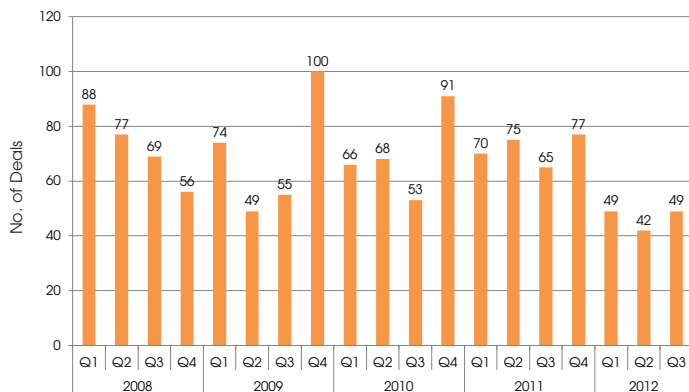




Infrastructure Deals - Q3 2012

Elliot Bradbrook gives an overview of the infrastructure deal market in Q3 2012 and compares this to previous years.

Fig. 1: Quarterly Number of Deals Made by Unlisted Infrastructure Fund Managers, Q1 2008 - Q3 2012



Source: Preqin Infrastructure Online

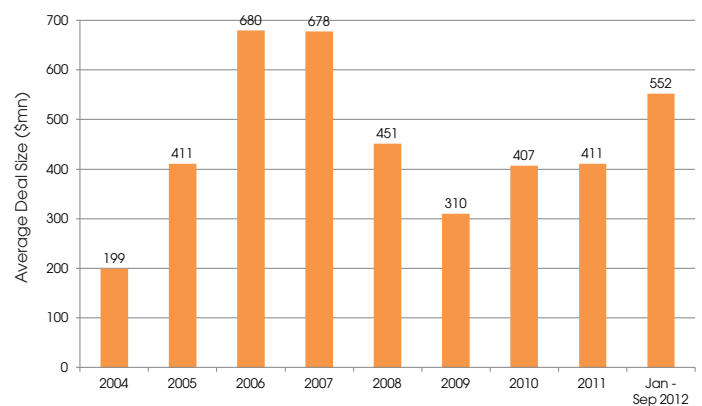
A total of 49 deals were completed by unlisted infrastructure fund managers in Q3 2012. As shown in Fig. 1, this represents a 17% increase on the 42 deals finalized by unlisted infrastructure fund managers in Q2 2012, and an equal amount to the number of deals reported in Q1 2012.

Despite this small increase compared to the previous quarter, the general plateau in infrastructure deal flow since the global financial crisis illustrates the tough conditions faced by fund managers in the current economic environment. Although the number of deals completed in Q3 2012 is expected to rise as more information becomes available, fund managers continue to struggle with the lack of cost-effective long-term debt financing available from traditional sources and unrealistically high asset valuations. Banks are also further pressurized by impending liquidity regulations.

Although deal flow remains constricted, the average infrastructure deal value between January and September 2012 was higher compared to recent years. As shown in Fig. 2, the average infrastructure deal size as of Q3 2012 equated to \$552mn, a 34% increase on the \$411mn average for 2011. This indicates that despite ongoing market difficulties, infrastructure fund managers are still able to close sizeable transactions.

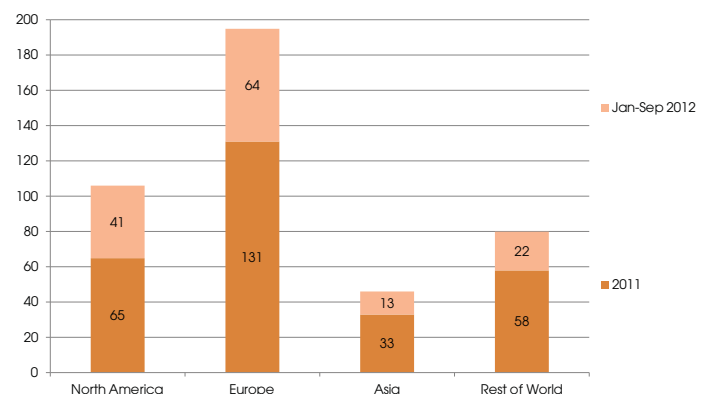
Fig. 3 provides a regional breakdown of deals completed by infrastructure fund managers since 2011. Europe remains the

Fig. 2: Annual Average Deal Size, 2004 - 2012 YTD



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Infrastructure Deals by Region, 2011 - 2012 YTD



Source: Preqin Infrastructure Online

most prominent region, accounting for 46% of total transactions finalized during the period, while North American assets represent 25% of deals completed since Q1 2011. In Q3 2012, 20 deals were completed in Europe, 14 in North America and six in Asia, with a further nine deals made by infrastructure fund managers in assets located outside of these three regions. Core infrastructure industries continued to dominate in Q3 2012, with 73% of total deals made in the energy, transportation, utilities and telecoms sectors.

Subscriber Quicklink:

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Route to Market: Unlisted Funds

Strategy: Primary, Fund of Funds

Region: Global

Timeframe: Opportunistic

Summary: As of Q1 2012, [redacted] had lowered its target allocation to Real Estate and Real Assets opportunities from 10% to 6% of total assets. In the year since Q1 2011, it had increased its actual allocation to these assets from 5% to 6%, meaning it had fulfilled its new target allocation level. Despite this, the [redacted] may make further investments going forward on an opportunistic basis.

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[redacted]	Unlisted Funds, Listed Funds, Direct Investments	Primary	Asia Pacific	05/10/2012
[redacted]	Unlisted Funds	Primary	Global	05/10/2012
[redacted]	Unlisted Funds	Primary, Fund of Funds	Global	03/10/2012
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