

The Preqin Quarterly Update

Infrastructure

Insight on the quarter from the leading provider of alternative assets data

Content Includes...

Latest Fundraising Trends

We examine the latest fundraising data for Q2 2013, including the largest funds closed, fundraising by primary geographic focus and funds in market over time.

Investors in Infrastructure

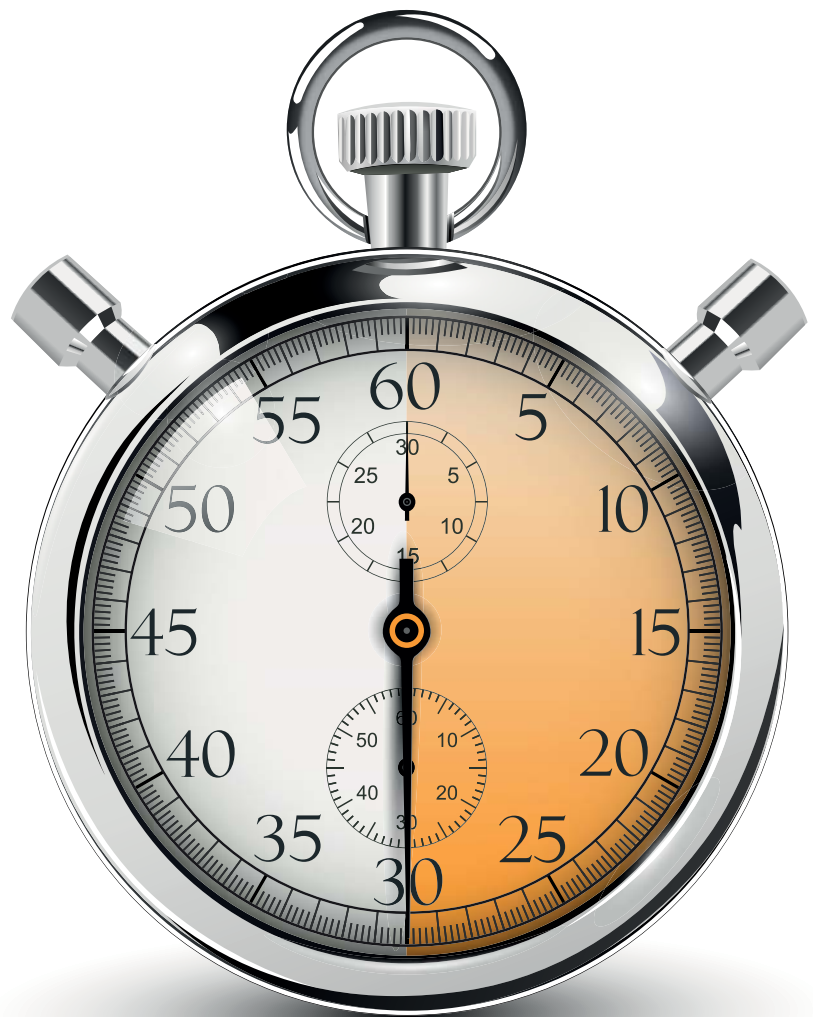
We provide a breakdown of the infrastructure investor universe by type, location, allocations to the asset class and preferred route to market.

Deals Market

Following positive momentum in the deals market in Q2 2013, we analyze which regions and industries were the most prominent, as well as the most notable deals in the quarter.

Performance Update

We look at the latest infrastructure fund performance data, including IRR by vintage year and dry powder by fund size and regional focus.





Foreword

A total of \$15.4bn in institutional investor capital was secured by unlisted infrastructure fund managers in H1 2013, a significant 88% increase on the \$8.2bn raised during the same period in 2012. Six unlisted infrastructure funds reached a final close in Q2 2013, raising an aggregate \$5.9bn from investors, while an additional eight funds held interim closes in the quarter, raising a further \$3.5bn towards their overall fundraising targets.

This shows that despite ongoing market challenges, unlisted infrastructure fund managers continue to attract fresh capital commitments from institutional investors. There are currently 142 unlisted infrastructure funds on the road going into Q3 2013, targeting an aggregate \$92bn in institutional capital. A healthy 71 of these vehicles have already held an interim close and have secured over \$16bn in total capital commitments, and many plan to complete the fundraising process by the end of 2013.

As such, momentum in the current fundraising market is clearly stronger than at the same point in 2012. However, fund managers still face a wealth of competition when marketing their products, with a large number of funds on the road sourcing capital from a relatively small and highly selective investor pool. This is of particular concern for new or inexperienced infrastructure fund managers that cannot demonstrate a strong track record in the infrastructure space which many investors now require. As a result, fundraising is likely to remain challenging and fund managers will need to further adapt to investors' concerns in order to be successful.

The Preqin Quarterly Update: Infrastructure, Q2 2013 draws on data from Preqin's Infrastructure Online service, the industry's leading source of intelligence on the private infrastructure market, in order to give an exclusive overview of the latest market trends, including investor appetite, key fundraising data, deal flow and performance.

We hope you find this report useful, and we welcome any feedback you may have. For more information, please visit www.preqin.com or contact info@preqin.com.

2013 Preqin Investor Network Global Alternatives Report

The 2013 Preqin Investor Network Global Alternatives Report is the most comprehensive review of the alternatives industry aimed exclusively at institutional investors ever undertaken. The report covers a wide range of topics, including asset allocation, fund selection and due diligence.

The 105-page 2013 Preqin Investor Network Global Alternatives Report is freely accessible on Preqin's website.

To download a digital copy of the Report, please visit:

www.preqin.com/PIN2013

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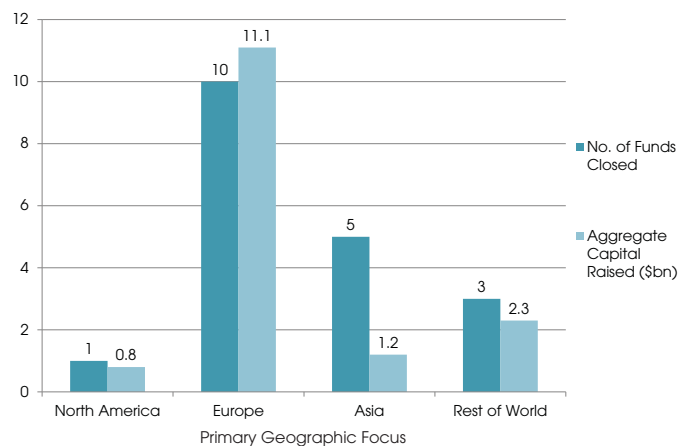
Fundraising in Q2 2013

Six unlisted infrastructure funds reached a final close in Q2 2013, raising an aggregate \$5.9bn (Fig. 1). This took the total raised by private infrastructure funds that closed in H1 2013 to \$15.4bn, a significant 88% increase on the \$8.2bn raised in H1 2012. A further \$5.9bn was raised by funds holding an interim close in H1 2013, \$3.5bn of which was secured in Q2. As of the start of Q3 2013, there are 142 unlisted infrastructure funds on the road, seeking an aggregate \$92bn (Fig. 3).

The largest fund to close in Q2 2013 was Macquarie European Infrastructure Fund IV, which raised €2.75bn in investor capital and, like its predecessors, targets a range of economic infrastructure assets in Europe.

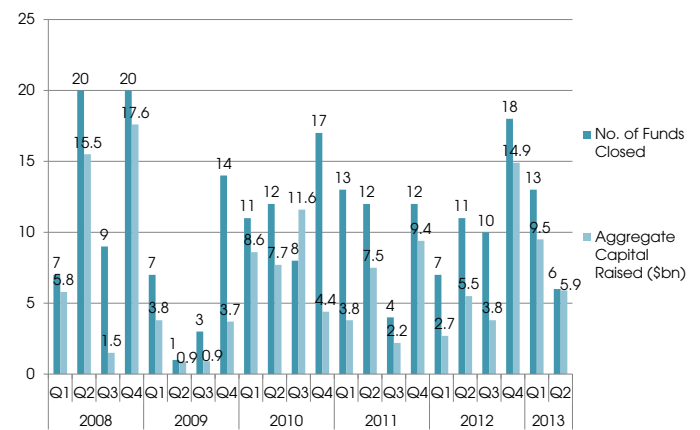
Another prominent fund to reach a final close in Q2 2013 was InfraMed Infrastructure, which secured €385mn in commitments. BTG Pactual Brazil Infrastructure Fund II also held a sizeable \$1.26bn third close in April 2013.

Fig. 2: Unlisted Infrastructure Fundraising by Primary Geographic Focus, H1 2013



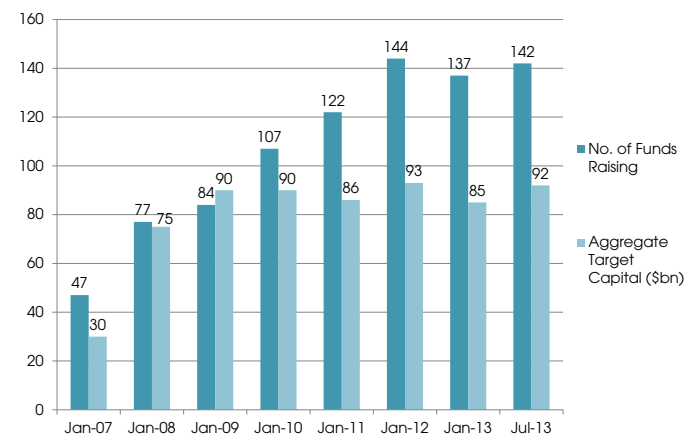
Source: Preqin Infrastructure Online

Fig. 1: Unlisted Infrastructure Fundraising by Quarter, Q1 2008 - Q2 2013



Source: Preqin Infrastructure Online

Fig. 3: Unlisted Infrastructure Funds in Market over Time, January 2007 - July 2013



Source: Preqin Infrastructure Online

Fig. 4: 10 Largest Unlisted Infrastructure Funds Closed by Final Close Size, H1 2013

Fund	Firm	Size (mn)	Firm Location	Fund Focus	Date Closed
Macquarie European Infrastructure Fund IV	Macquarie Infrastructure and Real Assets (MIRA)	2,750 EUR	UK	Europe	03-May-13
EQT Infrastructure II	EQT Funds Management	1,925 EUR	UK	Europe	11-Jan-13
AXA Infrastructure Generation III	AXA Private Equity	1,450 EUR	France	Europe	28-Mar-13
Urban Construction Fund	Suzhou International Development Venture Capital Holding	10,000 CNY	China	Asia	17-Apr-13
DIF Infrastructure III	DIF	800 EUR	Netherlands	Europe	21-Mar-13
Macquarie Everbright Greater China Infrastructure Fund	Macquarie Infrastructure and Real Assets (MIRA)	870 USD	UK	Asia	15-Mar-13
Innisfree PFI Secondary Fund II	Innisfree	540 GBP	UK	Europe	31-Mar-13
Energy Capital Partners Mezzanine Opportunities Fund	Energy Capital Partners	805 USD	US	North America	08-Feb-13
iCON Infrastructure Partners II	iCON Infrastructure	466 EUR	UK	Europe	31-Mar-13
InfraMed Infrastructure	InfraMed Management	385 EUR	France	MENA	21-May-13

Source: Preqin Infrastructure Online

Interested in accessing the latest fundraising data? Preqin's [Infrastructure Online](http://www.preqin.com/infrastructure) service contains details of the six funds that closed in Q2 2013, including final and target size, geographic focus, fund manager contact details and more. For more information, please visit: www.preqin.com/infrastructure

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When we invest in an opportunity, we don't just stand back and wait. To ensure the performance of our investments, we take an active role in shaping their growth. From inception of an asset, through its growth, maintenance (even its re-structuring if necessary) to completion. We believe it's only by being there each step that means that we can hand back steady, consistent returns to our investors.

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INTELLIGENCE IN INFRASTRUCTURE

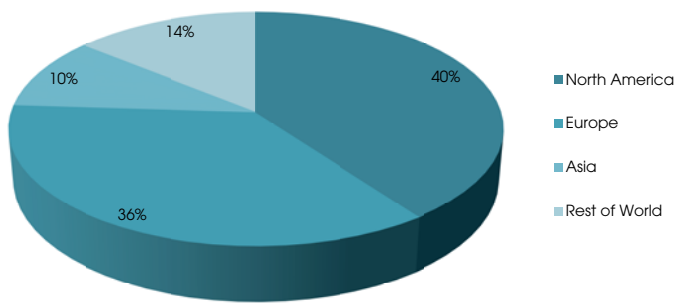


Institutional Investors in Infrastructure

Private sector pension funds are the most prominent type of investor active in the infrastructure asset class, representing 18% of the total universe. The various different types of pension fund, including superannuation schemes, account for 38% of all investors active in the space. Insurance companies represent 10% of the infrastructure investor universe, while foundations (8%) and asset managers (7%) are also prominent players. North America and Europe are home to 76% of active infrastructure investors, with 10% based in Asia and 14% located outside these core regions.

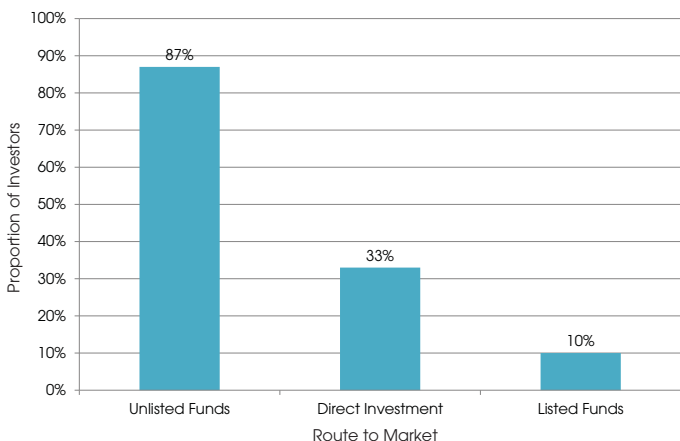
A significant 74% of institutional investors have less than 5% of total assets invested in infrastructure, while almost half (49%) of investors have a target allocation of above 5%. This demonstrates that many investors have capital available to invest in infrastructure opportunities going forward. Unlisted funds remain the primary route to market for the majority of investors, with 87% favouring this route.

Fig. 2: Breakdown of Infrastructure Investor Universe by Investor Location



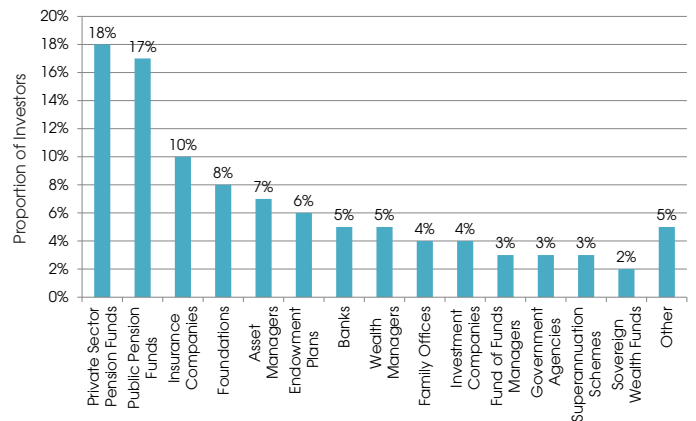
Source: Preqin Infrastructure Online

Fig. 4: Infrastructure Investors' Preferred Route to Market



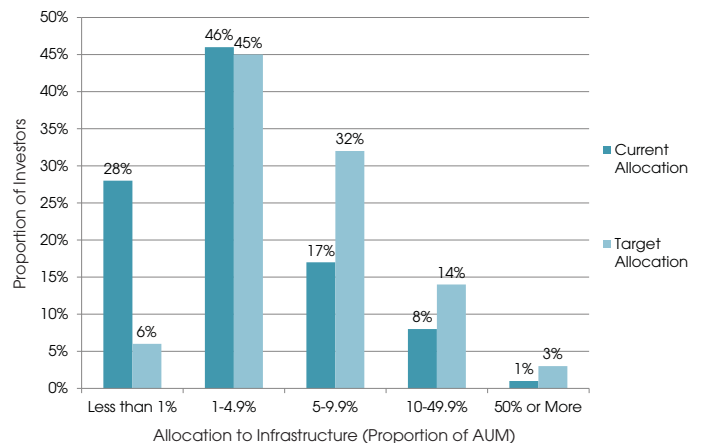
Source: Preqin Infrastructure Online

Fig. 1: Breakdown of Infrastructure Investor Universe by Type



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Infrastructure Investors by Current/Target Allocation to Infrastructure



Source: Preqin Infrastructure Online

Looking to source new investors for your fund?

Preqin's [Infrastructure Online](http://www.preqin.com/infrastructure) has profiles for over 2,000 active institutional investors with an interest in infrastructure investments. Details include investment preferences, known fund investments, deals exposure, contact details and more.

Through constant interaction with these institutions, we are also able to provide subscribers with the future plans, searches and mandates of investors for the next 12 months, including their preferred route to market, industry preferences, and timeframe for next investment.

To find out more, please visit:

www.preqin.com/infrastructure



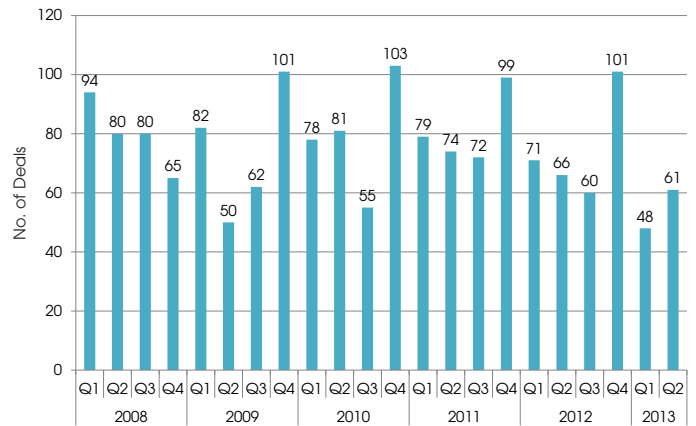
Infrastructure Deals

Sixty-one deals were completed by unlisted infrastructure fund managers in Q2 2013, a 27% increase on the 48 deals completed in Q1 2013 (Fig. 1). These figures are expected to rise further as more information becomes available from fund managers.

Sixty-nine percent of deals made in Q2 2013 were in European infrastructure assets (Fig. 2), with 10% made in North America-based projects. Deals in Asian assets accounted for 8% of total transactions. Core infrastructure sectors remained prominent in Q2, with 57% of all deals made in the energy, transport, utilities and telecommunications sectors (Fig. 3). However, social sectors were also significant, accounting for 38%.

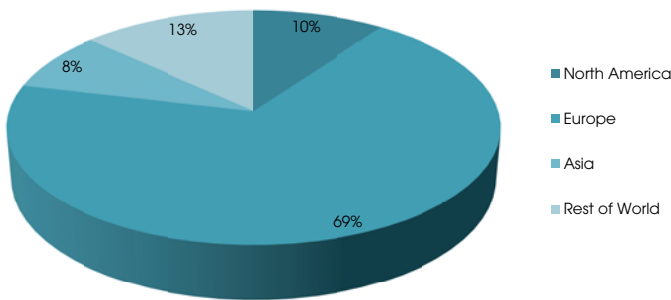
Several notable deals were finalized in Q2 2013, including the AUD 5.1bn acquisition of Port Botany & Port Kembla in Australia by a consortium consisting of Industry Funds Management, Cbus, AustralianSuper, HESTA, HOSTPLUS and Abu Dhabi Investment Authority.

Fig. 1: Number of Deals Made by Unlisted Infrastructure Fund Managers, Q1 2008 - Q2 2013



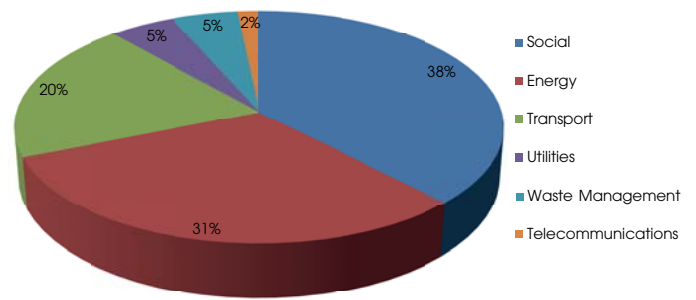
Source: Preqin Infrastructure Online

Fig. 2: Breakdown of Infrastructure Deals by Region, Q2 2013



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Infrastructure Deals by Industry, Q2 2013



Source: Preqin Infrastructure Online

Fig. 4: 10 Notable Infrastructure Deals Made by Unlisted Infrastructure Fund Managers, Q2 2013

Asset	Location	Industry	Investor(s)	Deal Size (mn)	Stake (%)	Date
Port Botany & Port Kembla	Australia	Sea Ports	Industry Funds Management, Cbus, AustralianSuper, HESTA, HOSTPLUS, Abu Dhabi Investment Authority	5,070 AUD	100	Apr-13
Cape Wind	US	Wind Power	Copenhagen Infrastructure Partners	200 USD	-	Jun-13
West London Waste Contract	UK	Waste Management	ITOCHU Corporation, Lloyds Bank Project Finance Funds, SITA UK	240 GBP	100	May-13
Goethals Bridge	US	Bridges	Kiewit Corporation, Macquarie Infrastructure and Real Assets (MIRA), Massman Construction, Parsons, Weeks Marine	1,500 USD	100	Apr-13
Terminal Investment Limited	Netherlands	Sea Ports	Global Infrastructure Partners, Unidentified Investor(s)	1,929 USD	35	Apr-13
Waterloo Wind Farm	Australia	Wind Power	Northleaf Capital Partners, Palisade Investment Partners	228 AUD	75	May-13
University of Hertfordshire Student Accommodation	UK	Student Accommodation	Bouygues Group, Derwent Living, Legal and General Group, Meridiam Infrastructure, Unidentified Investor(s)	190 GBP	100	May-13
Varsvik Wind Farm	Sweden	Wind Power	Holmen, Mirova Environnement & Infrastructures	102 EUR	20	May-13
Bendigo Hospital PPP	Australia	Hospitals	Lend Lease Group, Siemens Financial Services	630 AUD	100	Apr-13
Synagro Technologies	US	Waste Management	EQT Infrastructure	455 USD	100	Apr-13

Source: Preqin Infrastructure Online

Preqin's Infrastructure Online contains extensive details on the 61 deals completed in Q2 2013, including deal size, asset type, known investors and more. For more information, please visit: www.preqin.com/infrastructure

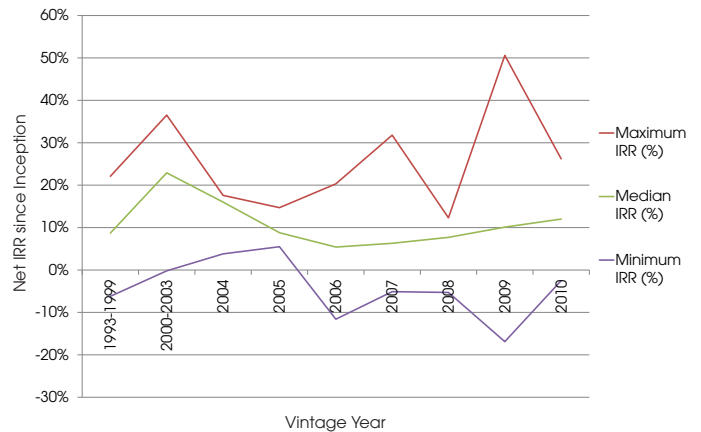


Fund Performance

Preqin currently holds net-to-LP performance data for 150 unlisted infrastructure funds. The performance data of older funds can provide an indication of what to expect when younger funds mature. Infrastructure funds of vintages 1993-1999 have produced an 8.7% median net IRR. This performance compares well with other private equity strategies, with the median net IRR of vintage 1993-1999 infrastructure funds only slightly lower, but of a similar level to private equity and real estate.

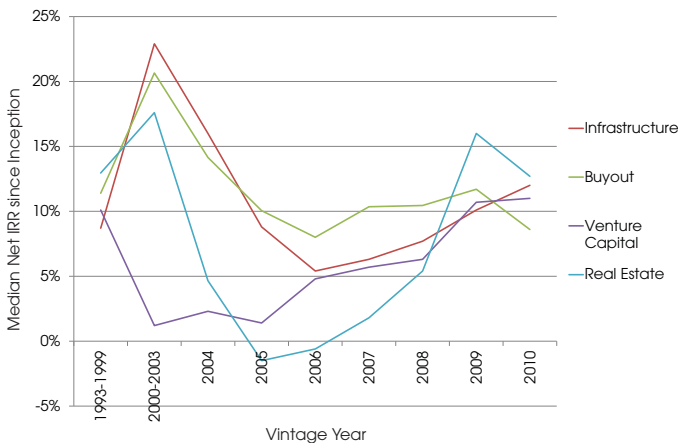
The total amount of dry powder available to unlisted infrastructure fund managers stands at \$81bn as of the end of Q2 2013. Europe-focused infrastructure funds hold the most dry powder (\$32bn), a figure which has risen from \$24bn in December 2012. Dry powder available in North America and Asia fell during H1 2013, but dry powder available to managers handling funds focused outside these core regions rose to \$11bn. Mega funds, those of over \$2bn in size, account for a significant 46% of dry powder available globally going into Q3 2013.

Fig. 1: Median, Maximum and Minimum Net IRRs for Unlisted Infrastructure Funds by Vintage Year



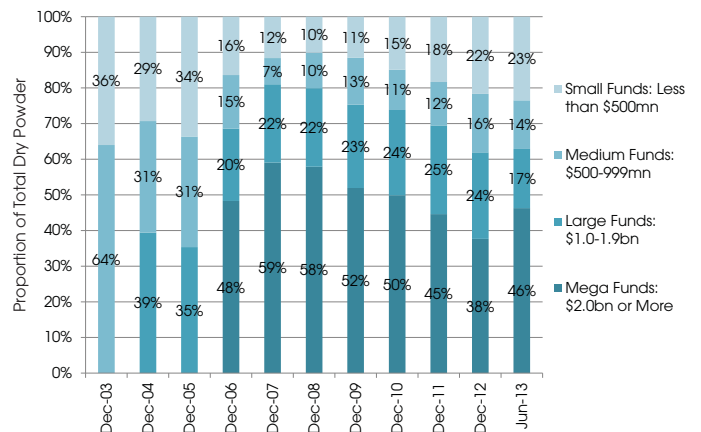
Source: Preqin Infrastructure Online

Fig. 2: Infrastructure vs. Other Private Equity Strategies - Median Net IRR by Vintage Year



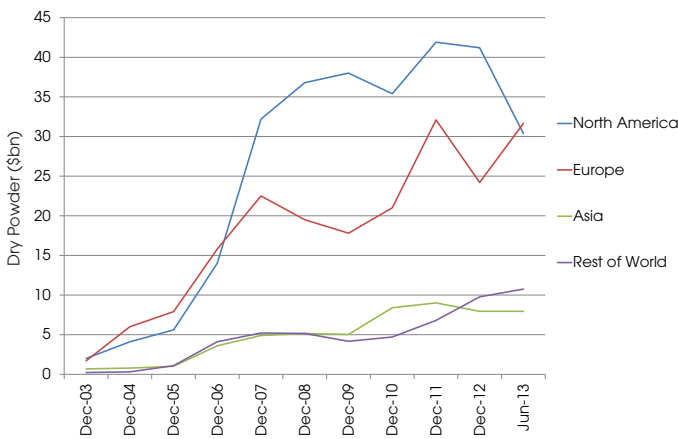
Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Unlisted Infrastructure Fund Dry Powder by Fund Size, December 2003 - June 2013



Source: Preqin Infrastructure Online

Fig. 4: Unlisted Infrastructure Fund Dry Powder by Primary Regional Focus, December 2003 - June 2013



Source: Preqin Infrastructure Online

Looking for the performance of a specific infrastructure fund?

Preqin's **Infrastructure Online** contains individual fund returns for 150 separate named funds, including percentage called and distributed, net IRR and much more.

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Preqin Infrastructure Online

With global coverage and detailed information on all aspects of the infrastructure asset class, Preqin's industry-leading Infrastructure Online service keeps you up to date on all the latest developments in the infrastructure universe.

Source new investors for funds and co-investments

Find the most relevant investors, with access to detailed profiles for over 2,000 institutional investors actively investing in unlisted infrastructure, including insurance companies, pension funds, family offices, foundations, wealth managers, endowments, banks and more.

Identify potential investment opportunities

View in-depth profiles for over 650 unlisted infrastructure funds encompassing all strategies including greenfield, brownfield, secondary stage, cleantech and renewable energies, debt, mezzanine and fund of funds.

Find active fund managers in infrastructure

Search for firms actively targeting infrastructure projects and assets, with detailed profiles on over 380 fund managers from around the world, including background, key contacts and funds raised.

Analyze the latest infrastructure fundraising activity

See which funds are currently on the road raising an infrastructure fund and which will be coming to market soon. Analyze fundraising over time by fund strategy, industry focus and location.

Benchmark performance

Identify which fund managers have the best track records with performance benchmarks for infrastructure funds and view performance details for 150 individual named funds.

Examine infrastructure investment trends

Search detailed information on over 4,100 infrastructure transactions and bids historically, including asset location, project stage and industry. Identify key geographical regions and sectors that are attracting infrastructure investment.

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