

Preqin Research Report

Infrastructure Fundraising Q3 2010

(1 of 2)

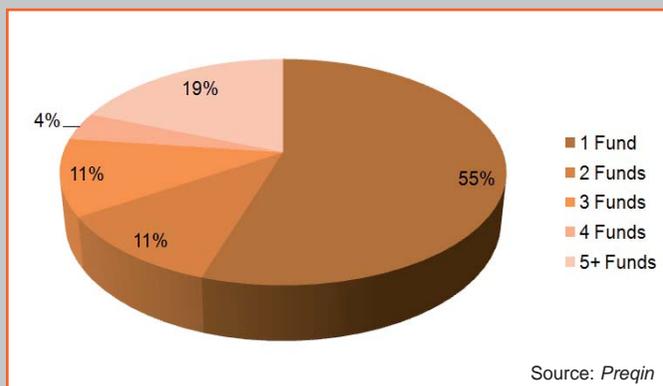
There are currently 109 unlisted infrastructure funds on the road targeting an aggregate \$76.3bn. In terms of target capital, this is significantly lower than the \$107.8bn being sought by 107 funds in market in Q3 2009 and is also considerably down on the \$88.8bn being sought by 100 funds in market in Q1 2010. This is partly due to the closure of several sizeable funds in 2010 so far, but also because fund managers are lowering their targets.

The table in Fig. 1 shows the 10 largest infrastructure funds currently raising capital. There are still 17 infrastructure funds in market targeting \$1bn or more and these funds account for 64% of the total capital sought by infrastructure funds currently in market. Four are targeting at least \$2bn, but only three funds, including RREEF Pan-European Infrastructure Fund II, are currently targeting over \$3bn.

Manager Location and Experience

Infrastructure investors are likely to be more selective when making fund commitments in the future. Therefore manager experience is becoming more important, although the majority of funds in market are managed by first-time fund managers. As shown in Fig. 2, 55% of funds on the road are first-time funds, with only 19%

Fig. 2: Breakdown of Fundraising Market by Number of Funds Managed by Firm



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Fig. 3: Unlisted Infrastructure Funds in Market by Manager Location

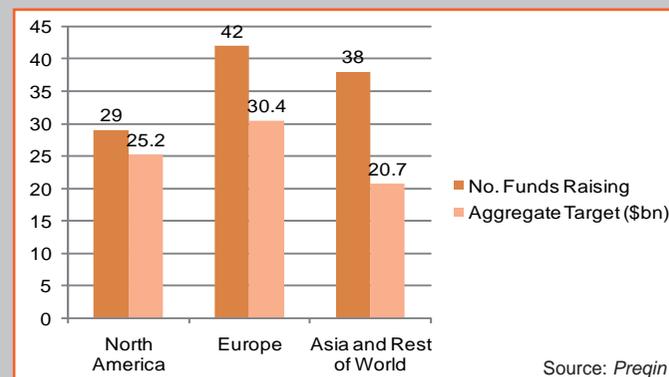


Fig. 1: 10 Largest Unlisted Infrastructure Funds on the Road

Fund	Manager	Size (mn)	Manager Country
RREEF Pan-European Infrastructure Fund II	RREEF Infrastructure	3,000 EUR	UK
Highstar Capital Fund IV	Highstar Capital	3,500 USD	US
ArcLight Energy Partners Fund V	ArcLight Capital Partners	3,000 USD	US
CVC European Infrastructure Fund	CVC Infrastructure	2,000 EUR	UK
KKR Infrastructure Fund	Kohlberg Kravis Roberts	2,500 USD	US
Marguerite Fund	Marguerite Adviser	1,500 EUR	Luxembourg
Blackstone Infrastructure Fund	Blackstone Infrastructure Partners	2,000 USD	US
Macquarie State Bank of India Infrastructure Fund	Macquarie Infrastructure and Real Assets	2,000 USD	Australia
AXA Infrastructure Fund III	AXA Private Equity	1,500 EUR	France
United States Power Fund IV	Energy Investors Funds	1,750 USD	US

Source: Preqin



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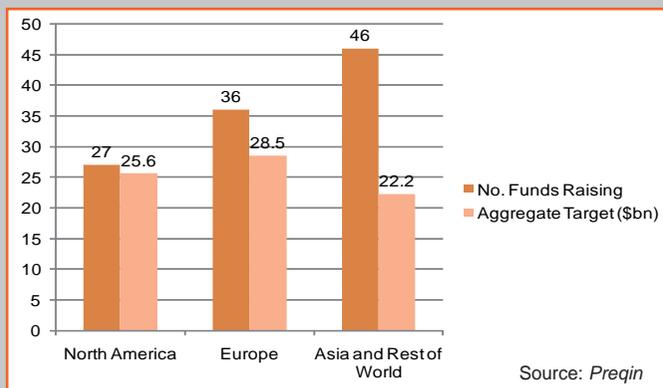
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(2 of 2)

Fig. 4.: Infrastructure Funds in Market by Primary Geographic Focus



managed by firms that have raised at least five previous infrastructure vehicles.

Although the majority of first-time infrastructure funds in market are being raised by first-time fund managers, a number of funds are being raised by firms with experience in other areas such as private equity. For example, three of the largest ten funds in market are first-time infrastructure vehicles being raised by experienced private equity firms: Blackstone Group, CVC Capital Partners and KKR.

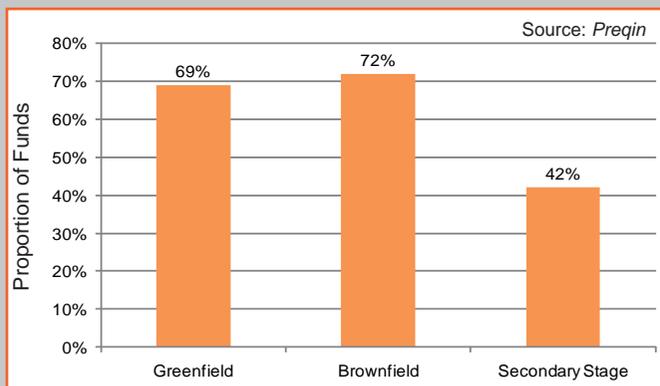
In terms of firm location, more funds in market are being raised by firms based in Europe than those based in either North America or Asia and Rest of World.

As shown in Fig. 3, 42 funds seeking an aggregate \$30.4bn are being raised by European managers. North American managers are raising 29 funds targeting \$25.2bn, while those managers based outside of these regions are raising 38 funds seeking \$20.7bn in total capital.

Geographic Focus

In contrast, more funds in market are focused on Asia

Fig. 5: Unlisted Infrastructure Funds in Market by Project Stage Focus



and Rest of World than on either Europe or North America. As shown in Fig. 4, a total of 46 funds are focused outside of the developed European and North America markets, showing the growing importance of emerging market opportunities. However, in terms of target capital, Europe- and North America-focused funds are more significant, targeting \$28.5bn and \$25.6bn respectively.

Project Stage Focus

The majority of funds on the road target a diverse portfolio of infrastructure assets and will consider a range of project stages. 64% of funds currently raising capital will consider investing in assets in various stages of development. As shown in Fig. 5, 69% will invest in greenfield projects, 72% will consider brownfield assets and 42% of funds will target more established secondary stage opportunities.

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