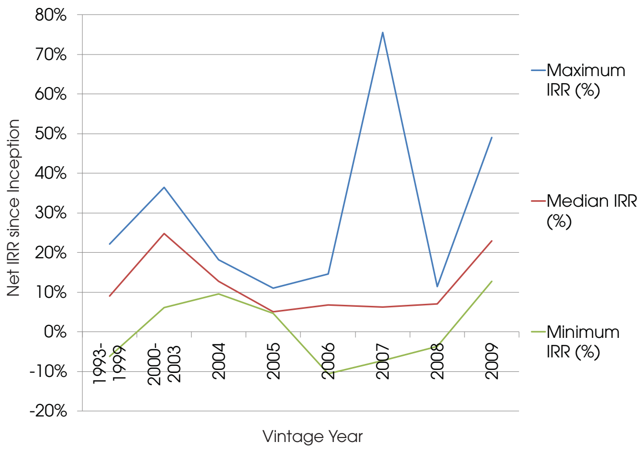
Fig. 29 shows the median net IRRs since inception for infrastructure funds of vintages 1993-2009, as well as the maximum and minimum net IRRs for each vintage year. Due to their relative youth, the median net IRRs for vehicles of more recent vintages remain between the 0-10% mark, aside from an increase to over 20% in 2009. Although it is too soon to predict future long-term returns for these vehicles, there is evidence that older infrastructure funds have performed well and delivered reasonable returns to investors.

Infrastructure funds of vintages 1993-1999 are the most mature group in the sample, with many having already been liquidated. These funds have produced a 9% median net IRR, while funds of vintages 2000-2003 have produced a 24.8% median net IRR. Funds of a 2004 vintage have a median net IRR of 12.7%.

Fig. 30 shows the median net IRRs achieved by infrastructure, buyout, venture capital and real estate funds of vintages 1993-2009. When compared to these other strategies, infrastructure funds of older vintages have performed well, with the median net IRR for funds of vintages 1993-1999 slightly lower but of a similar level to private equity and real estate. This suggests that even when compared to asset classes traditionally aiming for higher returns, unlisted infrastructure funds are able to provide investors with comparable performance.

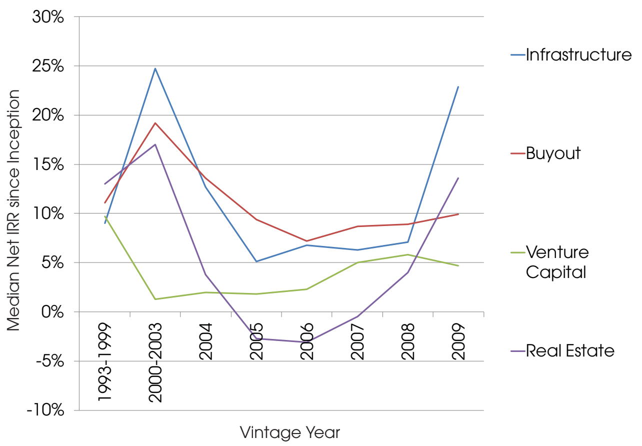
The standard deviation of unlisted infrastructure fund returns also demonstrates the lower-risk nature of the asset class when compared to other strategies. The standard deviation of net returns for infrastructure funds of vintages 1993-2009 is 13.8%, less than the 17.3% for buyout, 40.4% for venture capital (excluding early stage) and 18.6% for real estate. This suggests that not only can infrastructure funds provide comparable performance to other strategies, but they also carry less risk, although the potential for significant levels of returns is reduced.

Fig. 29: Median, Maximum and Minimum Net IRRs for Infrastructure Funds by Vintage Year




Source: Preqin Infrastructure Online

Fig. 30: Infrastructure vs. Other Private Equity Strategies - Median Net IRR by Vintage Year




Source: Preqin Infrastructure Online