

# The Preqin Quarterly Update

## Infrastructure

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

### Content Includes....

#### Recent Fundraising

We look at key fundraising trends in 2013 so far. Which regions are attracting the most capital? How has the number of funds in market changed in recent years?

#### Investor Breakdown

We examine key data on the infrastructure investor universe, with a focus on their allocations to the asset class and how much capital they expect to commit to infrastructure in the future.

#### Deals in Q3 2013

Which regions and industries are attracting the most investment from unlisted infrastructure managers? We explore the latest stats on infrastructure deals in Q3.

#### Fund Performance and Dry Powder

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





# Foreword

The third quarter of 2013 saw the final close of eight unlisted infrastructure funds, which raised an aggregate \$2.9bn. This brought the total raised in 2013 so far to \$19.0bn, a 62% increase on the same period last year. There were also a number of sizeable interim closes in the quarter, with funds holding interim closes raising a further \$15.6bn. These included the \$6.2bn first close of Brookfield Infrastructure Fund II and the \$4bn first close of EIG Energy Fund XVI.

The strong fundraising market is a reflection of the level of institutional investor appetite for infrastructure exposure. As illustrated on page 5, 63% of investors in infrastructure plan to commit more capital to the asset class in the coming year than they did in the last 12 months, with a further 27% expecting to allocate the same amount of capital. The majority of investors (60%) are also below their target allocations to infrastructure, so there is still a large pool of institutional capital which is likely to flow into infrastructure in the coming months and years.

While there is strong investor appetite, fundraising is extremely competitive, with the number and aggregate target of all funds in market at an all-time high. With 145 infrastructure funds in market, targeting an aggregate \$97bn, up from \$85bn being targeted by 137 funds at the start of 2013, standing out from the crowd is harder than ever.

In this challenging fundraising market, managers need to ensure their fund is in front of the widest audience possible. We created Preqin Investor Network to provide investors with the key data and tools they need to assess investment opportunities, as well as to allow fund managers to showcase key data about their funds to potential investors. Now over 5,000 investment professionals across 3,000 investing institutions use Preqin Investor Network for asset allocation, fund selection and manager due diligence. For more information, and to ensure your fund is listed on Preqin Investor Network, please visit: [www.preqin.com/enhancedfundlistings](http://www.preqin.com/enhancedfundlistings)

We hope you find this report useful, and welcome any feedback you may have. For more information, please visit [www.preqin.com](http://www.preqin.com) or contact [info@preqin.com](mailto:info@preqin.com).

## Is your fund listed on Preqin Investor Network?

Don't miss out on the opportunity to get your fund in front of over 5,000 investment professionals at over 3,000 accredited institutions looking to make new alternative investments, representing over \$40tn in assets under management.

Want even better exposure to our universe of accredited investors? Preqin's [Enhanced Fund Listings](#) service allows you to make your fund even more visible and accessible to the largest and most proactive network of investors in the world on [Preqin Investor Network](#).

For more information about how [Preqin Investor Network](#) can help you, or to arrange a demonstration, please visit:

[www.preqin.com/enhancedfundlistings](http://www.preqin.com/enhancedfundlistings)

# Contents

Fundraising in Q3 2013	p3.
Institutional Investors in Infrastructure	p5.
Infrastructure Deals	p6.
Fund Performance and Dry Powder	p7.

All rights reserved. The entire contents of Preqin Quarterly Update: Infrastructure, Q3 2013 are the Copyright of Preqin Ltd. No part of this publication or any information contained in it may be copied, transmitted by any electronic means, or stored in any electronic or other data storage medium, or printed or published in any document, report or publication, without the express prior written approval of Preqin Ltd. The information presented in Preqin Quarterly Update: Infrastructure, Q3 2013 is for information purposes only and does not constitute and should not be construed as a solicitation or other offer, or recommendation to acquire or dispose of any investment or to engage in any other transaction, or as advice of any nature whatsoever. If the reader seeks advice rather than information then he should seek an independent financial advisor and hereby agrees that he will not hold Preqin Ltd. responsible in law or equity for any decisions of whatever nature the reader makes or refrains from making following its use of Preqin Quarterly Update: Infrastructure, Q3 2013.

While reasonable efforts have been made to obtain information from sources that are believed to be accurate, and to confirm the accuracy of such information wherever possible, Preqin Ltd. does not make any representation or warranty that the information or opinions contained in Preqin Quarterly Update: Infrastructure, Q3 2013 are accurate, reliable, up-to-date or complete.

Although every reasonable effort has been made to ensure the accuracy of this publication Preqin Ltd. does not accept any responsibility for any errors or omissions within Preqin Quarterly Update: Infrastructure, Q3 2013 or for any expense or other loss alleged to have arisen in any way with a reader's use of this publication.

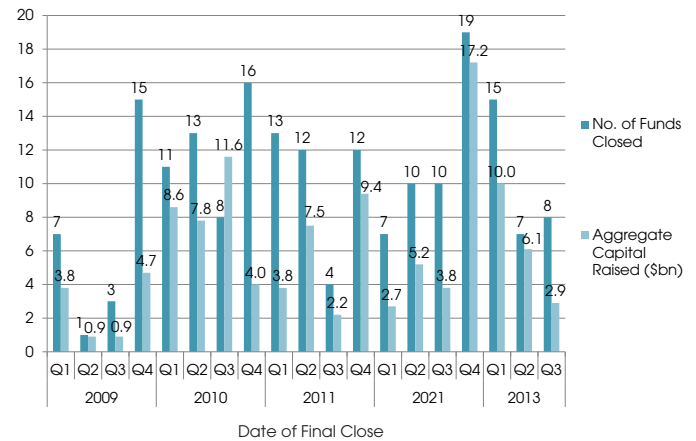


# Fundraising in Q3 2013

Eight unlisted infrastructure funds reached a final close in Q3 2013, raising an aggregate \$2.9bn (Fig. 1). This takes the total capital raised by unlisted infrastructure fund managers in the first three quarters of 2013 to \$19.0bn, a significant 62% increase on the \$11.7bn raised during the same period in 2012. A further \$15.6bn was raised by infrastructure funds holding interim closes in Q3 2013, including the \$6.2bn first close of Brookfield Infrastructure Fund II, the largest infrastructure fund currently in market. As of the start of Q4 2013, there are 145 unlisted infrastructure funds on the road, seeking an aggregate \$97bn (Fig. 3).

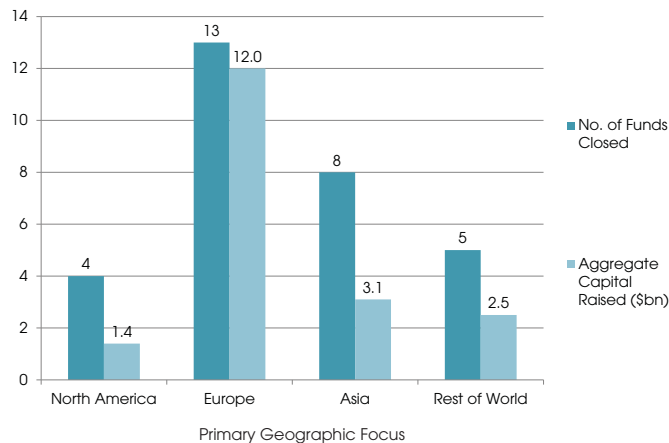
The largest fund to close in Q3 2013 was BTG Pactual Brazil Infrastructure Fund II, which raised \$1.38bn in investor capital for investment in Brazilian and South American energy, transportation and utilities infrastructure (Fig. 4). Brazil-focused Rio Bravo Energia I also held a final close in Q3 2013, raising BRL 596mn. Another prominent fund to reach a final close in Q3 2013 was Equitix Fund III, which secured £500mn in commitments.

Fig. 1: Quarterly Global Unlisted Infrastructure Fundraising, Q1 2009 - Q3 2013



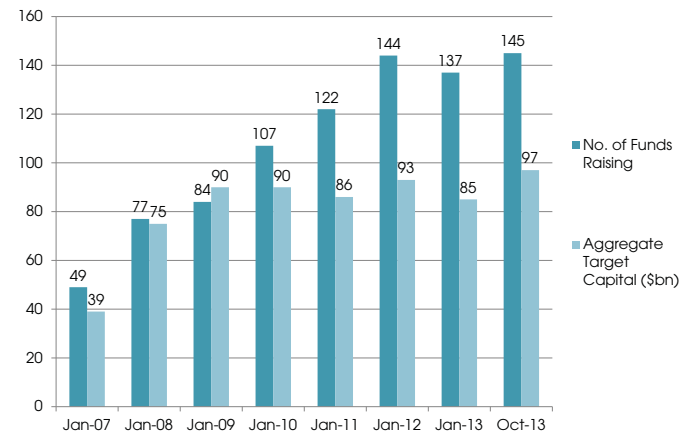
Source: Preqin Infrastructure Online

Fig. 2: Unlisted Infrastructure Fundraising by Primary Geographic Focus, January - September 2013



Source: Preqin Infrastructure Online

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



Source: Preqin Infrastructure Online

Fig. 4: 10 Largest Unlisted Infrastructure Funds Closed by Final Close Size, January - September 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, North America	11-Jan-13
AXA Infrastructure Generation III	Ardian	1,450 EUR	France	Europe	28-Mar-13
Urban Construction Fund	Suzhou International Development Venture Capital Holding	10,000 CNY	China	China	17-Apr-13
BTG Pactual Brazil Infrastructure Fund II	BTG Pactual	1,380 USD	Brazil	Latin America	19-Aug-13
DIF Infrastructure III	DIF	800 EUR	Netherlands	Europe, North America	21-Mar-13
Macquarie Everbright Greater China Infrastructure Fund	Macquarie Infrastructure and Real Assets (MIRA)	870 USD	UK	Greater China	15-Mar-13
Innisfree PFI Secondary Fund II	Innisfree	540 GBP	UK	Europe, North America	31-Mar-13
Energy Capital Partners Mezzanine Opportunities Fund	Energy Capital Partners	805 USD	US	North America	08-Feb-13
Equitix Fund III	Equitix	500 GBP	UK	UK	30-Sep-13

Source: Preqin Infrastructure Online

Looking to source new investment opportunities? Accredited investors can access in-depth details of all infrastructure funds currently seeking capital for free on [Preqin Investor Network](http://www.preqin.com/pin). To find out more, please visit: [www.preqin.com/pin](http://www.preqin.com/pin)



# Fund Marketers: Is your fund listed on Preqin Investor Network?

Get your fund in front of over 5,000 investment professionals at over 3,000 accredited investing institutions looking to make new alternative investments for **free** on [Preqin Investor Network](#).



## Want even better exposure to our universe of accredited investors?

Upgrade your fund listing on the Network using our [Enhanced Fund Listings](#) service and receive key additional benefits, which will help your fund stand out to investment professionals using Preqin Investor Network.

For more information about [Preqin Investor Network](#) and [Enhanced Fund Listings](#), please visit:

[www.preqin.com/enhancedfundlistings](http://www.preqin.com/enhancedfundlistings)



# Institutional Investors in Infrastructure

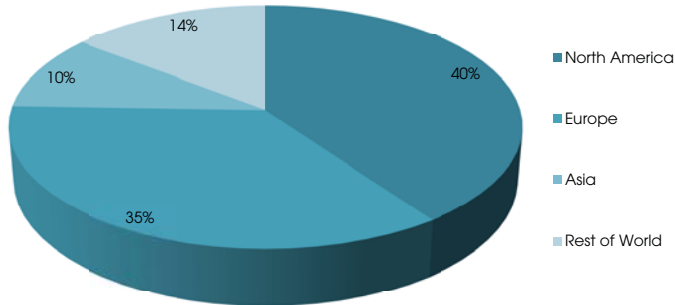
The majority of investors (60%) are below their target allocation to infrastructure (Fig. 3), and this is further illustrated through looking at the distribution of investors' current and target allocations to the asset class. This reveals that although 67% of investors have a current allocation of less than 4%, 55% are targeting an allocation to infrastructure of over 4% (Fig. 4), indicating that investors are likely to commit more capital to the asset class as they look to reach their target allocations.

The outlook for the asset class is also encouraging when looking at investors' intended capital commitments to infrastructure, with 63% intending to commit more capital in the next 12 months than in the last 12 months (Fig. 5).

Preqin's **Infrastructure Online** tracks detailed information on over 2,000 active infrastructure investors, including the types of investments they are targeting right now and in the future.

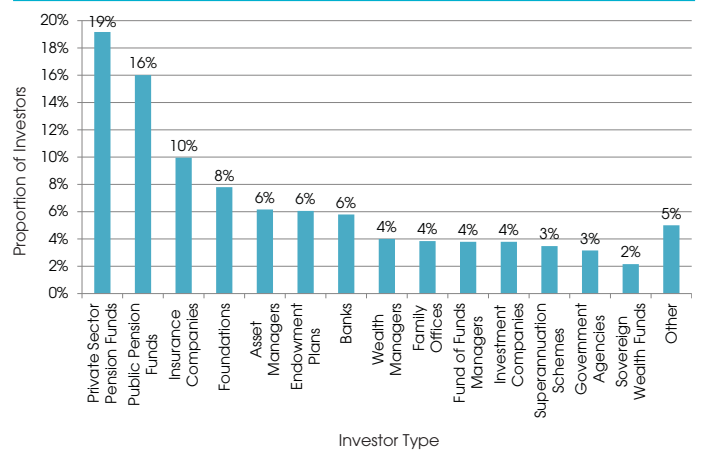
[www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)

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



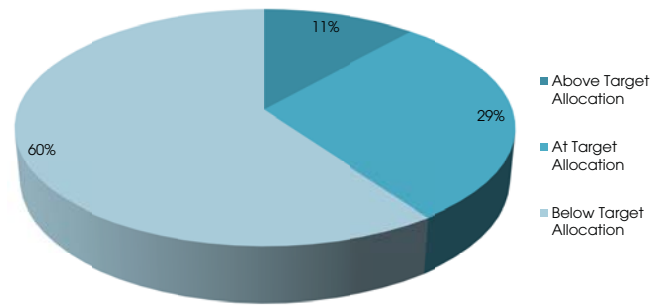
Source: Preqin Infrastructure Online

Fig. 1: Breakdown of Infrastructure Investor Universe by Type



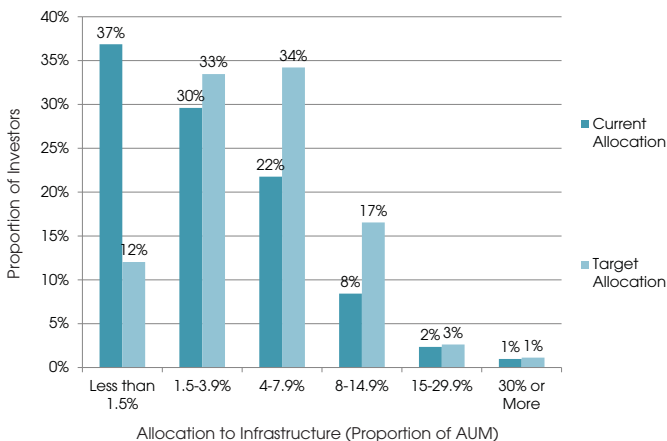
Source: Preqin Infrastructure Online

Fig. 3: Proportion of Infrastructure Investors that Are At, Above or Below their Target Allocations



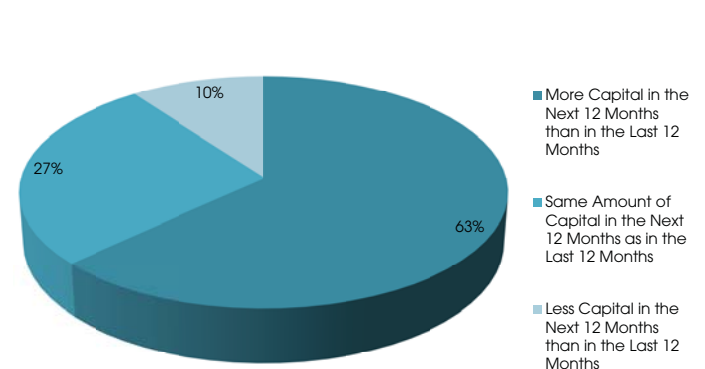
Source: Preqin Infrastructure Online

Fig. 4: Distribution of Investors' Current and Target Allocations to Infrastructure



Source: Preqin Infrastructure Online

Fig. 5: Investors' Expected Capital Commitments to Infrastructure Funds in the Next 12 Months Compared to the Last 12 Months



Source: Preqin Infrastructure Online

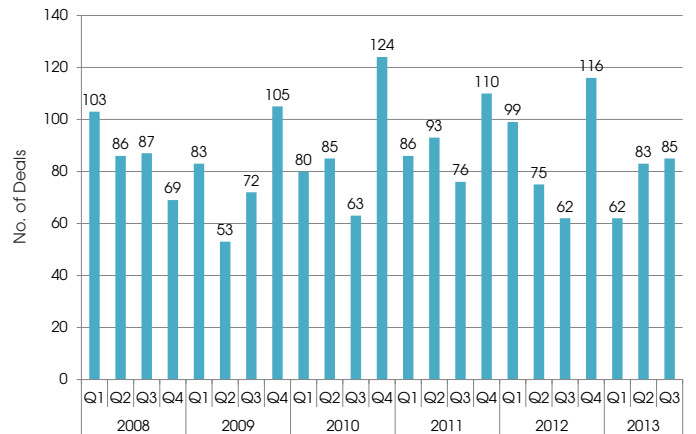


# Infrastructure Deals

Eighty-five deals were completed by infrastructure fund managers in Q3 2013, a slight increase on the 83 deals made in Q2, and a considerable 34% increase on the 62 deals completed in Q1 2013 (Fig. 1). These figures are expected to rise as further information becomes available from fund managers. Forty-seven percent of deals made in Q3 2013 were in European infrastructure assets (Fig. 2), with 36% made in North America-based projects. Deals in Asian assets accounted for 6% of total transactions, while deals made in assets located outside of these core regions accounted for 11%.

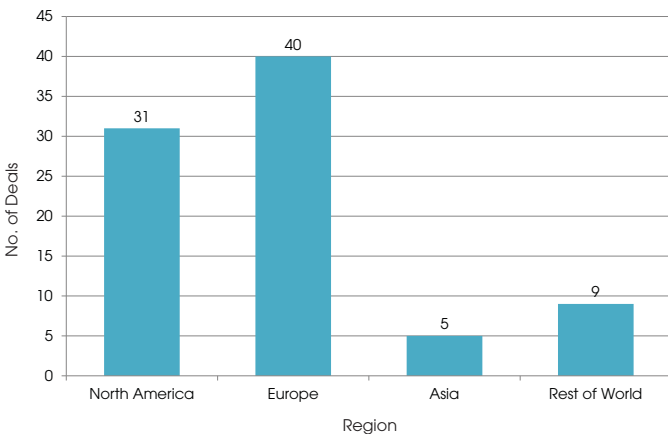
Core infrastructure sectors remained prominent in Q3, with 76% of all deals made in the energy, transport, utilities and telecommunications sectors (Fig. 3). Several notable deals were finalized in Q3 2013, including a \$555mn investment in Brazil-based LLX Logistica by EIG Global Energy Partners in return for a majority stake. Also in Brazil, Actis acquired a 60% stake in Atlantic Energias Renovaveis following a \$269mn investment.

Fig. 1: Number of Deals Made by Unlisted Infrastructure Fund Managers, Q1 2008 - Q3 2013



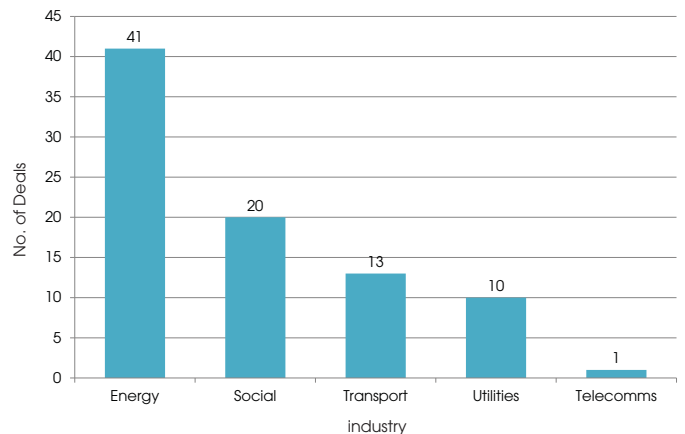
Source: Preqin Infrastructure Online

Fig. 2: Number of Infrastructure Deals by Region, Q3 2013



Source: Preqin Infrastructure Online

Fig. 3: Number of Infrastructure Deals by Industry, Q3 2013



Source: Preqin Infrastructure Online

Fig. 4: 10 Notable Infrastructure Deals Made by Unlisted Infrastructure Fund Managers in Q3 2013

Asset	Location	Industry	Investor(s)	Deal Size (mn)	Stake (%)	Date
Atlantic Energias Renovaveis	Brazil	Renewable Energy	Actis	269 USD	60	Sep-13
Energy Solutions District Energy	US	Geothermal Power	Brookfield Asset Management, Unidentified Investor(s)	130 USD	100	Aug-13
Evermore Renewable Energy	UK	Power Plants	Foresight Group, Gravis Capital Partners	81 GBP	100	Aug-13
Heathrow (BAA)	UK	Airports	AMP Capital Investors	50 GBP	-	Aug-13
Lincolnshire Biomass Facility	UK	Biomass/Biofuel	Copenhagen Infrastructure Partners, Burmeister & Wain Scandinavian Contractor	160 GBP	100	Aug-13
LLX Logistica	Brazil	Sea Ports	EIG Global Energy Partners	555 USD	-	Sep-13
Nayarit Hydroelectric Power Plant	Mexico	Hydro Power	Macquarie Infrastructure and Real Assets (MIRA), Troy Energy	1,471 MXN	100	Aug-13
Oregon Wheat Field Wind Farm	US	Wind Power	Fiera Axiom Infrastructure	97 USD	49	Sep-13
South East Queensland Schools	Australia	Education Facilities	AMP Capital Investors	125 AUD	49.99	Aug-13
TowerCom	Ireland	Telecommunications	AMP Capital Investors	120 EUR	100	Sep-13

Source: Preqin Infrastructure Online

Access details of over 4,900 transactions and bids on [Infrastructure Online](http://Infrastructure Online), including asset location, project stage, industry, and more. For more information, please visit: [www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)



# Fund Performance and Dry Powder

At the end of Q3 2013, the total amount of dry powder available to unlisted infrastructure fund managers stood at \$90bn, up from the \$81bn available at the end of Q2 2013. Fund managers with a primary investment focus on North America currently hold the most dry powder, with \$42bn ready to deploy (Fig. 4). While the largest proportion of global dry powder (41%) is held by the 'mega' funds of \$2bn or more, the proportion of dry powder held by funds smaller than \$500mn in size has increased significantly in recent years as new managers have entered the market (Fig. 3).

Preqin currently tracks net-to-LP performance data for 140 unlisted infrastructure funds. The performance data of older funds can provide an indication of what to expect when younger funds mature. The returns of infrastructure funds of vintages between 1993 and 1999 are similar to those of other private equity fund types, with a median net IRR of 11.0% compared to 11.4% for buyout and 10.0% for venture capital funds. The 22.9% median IRR for 2000-2003 vintage infrastructure funds exceeds the median IRR for the other fund types shown in Fig. 2.

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

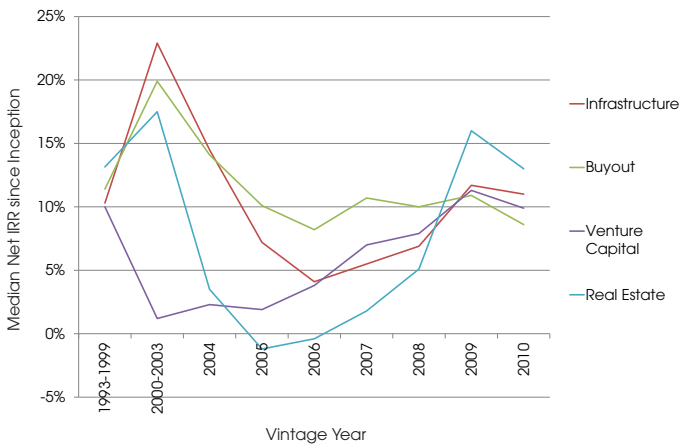


Fig. 4: Unlisted Infrastructure Fund Dry Powder by Primary Regional Focus, December 2006 - September 2013

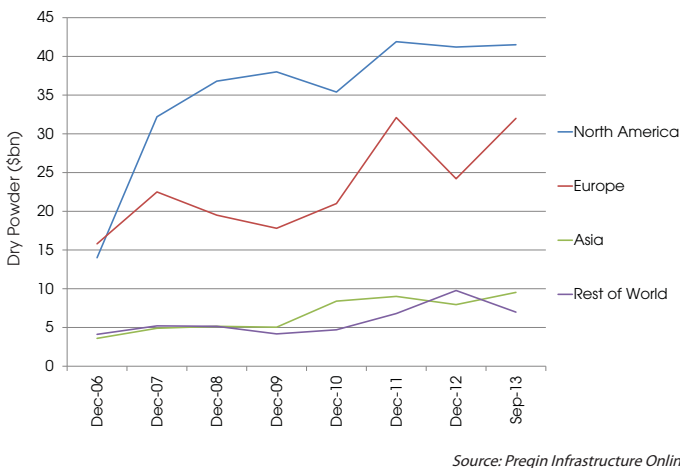


Fig. 1: Median, Maximum and Minimum Net IRRs for Unlisted Infrastructure Funds by Vintage Year

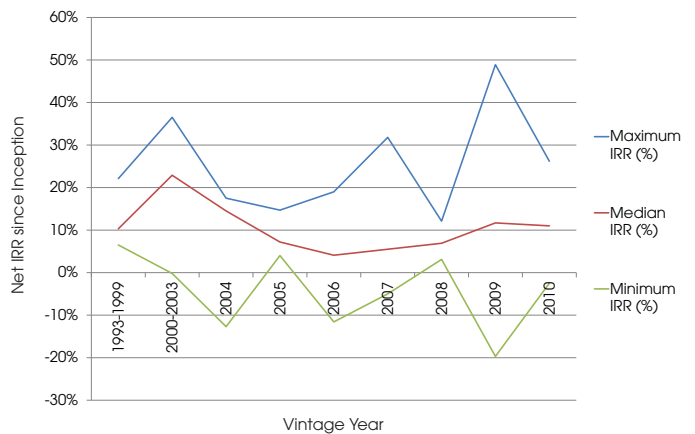
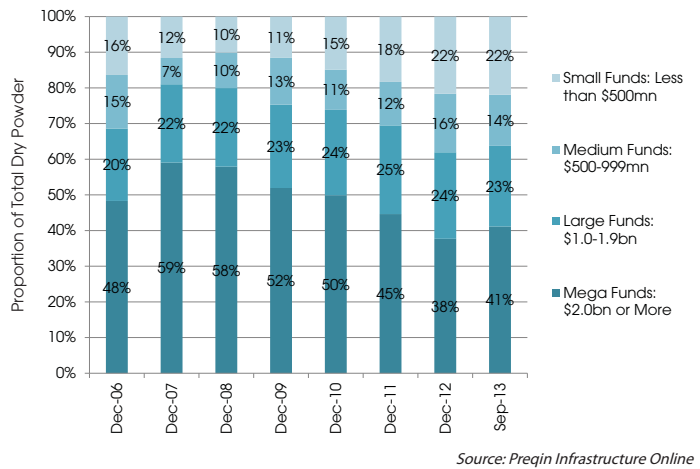


Fig. 3: Breakdown of Unlisted Infrastructure Fund Dry Powder by Fund Size, December 2006 - September 2013



Looking for the performance of a specific infrastructure fund?

Preqin's **Infrastructure Online** contains individual fund returns for 140 separate named funds, including percentage called and distributed, net IRR and much more.

To find out more, please visit: [www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)

Are you an accredited investor?

Access to full performance track records for managers raising infrastructure funds, as well as median, weighted and average benchmarks, is free to accredited investors on **Preqin Investor Network**.

To register for free today, please visit: [www.preqin.com/pin](http://www.preqin.com/pin)

# The Preqin Quarterly Update: Infrastructure, Q3 2013



alternative assets. intelligent data.

## 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 700 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 390 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 140 individual named funds.

### Examine infrastructure investment trends

Search detailed information on over 4,900 infrastructure transactions and bids historically, including asset location, project stage and industry. Identify key geographical regions and sectors that are attracting infrastructure investment.

*If you want any further information, or would like to apply for a demo of our products, please contact us:*

#### New York:

One Grand Central Place  
60 E 42nd Street  
Suite 630, New York  
NY 10165

**Tel:** +1 212 350 0100

**Fax:** +1 440 445 9595

#### London:

Equitable House  
47 King William Street  
London  
EC4R 9AF

**Tel:** +44 (0)20 7645 8888

**Fax:** +44 (0)87 0330 5892

#### Singapore:

One Finlayson Green, #11-02  
Singapore 049246

**Tel:** +65 6305 2200

**Fax:** +65 6491 5365

#### San Francisco:

580 California Street  
Suite 1638, San Francisco  
CA 94104

**Tel:** +1 415 635 3580

**Fax:** +1 440 445 9595

**Email:** [info@preqin.com](mailto:info@preqin.com)

**Web:** [www.preqin.com](http://www.preqin.com)

Find out how Preqin's range of products and services can help you:

[www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)