Preqin Special Report: European Infrastructure

November 2013

Content Includes:

European Infrastructure Fundraising

We examine how the Europe-focused infrastructure fundraising market has changed over time, including proportion of target size achieved, and funds currently in market.

European Infrastructure Investors

We explore a breakdown of these investors by type and location, their current and target allocations to infrastructure, and notable investors based in Europe looking to make investments in the next 12 months.

European Infrastructure Deals

We look at annual infrastructure deal flow in Europe and average deal size, as well as breakdowns of deals in 2012-2013 YTD by industry, transaction size and project stage.

Assets under Management, Dry Powder and Performance

How have the assets of the European infrastructure industry growth in the past decade? How much capital is available to put to work in the region? We explore the answers to these questions, as well as reviewing key performance stats.

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Foreword

Europe remains the most significant region for the infrastructure asset class globally, with 53% of the transactions that have taken place in the past five years involving European assets. The availability of investable assets and the stability of the regulatory and political environment make European markets particularly attractive for infrastructure investment.

The growth of the unlisted infrastructure fund market in Europe has been dramatic. Europe-focused unlisted infrastructure funds holding final closes have raised €9bn to date in 2013, the same amount that was raised by all the Europe-focused funds that closed between 2000 and 2006. There is clearly significant investor appetite for European infrastructure exposure and many Europe-based investors expect to put a considerable amount of capital to work in the coming months. While infrastructure remains a relatively new asset class for many European institutions, with 65% making their first investments in the asset class in the past seven years, Europe-based investors are increasingly establishing dedicated allocations to infrastructure. Of these investors, 48% are below their target allocations to infrastructure, demonstrating there is a significant pool of potential capital which is likely to flow into the asset class in the coming months.

While there is a significant amount of capital being raised to invest in European infrastructure, the fundraising market is very competitive, with a record number of Europe-focused funds on the road. One third of infrastructure fund managers that closed funds in 2012 and 2013 so far spent more than two years marketing their funds, while 48% of funds on the road have already been marketed for more than 18 months. Europe-focused managers seeking capital will have to work very hard to stand out from the crowd in the coming months, but it is clear that there is considerable investor appetite and those firms that are able to differentiate themselves from the competition can be very successful in the fundraising market.

Behind every data point in this report is a wealth of individual firm- and fund-level data from Preqin's Infrastructure Online service, which features extensive profiles for 400 infrastructure fund managers, 2,100 institutional investors, 720 infrastructure funds and 5,200 transactions. We hope you find this report useful, and welcome any feedback you may have. For more information, please visit www.preqin.com or contact info@preqin.com.

Key Findings

24 is the amount of dry powder (in €bn) available to Europe-focused infrastructure fund managers.

58 is the number of Europe-focused infrastructure funds in market, a record high.

39% is the proportion of Europe-focused infrastructure funds that held final closes in 2013 that were raised by first-time managers.

70% is the proportion of European deals involving secondary stage assets.

395 is the average size (in €mn) of European infrastructure deals made in 2013 to date.

32% is the proportion of Europe-based institutional investors in infrastructure that are based in the UK.

European Infrastructure Fundraising Market

The European infrastructure market has been the centre of the private equity infrastructure universe since it first emerged as an independent asset class in the mid-2000s. Increasing investor appetite for infrastructure exposure has led to a surge in global infrastructure fundraising in recent years, with Europe-focused vehicles attracting significant levels of capital. This is predominantly due to a mostly stable economic, political and regulatory environment in Europe, and an abundance of highly investible infrastructure assets in both the brownfield and secondary stages of development.

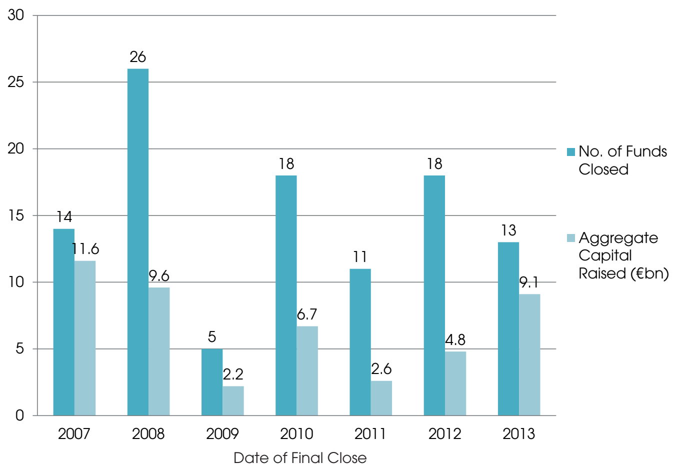
Fundraising

Unlisted infrastructure fundraising in Europe has seen considerable improvement in the last year, with the capital raised in 2013 so far approaching the levels seen in 2007 and 2008. Fig. 1 reveals that since 2007, 105 primarily Europe-focused unlisted infrastructure funds have reached a final close, raising an aggregate €46.6bn. In particular, the last three years have shown significant improvement in fundraising levels, with the aggregate capital raised almost doubling year-on-year, from €2.6bn in 2011 to €9.1bn in 2013 so far.

While only 13 unlisted infrastructure funds have held a final close in 2013 to date, several of these were large offerings and, as a result, the aggregate capital raised has reached the highest levels seen since the financial crisis. The average fund size has seen a 190% increase, from €263mn in 2012 to €762mn in 2013 so far, as shown in Fig. 2. This is higher than any year since 2008, and is close to the €826mn average fund size in 2007.

Despite this, many fund managers are still finding it tough to attract fresh investor commitments. This is shown in Fig. 3, which reveals a breakdown of Europe-focused unlisted infrastructure funds by the proportion of target size achieved since 2010. The fluctuation in the proportion of funds either meeting or exceeding

Fig. 1: Annual Europe-Focused Unlisted Infrastructure Fundraising, 2007 - 2013 YTD (As at 22 October 2013)



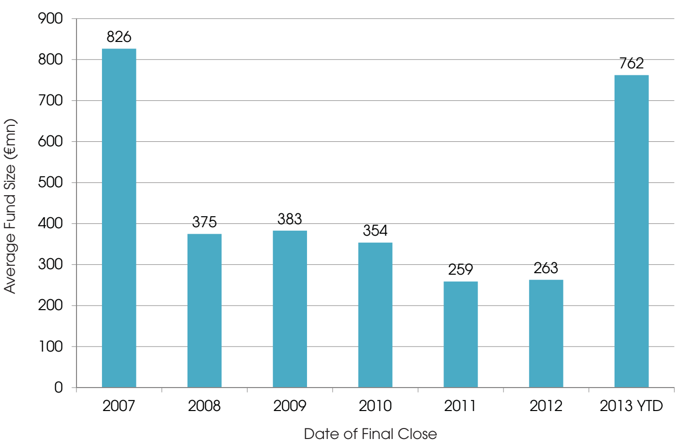
Source: Preqin Infrastructure Online

their initial fundraising targets annually during this period reflects these challenging conditions. However, an encouraging 59% of Europe-focused unlisted infrastructure funds closed so far in 2013 have either met or exceeded their fundraising targets, an increase of 31 percentage points from those which achieved the same in 2012. All funds to have closed in 2013 have raised at least 50% of their initial fundraising target, another positive sign for the industry.

Time on the Road

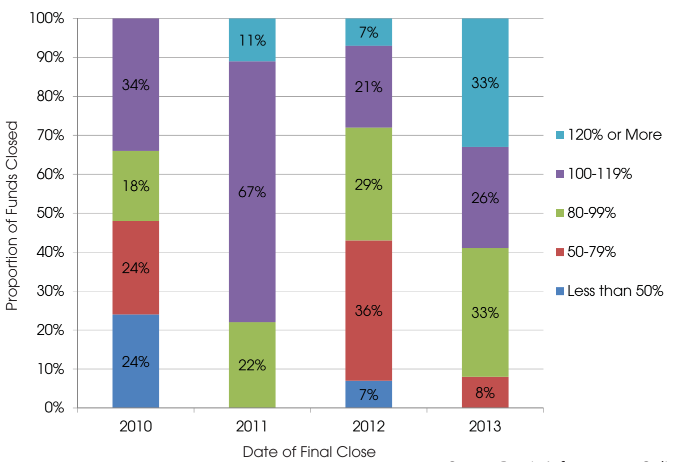
Fig. 4 shows the time spent on the road by Europe-focused unlisted infrastructure funds closed in 2010 to 2011 compared to those closed in 2012 to 2013 so far. On average, European infrastructure funds closed in 2012 to October 2013 spent less time on the road than those closed in 2010 to 2011 (22 months as opposed to 25 months). While fundraising is still a very long process for many firms, the decline in the time managers spent

Fig. 2: Average Annual Unlisted Infrastructure Fund Size, 2007 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Europe-Focused Unlisted Infrastructure Funds by Proportion of Target Size Achieved, Funds Closed 2010 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

on the road does suggest a greater degree of momentum in the fundraising market.

The proportion of Europe-focused infrastructure funds succeeding in raising their fund in less than 12 months rose to 22% for funds closed in 2012 to 2013 so far, compared to only 5% for funds closed in 2010 to 2011. Additionally, those vehicles spending between 12 and 18 months in market increased to 31% from 5% in these time periods respectively. This again demonstrates that managers of Europe-focused funds are generally raising capital more quickly in the current market than in previous years, with 90% of funds closed in 2010 to 2011 taking longer than 18 months to reach a final close. However, 14% of Europe-focused infrastructure funds closed in 2012 to 2013 spent over three years on the fundraising trail before reaching a final close, despite the majority (67%) closing in under two years.

Manager Experience

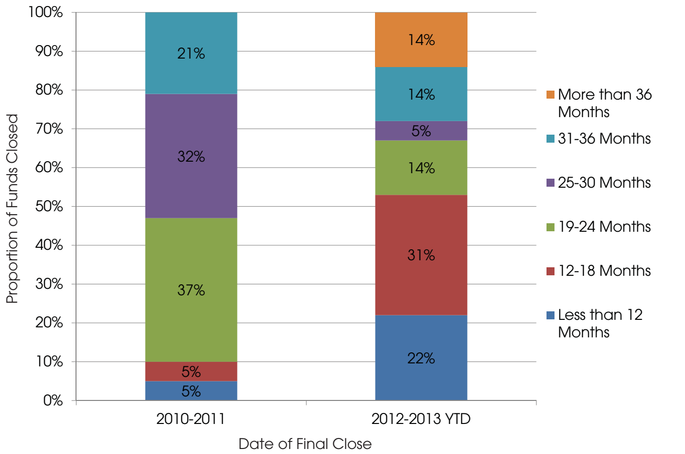
Fund manager experience is of growing importance to institutional investors when looking to establish new manager relationships. However, only a select few infrastructure fund managers are able to illustrate a strong track record in the infrastructure space due to the relative youth of the asset class.

As shown in Fig. 5, of the 31 Europe-focused unlisted infrastructure funds closed in 2012 and 2013 so far, 39% are managed by first-time infrastructure fund managers. This shows that a considerable number of funds closed in this time period are managed by firms with no previous fund management experience (as an independent firm). A further 26% of European infrastructure funds closed in 2012 to 2013 to date were raised by managers which manage one previous vehicle, while 19% had raised two previous funds, and 16% had raised three or more previous funds. Experienced fund managers that have raised at least three Europe-focused funds include Innisfree, InfraRed Capital Partners, Barclays Infrastructure Funds and Macquarie Infrastructure and Real Assets (MIRA).

Largest European Funds Raised

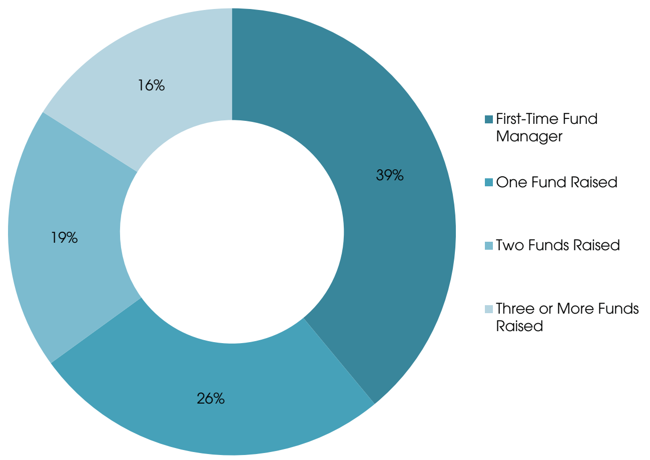
Fig. 6 shows the 10 largest Europe-focused unlisted infrastructure funds closed since 2007. Macquarie Infrastructure and Real Assets (MIRA) features three times in the list and the firm's offerings account for 18% of all Europe-focused capital raised since 2007. Other notable European funds include the €2.2bn Arcus European Infrastructure Fund I and the €2.1bn RREEF Pan-European Infrastructure Fund.

Fig. 4: Breakdown of Europe-Focused Unlisted Infrastructure Funds by Time Spent on the Road, Funds Closed in 2010 - 2011 vs. Funds Closed in 2012 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 5: Breakdown of Capital Raised by Europe-Focused Unlisted Infrastructure Funds by Manager Experience, Funds Closed in 2012 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 6: 10 Largest Europe-Focused Unlisted Infrastructure Funds, Funds Closed 2007 - 2013 YTD (As at 22 October 2013)

Fund	Firm	Firm Headquarters	Final Close Date	Final Size (mn)
Macquarie European Infrastructure Fund II	Macquarie Infrastructure and Real Assets (MIRA)	UK	May-07	4,635 EUR
Macquarie European Infrastructure Fund IV	Macquarie Infrastructure and Real Assets (MIRA)	UK	May-13	2,750 EUR
Arcus European Infrastructure Fund I	Arcus Infrastructure Partners	UK	Nov-07	2,170 EUR
RREEF Pan-European Infrastructure Fund	Deutsche Asset & Wealth Management	UK	Jul-07	2,067 EUR
EQT Infrastructure II	EQT Funds Management	UK	Jan-13	1,925 EUR
Fondi Italiani Per Le Infrastrutture	F2i SGR	Italy	Feb-09	1,852 EUR
Semperian PPP Investment Partners	Semperian PPP Investment Partners	UK	Mar-08	1,300 GBP
AXA Infrastructure Generation III	Ardian	France	Mar-13	1,450 EUR
EQT Infrastructure	EQT Funds Management	UK	Nov-08	1,200 EUR
Macquarie European Infrastructure Fund III	Macquarie Infrastructure and Real Assets (MIRA)	UK	Mar-10	1,200 EUR

Source: Preqin Infrastructure Online

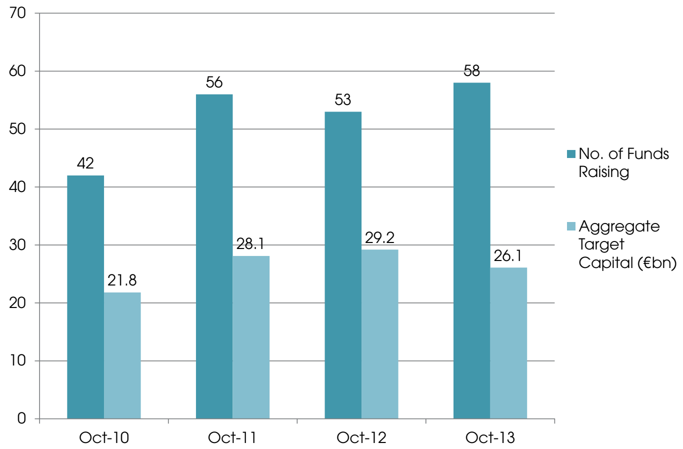
Funds on the Road

As shown in Fig. 7, there are 58 Europe-focused unlisted infrastructure funds in market looking to raise capital from investors as of October 2013, seeking an aggregate €26.1bn. This is an increase on the 53 European infrastructure funds that were in market as of October 2012, but an 11% decrease on the €29.2bn sought by these vehicles. The average target size for a Europe-focused unlisted infrastructure fund currently in market is €491mn.

Of the 58 Europe-focused unlisted infrastructure funds in market as of October 2013, over half (55%) have already held at least one interim close, securing €6.1bn in total capital commitments, as shown in Fig. 8. This is encouraging, showing that many Europe-focused infrastructure fund managers have attracted sufficient commitments from institutional investors to hold closes and begin to put capital to work.

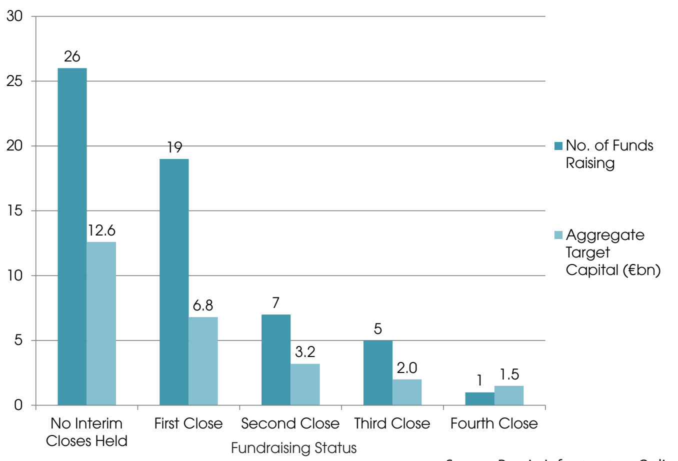
However, the record number of funds on the road has led to increased competition in the crowded unlisted infrastructure fund market. As such, many infrastructure fund managers can expect to spend a long time on the fundraising trail marketing their funds. Fig. 9 illustrates this, showing that a significant 48% of Europe-focused unlisted infrastructure funds in market as of October 2013 have been on the road for longer than 18 months, with 38% having been in market for over two years.

Fig. 7: Europe-Focused Unlisted Infrastructure Funds in Market over Time, October 2010 - October 2013



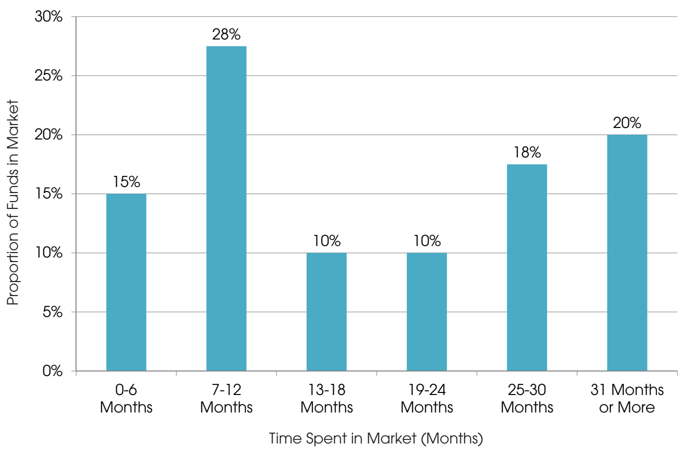
Source: Preqin Infrastructure Online

Fig. 8: Europe-Focused Unlisted Infrastructure Funds in Market by Fundraising Status (As of 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 9: Breakdown of Time Spent on the Road by Europe-Focused Unlisted Infrastructure Funds in Market (As of 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 10: 10 Largest Primarily Europe-Focused Unlisted Infrastructure Funds in the Market by Target Size (As of 22 October 2013)

Fund	Firm	Target Size (mn)	Firm Headquarters	Focus
First State European Diversified Infrastructure Fund	Colonial First State Global Asset Management/ First State Investments	1,500 EUR	Australia	Europe
RREEF Pan-European Infrastructure Fund II	Deutsche Asset & Wealth Management	1,500 EUR	UK	Europe
Terra Firma Infrastructure Fund for Global Renewable Energy	Terra Firma Capital Partners	2,000 USD	UK	Europe, North America, OECD
Fondi Italiani Per Le Infrastrutture II	F2i SGR	1,200 EUR	Italy	Italy
Aviva Investors REaLM Infrastructure Fund	Aviva Investors	1,000 GBP	UK	UK
Allianz UK Infrastructure Fund	Allianz Global Investors Infrastructure Debt	1,000 GBP	UK	UK
Infracapital Partners II	Infracapital	900 GBP	UK	West Europe
EISER Infrastructure Fund II	EISER Infrastructure Partners	1,000 EUR	UK	Europe
Sequoia Euro Infrastructure Debt Fund	Sequoia Investment Management Company	1,000 EUR	UK	Europe
Antin Infrastructure Fund II	Antin Infrastructure Partners	1,000 EUR	France	Europe

Source: Preqin Infrastructure Online

European Infrastructure Investors

Europe-based infrastructure investors represent an important source of capital to the asset class, making up 35% of the active investor base in infrastructure globally and possessing over €19tn in combined assets under management. These investors' contributions to the asset class look set to increase over the coming months, with a large proportion under their target allocations and many new investors attracted to the potential for long-term, stable yields the asset class can provide. With the fundraising environment for unlisted infrastructure in Europe demonstrating positive momentum in recent years (see page 3), it seems likely that investors based in the region will help provide the necessary impetus for further growth.

The Investor Universe

Public and private sector pension funds collectively account for 40% of infrastructure investors in the region, and insurance companies and asset managers account for 11% and 9% of investors respectively. Additionally, Fig. 12 shows that 12% of investors have a significant €50bn or more in assets under management.

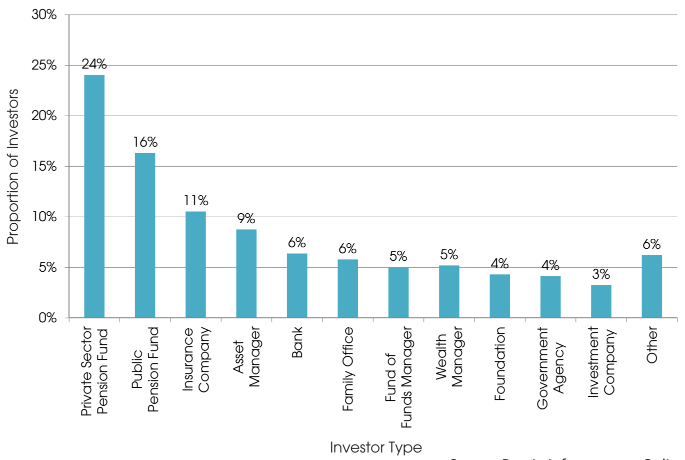
The make-up of Europe-based investors in the asset class is becoming increasingly diverse, with smaller and mid-size investors of varying types increasingly drawn to the infrastructure asset class due to the potential for uncorrelated returns and stable, long-term yields. As such, 24% of Europe-based investors in infrastructure have less than €1bn in assets under management, and 44% have between €1bn and €9.9bn. One example of a smaller investor in the asset class is London-based Westminster Wealth Management, which has $554mn in assets under management and a current allocation of 5% to infrastructure. Almost a third (32%) of infrastructure investors in Europe are based in the UK, with the rest of the investor universe distributed widely among other European countries (Fig. 13).

Investors' Allocations to Infrastructure

Infrastructure is a relatively new part of many European investors' portfolios, with 65% of institutions making their first commitment to the asset class since January 2007, and most investors allocate a relatively small proportion of their total assets to infrastructure. Encouragingly however, almost half (48%) of Europe-based infrastructure investors are below their target allocations to the asset class, indicating that these investors are likely to commit more capital to infrastructure in order to move close to their target allocations (Fig. 14).

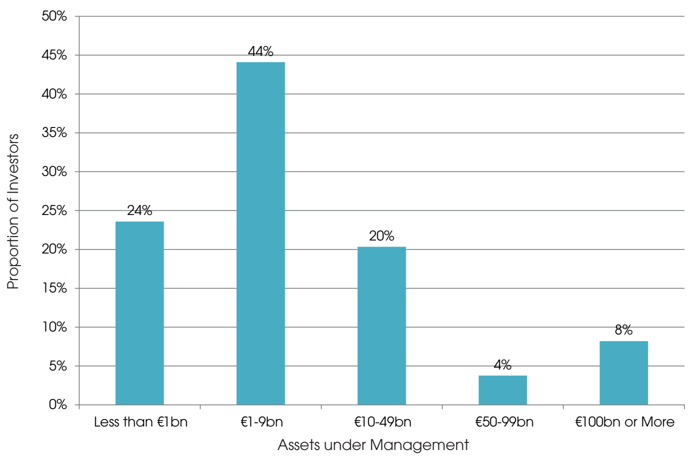
The source of investors' allocations to infrastructure also demonstrates the relative youth of the asset class, with investors often allocating to the asset class through their private equity or real assets allocations. However, 49% of Europe-based investors now have a separate allocation to infrastructure within their investment portfolio and this proportion is likely to rise as investors become more familiar with the asset class.

Fig. 11: Breakdown of Europe-Based Investors by Type



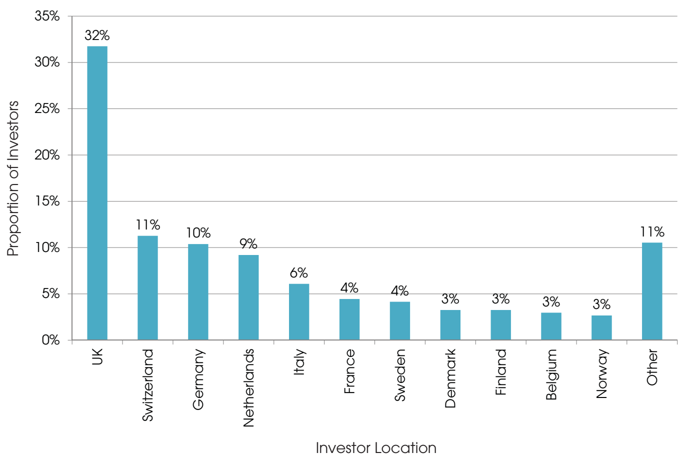
Source: Preqin Infrastructure Online

Fig. 12: Breakdown of Europe-Based Infrastructure Investors by Assets under Management



Source: Preqin Infrastructure Online

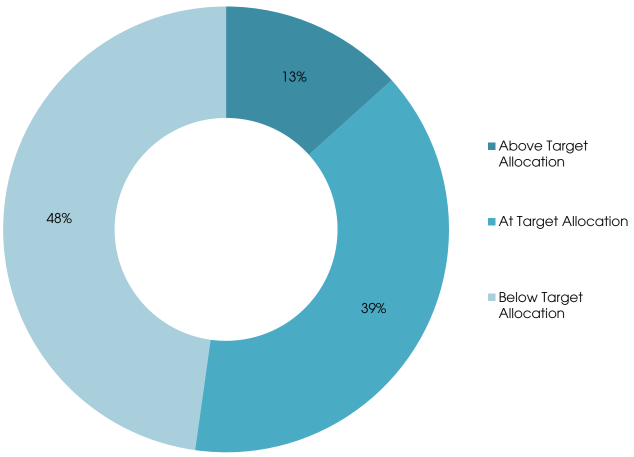
Fig. 13: Breakdown of Europe-Based Infrastructure Investors by Location



Source: Preqin Infrastructure Online

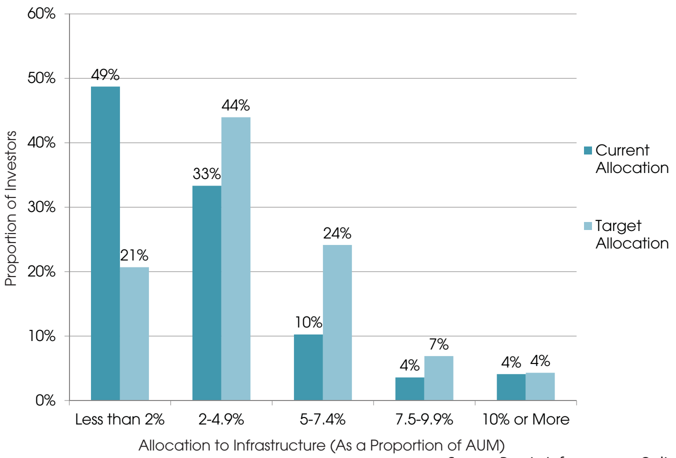
Fig. 15 looks at the distribution of these investors' current and target allocations to the asset class. As shown, 49% of Europe-based investors on Preqin's Infrastructure Online service currently allocate less than 2% to infrastructure, and 33% currently allocate between 2% and 4.9% of their assets under management. In comparison, 44% are targeting a current allocation of between 2% and 4.9%, and 35% are targeting an allocation of 5% or more to infrastructure. This again demonstrates that many investors are under-allocated to the asset class, and many will be looking to increase the proportion of their total assets invested in infrastructure in 2014.

Fig. 14: Proportion of Europe-Based Infrastructure Investors that Are At, Above or Below their Target Allocations to the Asset Class



Source: Preqin Infrastructure Online

Fig. 15: Distribution of Europe-Based Infrastructure Investors' Current and Target Allocations to the Asset Class



Source: Preqin Infrastructure Online

Appetite for First-Time Fund Managers

The relatively new nature of the infrastructure asset class also impacts the level of experience possessed by fund managers operating in the asset class, with 40% of funds in market being raised by first-time managers. It is therefore encouraging to note that 43% of Europe-based investors will invest in first-time managers, and 11% will consider doing so. However, 39% will not invest in first-time managers, demonstrating that a large proportion of investors continue to seek fund managers with proven track records. This is likely to make fundraising for first-time managers increasingly challenging, and the capital being raised by infrastructure funds may be increasingly concentrated among a smaller number of more experienced managers.

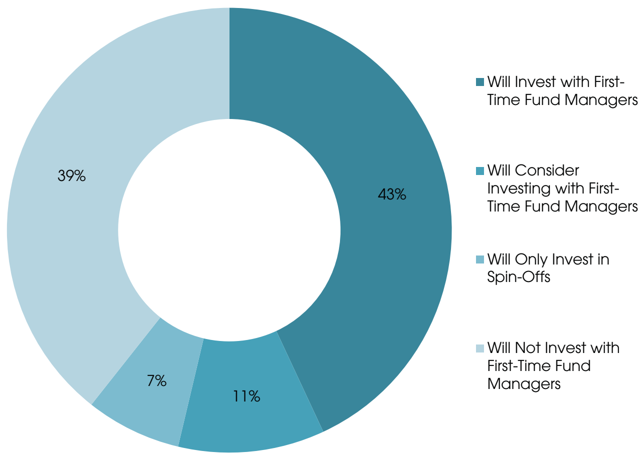
Regional Investment Preferences

Unsurprisingly, the majority of Europe-based infrastructure investors are targeting European investments in the next 12 months, with 66% targeting the region. Twenty-four percent are seeking infrastructure investments in North America, and only 6% are looking for Asian investments. As is common with the infrastructure asset class, 47% of Europe-based investors are seeking global investments.

Preqin's Infrastructure Online tracks detailed information on over 2,100 investors actively investing in infrastructure. Access details of their current and target allocations, their investment preferences and plans, key contact details, and more. For more information, please visit:

www.preqin.com/infrastructure

Fig. 16: Europe-Based Infrastructure Investors' Appetite for First-Time Fund Managers



Source: Preqin Infrastructure Online

Fig. 18: 10 Notable Europe-Based Institutional Investors Planning New Infrastructure Investments in the Next 12 Months

Investor	Type	Location	Current Allocation to Infrastructure (€mn)	Geographic Preferences in the Next 12 Months
ATP Lifelong Pension	Public Pension Fund	Denmark	1,917	North America, Europe
CNP Assurances	Insurance Company	France	1,984	Global
DEG	Government Agency	Germany	823	Europe
Hermes GPE	Infrastructure Fund of Funds Manager	UK	2,853	Global
KGAL	Asset Manager	Germany	2,100	Europe
PensionDanmark	Public Pension Fund	Denmark	1,073	North America, Europe
Pensionskassernes Administration	Asset Manager	Denmark	805	Global
PGGM	Asset Manager	Netherlands	4,000	Global
Prudential M&G	Asset Manager	UK	2,377	North America, Europe
Railways Pension Trustee Company	Private Sector Pension Fund	UK	1,124	Global

Source: Preqin Infrastructure Online

European Infrastructure Deals

Annual European infrastructure deal flow has risen significantly in recent years, in line with the general growth in the European unlisted infrastructure fund market. With more investors seeking to gain exposure to the stable long-term yields often available from established European infrastructure assets, a larger number of fund managers are bringing Europe-focused funds to market and putting capital to work in European assets.

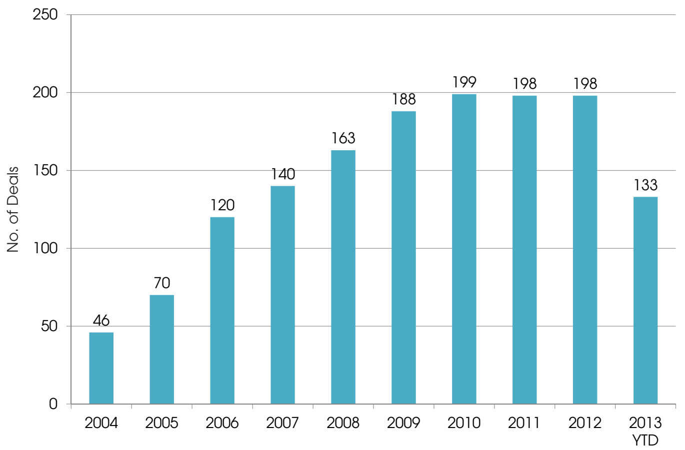
Deal Flow

The number of deals made by unlisted infrastructure fund managers in European infrastructure assets so far in 2013 stands at 133 and this is expected to increase as much as 30% as more information becomes available from fund managers. European infrastructure deal flow improved steadily between 2004 and 2010, from 46 completed transactions to 199, but remained at the same level from 2010 to 2012 (Fig. 19). Despite this, Europe still accounts for 52% of all deals made by unlisted infrastructure fund managers worldwide during this period, and European deal flow is expected to remain strong in the coming months, fuelled by growing institutional investor and fund manager interest.

Deal Flow by Industry

In terms of industry, the most active stand-alone sector for European infrastructure deal flow between 2012 and October 2013 was social infrastructure assets (those primarily related to the healthcare or education sectors), which accounted for 44% of total European deals made since Q1 2012. This illustrates the sustained importance of PPP/PFI transactions in Europe, with most social assets being developed under this type of scheme. Also, many fund managers focusing on social assets in Europe have the capacity to build large portfolios, which explains the significant proportion of such deals compared to other industries. As shown in Fig. 20, the energy sector accounted for a significant 30% of total deals made in Europe during this period, while transportation assets accounted for a further 14%. Other core infrastructure sectors such as utilities and telecommunications represented an additional 10% combined, meaning that core infrastructure accounted for 54% of total deals made in Europe between 2012 and October 2013.

Fig. 19: Annual Number of Deals Made by Unlisted Infrastructure Fund Managers in European Assets, 2008 - 2013 YTD (As at 22 October 2013)

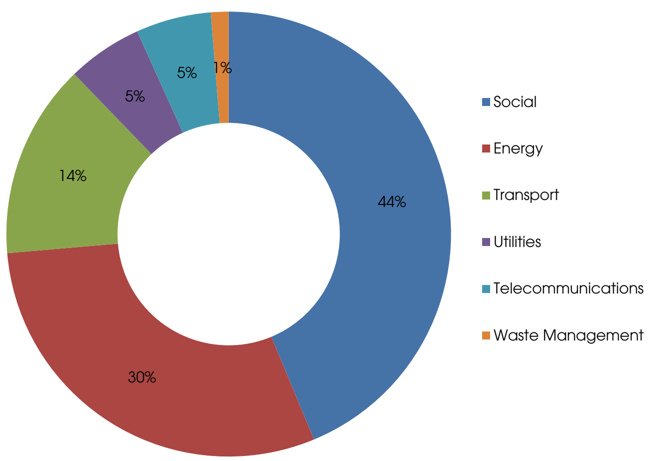


Source: Preqin Infrastructure Online

Deal Sizes

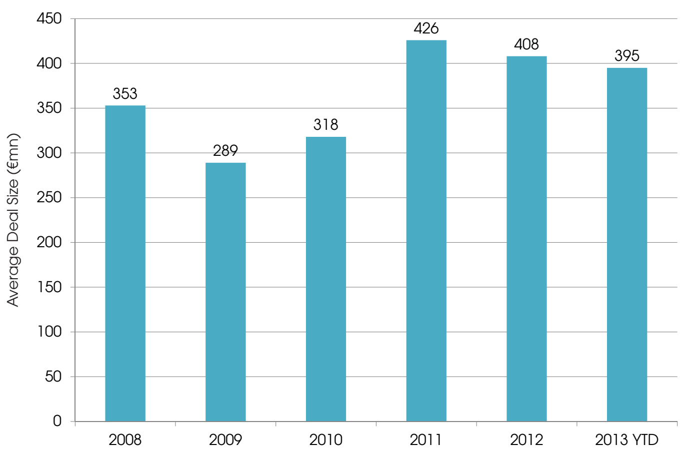
As shown in Fig. 21, the average deal size for European infrastructure transactions fell following the financial crisis, with deal flow suffering due to a shortage of available and affordable long-term debt financing; high asset valuations also impacted deal flow. However, average deal sizes have increased in recent years, with the average deal size above €400mn in 2011 and 2012, and standing at €395mn for deals completed to date in 2013.

Fig. 20: Breakdown of European Infrastructure Deals by Industry, 2012 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 21: Average European Infrastructure Deal Size, 2008 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Although large-scale deals are being completed in Europe, smaller ticket transactions continue to be more prevalent. Fig. 22 provides a breakdown of European deals made by unlisted infrastructure fund managers between 2011 and 2013 YTD by transaction value. This shows that a significant 47% of European deals completed during this period were valued at less than €50mn.

Deal Flow by Project Stage

One of the main attractions of the European infrastructure market for both institutional investors and fund managers is the abundance of existing, operational infrastructure assets. Many fund managers focus on lower-risk investments in proven advanced brownfield or secondary stage infrastructure assets; this is illustrated in Fig. 23, which shows that a significant 79% of total deals completed since Q1 2012 in Europe were made in such assets. Greenfield projects, with higher risks associated with construction, accounted for 21% of total deals made during the period.

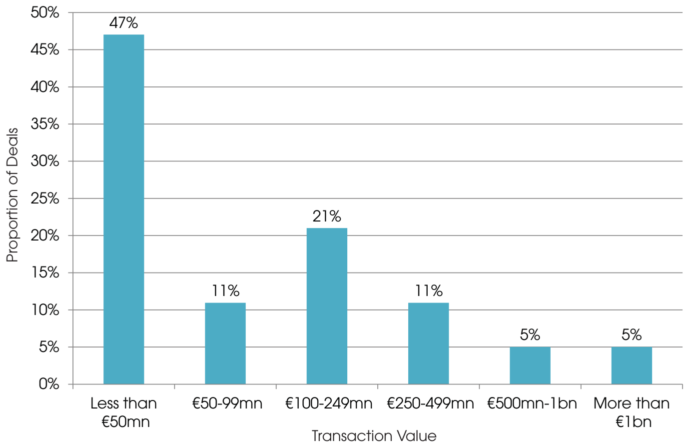
Notable Deals

In June 2011, the Lisea consortium consisting of Ardian (formerly AXA Private Equity), Meridiam Infrastructure, CDC Infrastructure and VINCI Concessions was awarded the €7.8bn concession for the development of the SEA High Speed Railway Line in France. Elsewhere, a consortium including Macquarie Infrastructure and Real Assets (MIRA) acquired Open Grid Europe, a portfolio of European gas distribution networks previously owned by E.ON, in May 2012 for €3.2bn. More recently, in April 2013 Global Infrastructure Partners, together with Alaska Permanent Fund Corporation and other co-investors, acquired a 35% stake in Terminal Investment Limited for $1.93bn.

Preqin's Infrastructure Online features detailed information on over 5,200 infrastructure transactions and bids historically, including asset location, project stage and industry. For more information, or to arrange a demonstration, please visit:

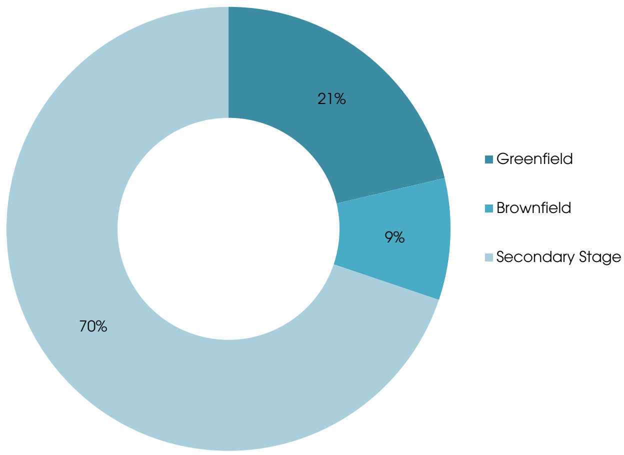
www.preqin.com/infrastructure

Fig. 22: Breakdown of European Infrastructure Deals by Transaction Value, 2011 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 23: Breakdown of European Infrastructure Deals by Project Stage, 2012 - 2013 YTD (As at 22 October 2013)



Source: Preqin Infrastructure Online

Fig. 24: 10 Notable Deals Made by Unlisted Infrastructure Fund Managers in European Assets, 2008 - 2013 YTD (As at 22 October 2013)

Asset	Location	Industry	Investor(s)	Deal Size (mn)	Stake (%)	Date
Elenia	Finland	Power Distribution	3i, 3i Infrastructure, Ilmarinen Mutual Pension Insurance Company, GS Infrastructure Investment Group	1,540 EUR	100%	Dec-11
Enel Rete Gas	Italy	Natural Resources Pipelines	Ardian, F2i SGR	1,445 EUR	100%	Sep-09
Eversholt Rail Group	UK	Rolling Stock	3i Infrastructure, Morgan Stanley Infrastructure, STAR Capital Partners	2,100 GBP	100%	Dec-10
Gatwick Airport	UK	Airports	Global Infrastructure Partners	1,445 GBP	100%	Oct-09
Itinere Infraestructuras	Spain	Toll Roads	Bilbao Bizkaia Kutxa, Caixa Galicia, Caixanova, Cajastur, Citi Infrastructure Investors	7,880 EUR	100%	Dec-08
New Karolinska Solna	Sweden	Hospitals	Innisfree, Skanska	10,500 SEK	100%	Jun-10
Open Grid Europe	Germany	Natural Resources Pipelines	Abu Dhabi Investment Authority, British Columbia Investment Management Corporation, Macquarie Infrastructure and Real Assets (MIRA), MEAG Munich Ergo Asset Management	3,200 EUR	100%	May-12
SEA High Speed Railway Line	France	Railroads	CDC Infrastructure, VINCI Concessions, Ardian, Meridiam Infrastructure	7,800 EUR	100%	Jun-11
Terminal Investment Limited	Netherlands	Sea Ports	Alaska Permanent Fund Corporation, Global Infrastructure Partners, Unidentified Investor/s	1,929 USD	35%	Apr-13
Yorkshire Water	UK	Water Distribution	Citi Infrastructure Investors, GIC, Infracapital, InfraRed Capital Partners	3,000 GBP	100%	Feb-08

Source: Preqin Infrastructure Online

Assets under Management, Dry Powder and Performance

Assets under Management and Dry Powder

The European unlisted infrastructure fund industry has experienced considerable growth in the past decade, with the assets under management of Europe-focused unlisted infrastructure funds increasing significantly, as shown in Fig. 25. In just two years, Europe-focused infrastructure assets under management more than doubled, from €26bn in 2009 to €58bn in 2011, and stood at €54bn as of December 2012. The slight decrease seen in 2012 was a result of a decrease in dry powder levels.

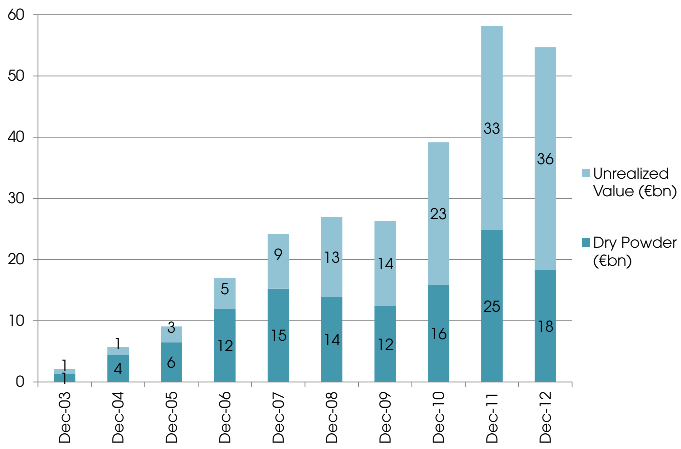
While dry powder for Europe-focused funds saw a sharp decline in 2012, this has since rebounded to the levels seen in December 2011, standing at €24bn as of October 2013 (Fig. 26). Although this is still lower than the €31bn in dry powder seen for North America-focused unlisted infrastructure funds, dry powder for North America has shown only a small overall increase, and has remained fairly stable just above €30bn over the last three years.

Net Multiples and Target IRRs

Using data from Preqin's Infrastructure Online service, the spread of net multiples generated by individual Europe-focused unlisted infrastructure funds of 2004 to 2013 vintage years is shown in Fig. 27. The majority of funds currently have a net multiple of between 1.0x and 1.5x, suggesting that many funds are generating the stable returns that have attracted investors to the asset class.

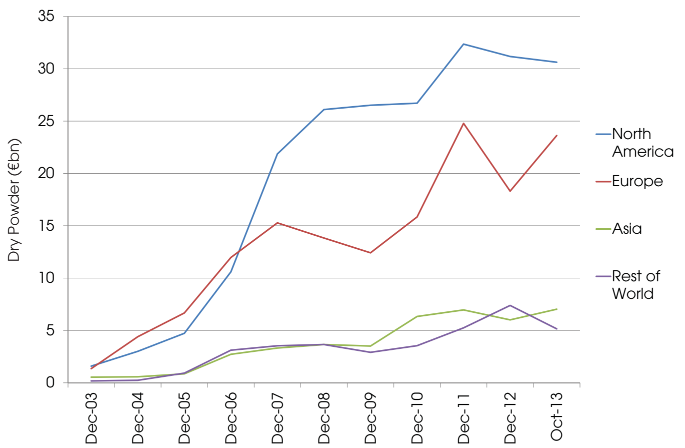
The target net IRRs of Europe-focused unlisted infrastructure funds reflect the conservative risk/return profile of many funds actively investing in Europe, with over half (64%) targeting returns of 12.5% or less, and the largest proportion (37%) targeting between 10% and 12.5%. While the potential for inflation protection and long-term, stable returns are one of the key attractions of the infrastructure asset class, Fig. 27 does demonstrate the spread of targeted returns among individual funds can differ significantly.

Fig. 25: Annual Assets under Management of Europe-Focused Unlisted Infrastructure Funds, December 2003 - December 2012



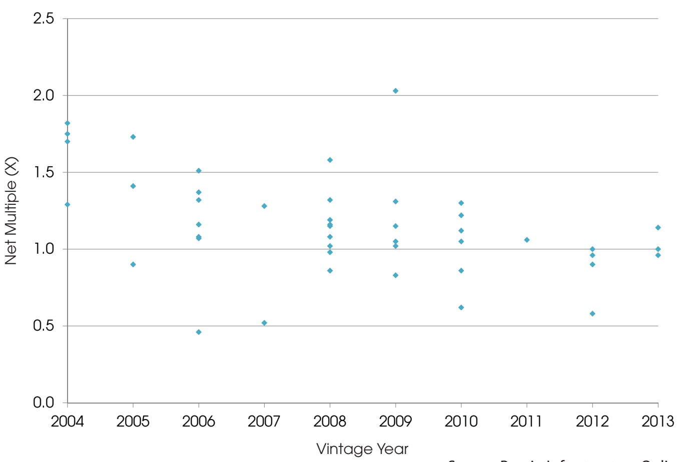
Source: Preqin Infrastructure Online

Fig. 26: Unlisted Infrastructure Fund Dry Powder by Primary Regional Focus, December 2003 - October 2013



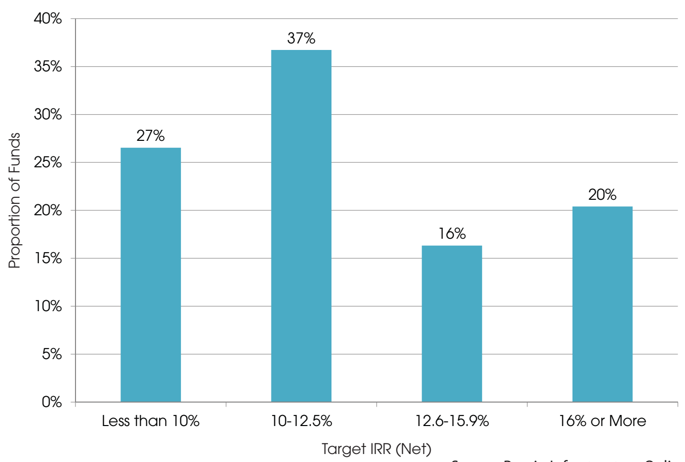
Source: Preqin Infrastructure Online

Fig. 27: Net Multiples for Europe-Focused Unlisted Infrastructure Funds by Vintage Year



Source: Preqin Infrastructure Online

Fig. 28: Breakdown of Europe-Focused Unlisted Infrastructure Funds by Target Net IRR, Funds Closed 2011 - 2013 YTD and Funds in Market (As at 15 October 2013)



Source: Preqin Infrastructure Online

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