Infrastructure Spotlight

February 2012

Welcome to the latest edition of Infrastructure Spotlight, the monthly newsletter from Preqin providing insights into infrastructure performance, investors, deals and fundraising. Infrastructure Spotlight uses information from our online product Infrastructure Online.

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FEATURED PUBLICATION:

The 2012 Preqin Global Infrastructure Report

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Feature Article

A Recipe for Fundraising Success in the Post-Crisis Marketplace

Looking for ways to stand out amongst the record number of infrastructure funds on the road? This month's feature article takes a look at the current fundraising market and reveals the ways in which infrastructure fund managers can make their offerings more attractive to investors.
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Solid Foundations Spawn Success

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News from North America

Which US pension fund has recently invested a record sum in an unlisted infrastructure fund? Find out the details and much more in this month's industry news, which focuses on the North American infrastructure market.
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The Facts

You can download all the data in this month's Spotlight in Excel.
Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing, please cite Preqin as the source.

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A Recipe for Fundraising Success in the Post-Crisis Marketplace

What does a fund manager need to do to ensure fundraising success in the competitive infrastructure market? Iain Jones takes a look at the ways in which fund managers can attract investors and make their fund stand out from the crowd.

The current infrastructure fundraising market is defined by a record number of funds on the road seeking unprecedented levels of investor capital, and increased institutional investor caution due to volatile economic conditions. The consequence of both is an increasingly congested fundraising market, with success only being achieved by those fund managers offering the most attractive opportunities. Although some of the largest, most sophisticated institutions are now operating direct infrastructure investment programs, the unlisted fund model will continue to play a vital role in generating private investment in infrastructure assets. It is therefore crucial, as public institutions pull back from large-scale infrastructure financing, that fund managers employ an efficient method of funnelling investor capital to infrastructure assets over the coming years.

The following article aims to identify factors that can either facilitate or hinder fundraising success in the current marketplace. In doing so, it will analyze Preqin's infrastructure investor database to gauge sentiment and preferences, before exploring issues such as GP experience, the effects of placement agents and geographic strategy on both the historical and current fundraising market.

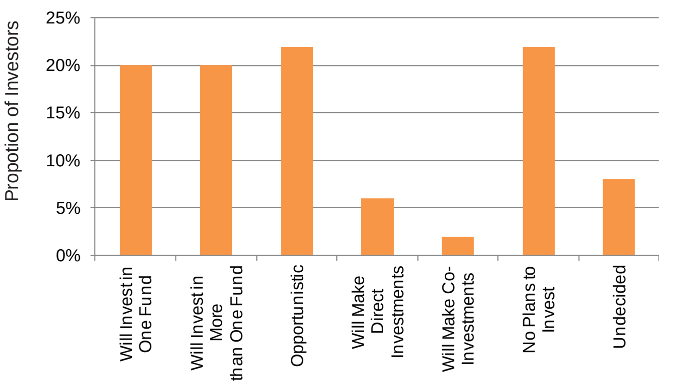
Investor Sentiment

Institutional investors have been considerably more cautious when committing capital to infrastructure funds in the aftermath of the financial crisis. This reaction is however a reflection of investor sentiment across all asset classes rather than an indication of reduced appetite for infrastructure. Indeed, many institutional investors plan to continue allocating capital to infrastructure, both in 2012 and over the longer term. Fig. 1 shows that a significant 62% of respondents to our mid-2011 investor survey planned to make infrastructure fund commitments over the following 12 months. Of those that planned to invest, 22% expected to invest opportunistically and 40% aimed to make commitments to at least one fund.

A consequence of challenging fundraising conditions is that LPs can now demand greater concessions from GPs with regard to terms and conditions. Fig. 2 is taken from Preqin's mid-2011 investor survey and shows the areas in which respondents feel the relationship between GP and LP needs to be improved. The most commonly cited issue was the level of fees charged by fund managers, with investors taking issue with management fees, payment of fees on uninvested capital, and carry structures in particular.

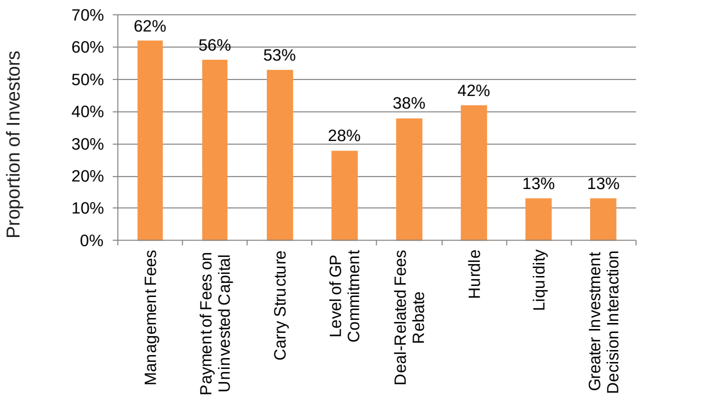
Michaela Sved (Director, MVision), commenting in a keynote address for the 2012 Preqin Global Infrastructure Report, stated: "Standard LP due diligence now includes management budget and reconciliation with management fees – a few years ago, the 2/20 model was accepted – now there is a lot more scepticism around the 'for profit' management fee; that is a particular area for push back, more so than performance fees". Preqin data on management fees for 2010/2011 vintage funds and those funds currently raising suggests that LPs are enjoying some success in the drive for more favourable terms, with 50% of the funds now charging less than a 2% management fee and just 3% charging more than that. In addition to this, larger institutional investors are often requesting concessions for 'big-ticket' fund commitments, an

Fig. 1: Investor Plans for the Next 12 Months



Source: Preqin

Fig. 2: Areas In Which Investors Feel Interests Need to Be Better Aligned



Source: Preqin

example of such being CalSTRS's recent $500mn investment with Industry Funds Management (IFM). Issues such as the saturated fundraising market and the trend amongst highly sophisticated institutions for direct investments, squeezing the pool of capital available for infrastructure fund managers, are expected to further increase the downward pressure on fees going forward.

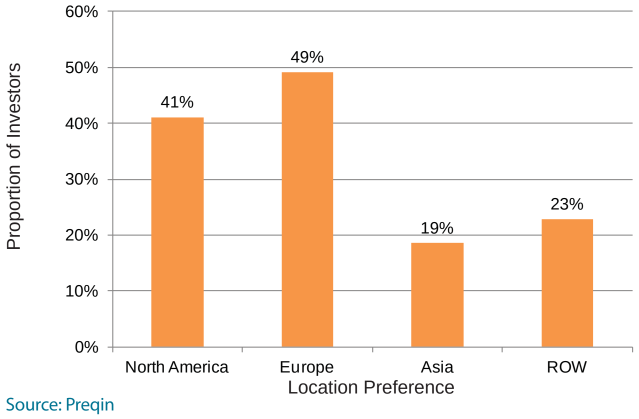
Investor Preferences

Preqin's Infrastructure Online database contains information on over 1,150 institutions that actively make unlisted infrastructure fund commitments. While many LPs operate an opportunistic infrastructure investment strategy, seeking diversification within the asset class, the investment preferences of these institutions do provide an indication as to the desirability of certain infrastructure strategies and in turn, corresponding fund manager offerings. In general, investors are attracted to infrastructure for its portfolio diversification properties and its ability to provide a hedge against inflation and generate steady cash flows.

Fig. 3 shows the location preferences of active infrastructure investors. This graph indicates an LP preference for infrastructure opportunities in the developed economies of Europe and North America, with 49% and 41% of institutions specifying a preference for these regions respectively. A further 19% target assets and projects in Asia and 23% seek exposure outside of these regions, a number which falls to 14% with the removal of the advanced infrastructure market in Australasia. The desire amongst LPs for exposure to developed infrastructure markets is reflective of both a desire to mitigate regulatory risk and a reflection of the strong GP offerings in these areas.

As shown in Fig. 4, institutional investors typically hold a preference for exposure to core infrastructure assets. Seventy-five percent of institutions will consider investments in energy, with 66% and 65% targeting transportation and utilities & waste management respectively. In addition to those investors seeking exposure to economic assets, 34% of LPs would target social infrastructure in areas such as education and healthcare facilities.

Fig. 3: Location Preferences of Infrastructure Investors



Source: Preqin

In terms of project stage preference, 80% of institutional investors seek brownfield exposure, while 72% and 70% target greenfield and secondary stage infrastructure assets respectively. While LPs generally operate opportunistic investment strategies, thereby acquiring interests across the project stage spectrum, they do seek those assets that can provide inflation-linked steady cash flows throughout the life of the fund.

Although investment strategy is clearly an important factor in obtaining fund commitments, institutional investors also hold a strong preference for those GPs that can demonstrate a history of success in the infrastructure asset class. Fig. 5 indicates this by showing investor attitudes to GPs looking to raise their maiden fund. In total, 29% of investors that specified a preference would not invest in a first-time infrastructure fund. A further 11% of institutions would consider it in certain circumstances while 6% would invest if the fund was being raised by a spin-off fund manager. Therefore just 54% of investors would be willing to invest in a first-time infrastructure fund. These findings suggest that those infrastructure fund managers with a proven track record in the market should find raising capital easier than a comparable first-time GP.

Historical Fundraising

Fund managers found it difficult to raise capital in 2011 as an already challenging environment was affected by both economic

Fig. 4: Industry Preferences of Infrastructure Investors

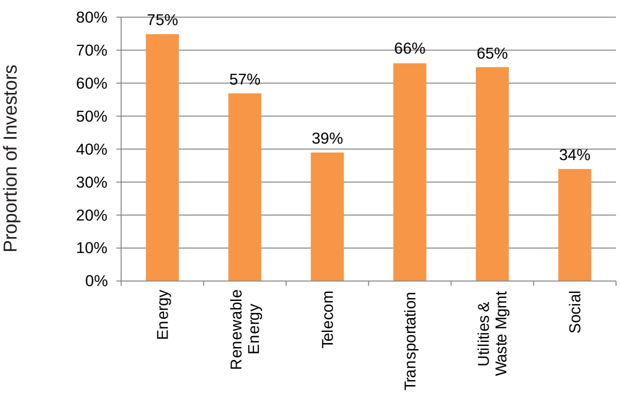


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Fig. 5: Proportion of Infrastructure Investors that Invest in First-Time Funds

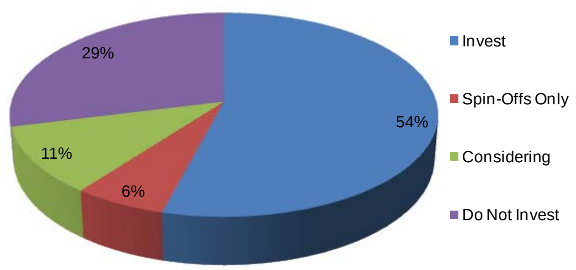

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Fig. 6: Historical Fundraising Figures, 2010-2011

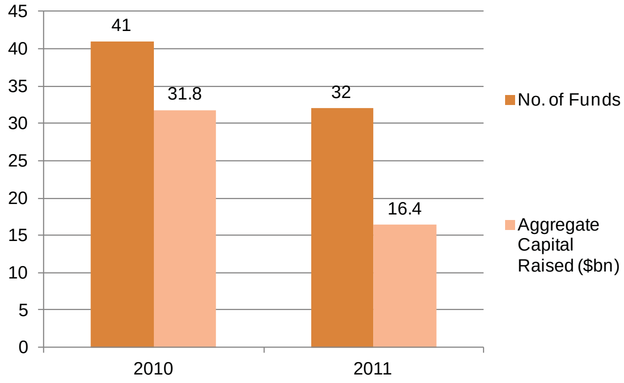

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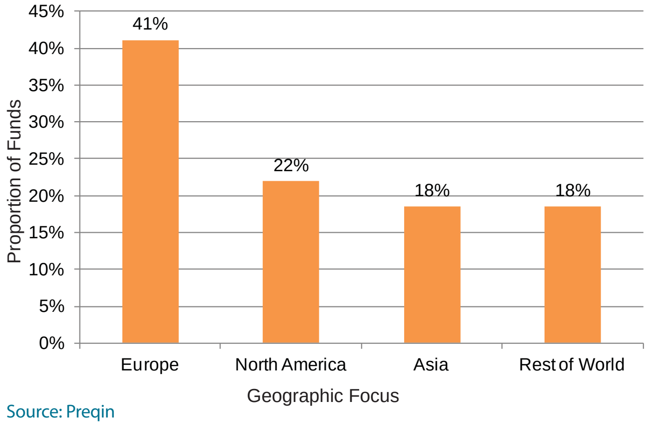
Fig. 7: Breakdown of Infrastructure Funds in Market by Primary Geographic Focus



Source: Preqin

uncertainty and short-term investor caution. This resulted in a fall in both the number of funds raised and the aggregate capital secured by funds closed in 2011. As shown in Fig. 6, 32 vehicles closed in 2011 having raised a total of $16.4bn, down 49% on the $31.8bn collected by the 41 funds closed in 2010.

First-time fund managers were responsible for 42% of the funds closed in 2010/2011, with a further 37% of vehicles being raised by firms marketing their second, third or fourth fund. Highly experienced GPs, defined as those that have closed five or more vehicles, raised the remaining 21% of funds, highlighting the infancy of the infrastructure industry when compared to other alternative asset classes. Of these 73 closed funds, 40% finished above their original target and 8% met their target, while the remaining 52% failed to reach their original fundraising goals.

In terms of aggregate capital raised, first-time funds typically secured far less than vehicles raised by GPs with prior experience. Again when looking at funds closed in 2010/2011, the average close size for a first-time GP, $420mn, was half the amount of the average raised by GPs with prior experience, $840mn. This shows the preference LPs have for fund managers that can demonstrate a track record of fundraising success and have delivered on previous investment promises.

While a total of 73 unlisted infrastructure funds were successfully raised in 2010/2011, a further 32 vehicles failed to secure capital and were abandoned. The majority of these funds primarily focused on opportunities in Asia and Rest of World (56%), with a further 34% and 9% targeting Europe and North America respectively. Of the 10 GPs that disclosed placement agent information, eight had decided to raise capital 'in-house' and two had employed a placement agent. First-time fund managers were overwhelmingly responsible for the 32 abandoned vehicles, accounting for 75% of the total.

Current Fundraising

The current infrastructure fundraising market is made up of 146 vehicles targeting an aggregate $93.7bn. Of these funds, 47% have held at least one interim close having raised an aggregate $19.1bn in investor capital. First-time fund managers are raising 52% of funds on the road, while 21%, 12% and 5% of funds are their manager's second, third and fourth offerings respectively. Highly experienced infrastructure fund managers, as defined earlier, are raising the remaining 11% of vehicles. In terms of capital sought by fund managers, vehicles raised by first-time firms are targeting an average $459mn whereas those raised by firms marketing at least a second vehicle are targeting an average $877mn.

A total of 68 funds on the road have reached an interim close, split evenly between first-time funds (34) and those raised by GPs with a prior offering (34). Once again we can see the preference shown by LPs for those funds that can demonstrate a track record in the infrastructure asset class, as these vehicles have accumulated 73% of the $19.1bn raised, in contrast to the 27% ($5.2bn) secured by new GPs.

One potential method by which GPs can improve the chance of reaching a final close is by utilizing the services of a placement agent. Forty-eight percent of funds on the road employ a placement agent and 52% do not. Interestingly, 70% of vehicles working alongside a placement agent have already reached an interim close, compared to 45% of those funds using in-house fundraising teams.

As discussed previously, LPs tend to prefer assets in regions characterized by developed infrastructure markets underpinned by regulatory stability. It is therefore unsurprising, given the sophistication of the European infrastructure market, that the majority of fund managers are targeting assets in the region. As shown in Fig. 7, 41% of funds on the road have a primary focus on European investment, while 22% will focus on North America, 18% on Asia and 18% outside of these regions.

Outlook

The road ahead for the unlisted infrastructure fund market remains positive and, although it faces headwinds from increased LP caution and the growing attraction of direct investment, it is still the principal method of allocating private capital to the asset class, something which is expected to increase going forwards. However, given the saturation in the current fundraising market a number of GPs will struggle to raise funds, resulting in firms closing on lower levels of capital, spending longer in the market, or having to abandon funds altogether.

Those GPs that can demonstrate a track record in the infrastructure space will be able to close a higher number of funds for greater average levels of capital, both at whole fund and interim levels, and will be far less likely to need to abandon a vehicle. An example of such a fund manager is Global Infrastructure Partners, which secured over $3bn for its second fund during 2011. For first-time GPs, an ability to demonstrate an established pipeline of assets and a tightly defined investment strategy will be one method of standing out amongst peers. In addition, those first-time GPs with seed/anchor investments will benefit along with vehicles that can provide early, and regular, cash distributions.

When it comes to fees and fund structures, GPs that can align interests will be increasingly favoured by institutional investors. Preqin data on fund terms does suggest that more fund managers are considering a reduction in the much maligned 2% management fee; however, further considerations in areas such as staggered fees for ‘big-ticket’ investments and changes in the fund structure to better match the liabilities of key parts of the investor base, such as pension funds and insurance companies, would help GPs gain traction over their peers. In addition, fund managers should consider utilizing the services of a placement agent as a way of standing out from the crowd. History shows that these GPs have been more likely to successfully raise capital and less likely to abandon their funds.

Subscriber Quicklink:

Subscribers to Preqin’s Infrastructure Online – the industry’s leading source of infrastructure fundraising information – can click here to access a list of the unlisted infrastructure funds raising capital in 2012.

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Solid Foundations Spawn Success

We spoke to John Campbell, Chairman of Campbell Lutyens, about the infrastructure fundraising market, what investors are looking for when choosing a fund and the outlook for the asset class.

What are your thoughts on the current fundraising market?

Let's start by defining the different parts of the institutional marketplace. It's split into two categories, the larger institutions, a number of whom wish to invest directly, and the much larger number, both large and small, who haven't got the internal infrastructure themselves to be able to go directly into deals so need to operate through intermediate vehicles.

What are these investors looking for?

We at Campbell Lutyens deal with around 700 institutions investing in the class worldwide. The significant majority generally seek to invest in infrastructure to access an asset class which gives a reduced correlation and real diversification from other asset classes. The idiosyncratic feature of the asset class is the ability to access long-term streams of income on a reasonably predictable basis. By that, I mean that whether one invests in PPP assets, which are of a contractual nature, or in regulated assets which offer fluctuating returns from period to period depending on the actions of the regulator, or economic assets which are much more demand-related, each asset class has a characteristic of predictability of income which is important to the institutional investor. Different institutions may at one time or another prioritise different streams of income. For example, they may feel more comfortable at an early part in their infrastructure investment programme to invest in brownfield, already income-generating assets in a predictable part of the world such as the UK. Others are prepared to study and to understand the real nature of greenfield PPP risk and consider that the premium returns that can be achieved - at the cost of some delay in reaching full income levels whilst the assets are being constructed – provide both higher absolute and risk-adjusted returns. Others wish to access the higher returns, albeit at higher risk, associated with demand-based assets, which are more correlated with the growth in the economy. In those cases there can be a greater focus on those economies or parts of economies where growth is present. For example in the US there are regions which outperform other regions in underlying growth and the same applies from country to country.

How do you view the current fundraising market?

A much more significant volume of investor funds looking forward will, in our view at Campbell Lutyens, tend to flow into assets where access to the underlying income is prioritised rather than converting that income over relatively short periods into capital gains. This is not to say that an important intermediation role cannot also be played by funds which buy assets in order to enhance them before selling them on in that enhanced state to more long-term, income-focused hands. The best of such funds, whose higher aggregate returns can bring capital gains and income, continue to appeal strongly to investors.

How important is manager experience/past performance?

This is of increasing importance. The first stage of the development of the infrastructure fund market was in the 1990s/early 2000s, when a significant amount of capital was placed behind managers with well known brand names. There's now much more selectivity. The experience of funds raised from around 2005 onwards has tended to be one of disappointment across a reasonable range of well known branded funds. I have in mind in particular funds run by some of the investment banks who set up funds more as an accumulation of AUM rather than because they had particular skills to bring to the table. The same might be applied to a number of alternative assets conglomerators who, for example, may have other funds in private equity, hedge funds, real estate or other alternatives and simply felt they could add on another silo of funds under management. Specialist funds, for example PPP funds or funds under more independent management have a better record of deliverability in terms of what was on the can. Energy funds, which are a particular subset of the infrastructure class, have also performed better than many pure infrastructure funds. And of course, some infrastructure funds have delivered what they said they would, but on the whole, when the uplift in values brought about by the re-rating of the predictable streams of income on a yield basis and the opportunities to re-leverage assets both came to an end at around the end of 2007, disappointment amongst investors became quite widespread. Those managers whose track records have proved to be indifferent have accordingly suffered in their ability to raise new capital. Those that built their funds on the rock of a genuinely professional and sustainable base which is appropriate for infrastructure produced very different results from those built on sand.

Campbell Lutyens is involved not just with the primary placement of infrastructure funds, but has important activities in the secondary market, which involves the transfer from one investor to another of existing portfolios of LP interests or of underlying direct investments. Wearing that hat we see the performance of many of the funds in the market. It would be fair to say that the funds raised between 2006 and 2008 have performed disappointingly, rather than have overachieved. As a result, those fund managers who have delivered find themselves in an attractive position to raise further capital.

How important are fund and fee structures?

Fee and fund structures are the key. Too many funds were set up in the first instance as private equity-lookalikes. They charged around 2% per annum in management fees and they had a carry catch-up structure designed, subject to a hurdle rate of around 7% or 8% of the profits, which delivered 20% of the total profits to the manager back to the first unit of profitability. Fees such as that can only be justified when returns are comparable to returns achieved in private equity, i.e. circa 20% or more. Such fee structures are generally inappropriate for lower return assets. Infrastructure assets, almost by definition, offer lower returns than private equity because they are of lower risk.To the extent that the GPs have elected to increase the risk and have superimposed upon the underlying assets increased leverage is simply the application of corporate finance alchemy to justify these higher fee structures.

The good news is that in parallel to these funds, a range of other fund managers set up very different fee structures which were much more attuned to the underlying potential for performance which is attributable to the underlying assets themselves rather than clever structuring. The fees and remuneration charged by those funds were typically quite different.

I do emphasise the importance of tailoring fee structures at all times to the underlying returns that the fund can offer. Funds that have assets which can be improved and sold over a shorter period of time, say 10-15 years, can legitimately charge higher fees if they're able, without undue risk, to deliver higher rates of return. In the case of the brownfield UK fund, the 25-year gross return was estimated at 8.5% and in the case of the greenfield fund the 25-year gross IRR was estimated at around 13.5%. Other strategies, especially in the asset conversion field, can typically over a shorter period deliver gross returns between say 15% and 20%.

What are the advantages of using a placement agent?

We prefer to use the term placement advisor. The placement advisor does really impact upon the structure of the fund rather than just taking orders from the GP. I'm unlikely to be an advocate of not using placement agents, but nevertheless care must be taken in the selection of agents. We have devoted enormous time to the education of the institutional investor sector in terms of differentiating the types of return that can be achieved for different risks, which means deep engagement with institutional investors. In turn that enables us when we take on a fund to be pretty sure that the fund can be successfully placed with an appropriate subset of investors around the world. Too many funds have not achieved success, including those that have used placement agents and those which don't use them. It's all about having to assess whether the placement agent can bring additionality or not. Some groups have their own internal investor relations teams who are thoroughly competent but even those teams suffer from the disadvantage that they frequently only have a single series of funds to promote and therefore have a much less rich discussion with potential investors than an organisation such as ourselves which can discuss an institution's potential interest in all parts of the asset class. We have found, for example, that many institutions are becoming much more interested in fixed income returns in addition to, or as an alternative to, equity returns in the infrastructure class. We certainly believe that the ability for our infrastructure specialists to support our limited partner relationship managers in talking broadly and deeply about the underlying streams of income and how they can be best delivered enables us to have a much more profound relationship with investors around the world than if we only had one type of infrastructure product to offer them. Similarly the combination of offering both primary and secondary investment opportunities is frequently a valuable service.

Do you have any short- or long-term predictions for the asset class?

In the short term, the disappointments felt by many investors and trustees that the delivery mechanisms of commingled funds failed to deliver the reduced correlation to other classes is still a barrier to the development of investor interest in the class. People remember disappointment more than successes. Too many were persuaded that they could achieve equity returns at bond risk and it took over-exuberant managers as well as investor inexperience to seed that unhappy marriage.

As the wheat is sorted from the chaff so it becomes easier for managers who have a sustainable investment proposition to take that message to receptive institutional ears in the placement market. It's rarely an easy market, and that has certainly been the case in the last few years as investors work through the effect of the global financial crisis and readdress sustainable investment propositions. However, we're seeing real demand for discreet identifiable pools of assets. Capital is being raised for these assets, whether they are PPP, regulated or economic assets, if the underlying investments are properly structured and the terms of GP:LP intermediation are fair. Over the longer term, our prediction is a continuing greater flow of interest by the institutional market place in accessing income flows rather than capital gains.

In many respects, I view the fundamentals of the infrastructure asset class as being the equivalent of, or even better, than the fundamentals of the real estate class forty years ago. Investors at that time invested in the real estate class in order to access long-term flows of income from good corporate credits. As it became more difficult to enter into long-term leases and the long-term corporate credit predictability became more volatile, real estate began to fluctuate more significantly in capital value. At Campbell Lutyens we believe that the infrastructure class today provides an opportunity which is almost real estate, as it used to be, but squared. What I mean by that is that the underlying predictability of income, in particular from government-related counterparties, whether contracted or regulated, is perhaps greater than the income that used to flow from corporate real estate opportunities and the length of contract can be even longer. The old style 21/25-year leases with upward only reviews that used to apply to real estate can be exceeded by longer-term concessions in the infrastructure sector.

We remain fundamentally bullish on the critically important role that infrastructure investment has for world economic development and for institutions and institutional investment. The benefits for institutions of investing in infrastructure are also akin to the Marshall Plan effect. They not only get the benefit of the direct investment in infrastructure, but as infrastructure improves so economies are enabled to grow faster. This in turn enhances many of their other investments in equity or in debt – a double win situation!

Preqin Industry News

Claire Wilson delivers a round-up of the latest infrastructure news, featuring exclusive intelligence uncovered by Preqin's analysts. Preqin Online subscribers can click on the investor/firm/asset names to view the full profiles.

CalSTRS has just invested $500mn in the IFM Global Infrastructure Fund. The commitment is one of the largest single commitments ever made by an institutional investor to an unlisted fund manager. The fund, which has a broad industry focus, provides US investors access to assets in global developed economies.

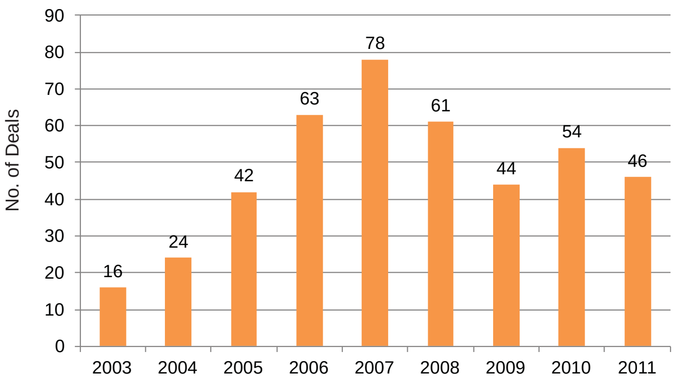
Fellow retirement scheme Enbridge Pension Fund has also made a recent commitment to an infrastructure fund. The Canadian pension fund, which has been investing in the asset class since 2008, is currently finalizing an investment in Global Infrastructure Partners II. It anticipates making another fund commitment by the end of the year, and will consider opportunities in a variety of industries.

Kansas Public Employees' Retirement System meanwhile is doubling its allocation to real assets from around 4% to 8%. Once the board approves the move it will look for global investments across a range of sectors. The pension scheme is currently invested in the Brookfield Americas Infrastructure Fund, a $2.6bn vehicle focused on the energy, utilities and transportation sectors in both North and South America.

University of Ottawa Endowment Plan is also looking for new investment opportunities and anticipates making two or three new infrastructure commitments in 2012. In line with its previous investments it will continue to target OECD-focused funds. However, it is unlikely to invest in Europe-focused funds due to economic uncertainty in the region.

The energy sector is of particular interest to the Rockefeller Foundation. The New York-based investor, which has a portfolio of existing unlisted infrastructure fund commitments, is looking to invest in more attractive funds in the course of 2012, although it has no specific plans in place.

Chart of the Month: Number of Deals Completed by Unlisted Infrastructure Fund Managers in North America, 2003 - 2011



Source: Preqin

Data Source:

Preqin Infrastructure Online

Preqin's Infrastructure Online is the industry's leading source of intelligence on the unlisted infrastructure fund industry. This constantly updated resource includes details for all aspects of the asset class, including fund performance, fundraising data, institutional investor profiles, fund manager profiles and more.

All of Preqin's exclusive intelligence is available on Infrastructure Online.

Subscribers can click on the firm and fund names to view the full profile.

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Fundraising Spotlight

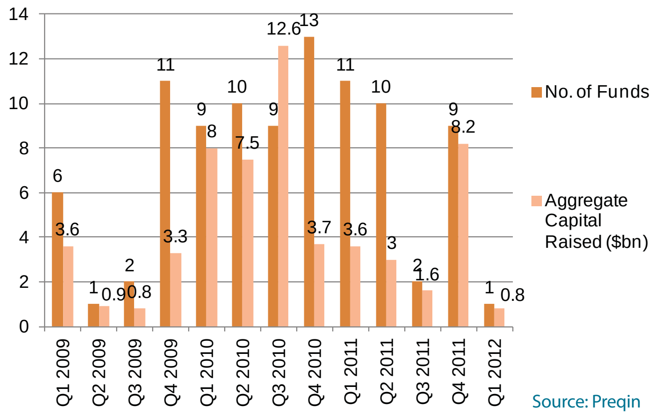
Iain Jones takes a look at the latest infrastructure fundraising statistics

Fig. 1: Key Facts: Infrastructure Funds on the Road

Funds on the Road	North America	Europe	Asia and ROW	Total
Number	33	61	54	148
Total Target Value ($bn)	28.1	40.8	24.4	93.9
Average Size ($mn)	850	670	450	630

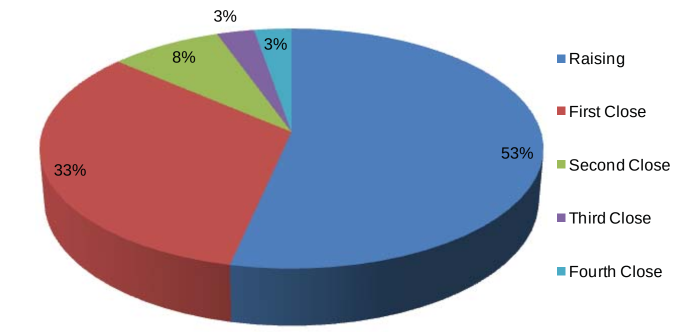
Source: Preqin

Fig. 2: Unlisted Infrastructure Fundraising, Q1 2009 - Q1 2012



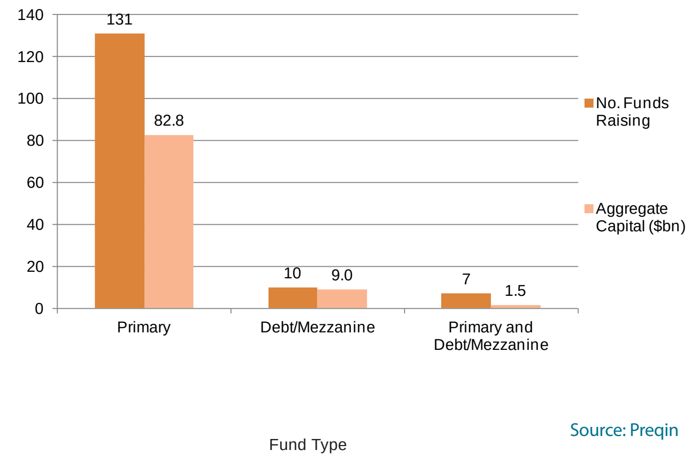
Source: Preqin

Fig. 3: Infrastructure Funds in Market by Fund Status



Source: Preqin

Fig. 4: Infrastructure Funds in Market by Strategy



Source: Preqin

Fig. 5: Top Five Infrastructure Funds in Market to Have Held an Interim Close by Target Size

Fund	Manager Location	Target Size ($mn)	Fund Status	Fund Focus
Global Infrastructure Partners II	US	5,000	First Close	US
Highstar Capital Fund IV	US	3,500	First Close	US
CVC European Infrastructure Fund	UK	2,824	First Close	Europe
RREEF Pan-European Infrastructure Fund II	UK	2,800	First Close	Europe
KKR Infrastructure Fund	US	2,500	Second Close	US

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Private Sector Pension Funds

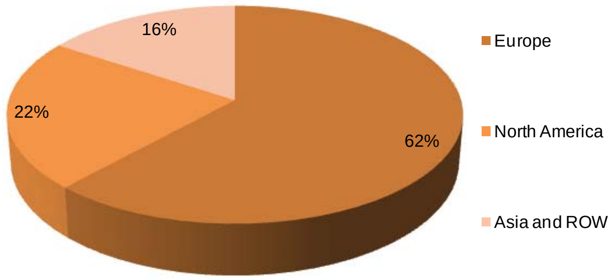
Emma Davis delivers the facts on private sector pension funds investing in infrastructure

Fig. 1: Key Facts: Private Sector Pension Funds Investing in Infrastructure

Number of Investors	241
Median AUM (USD mn)	3,200
Mean Current Allocation to Infrastructure	2.86%
Mean Target Allocation to Infrastructure	5.00%

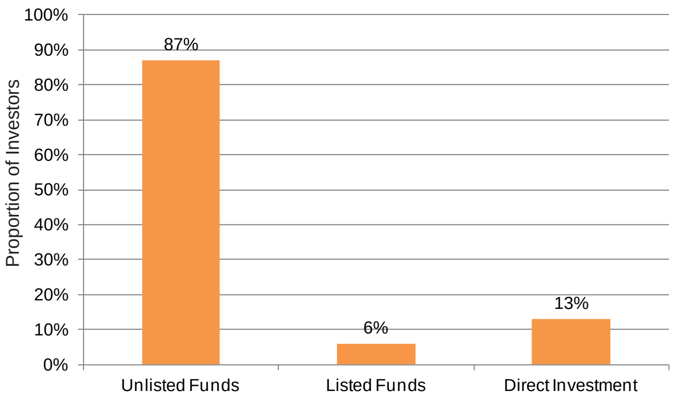
Source: Preqin

Fig. 2: Breakdown of Private Sector Pension Funds Investing in Infrastructure by Location



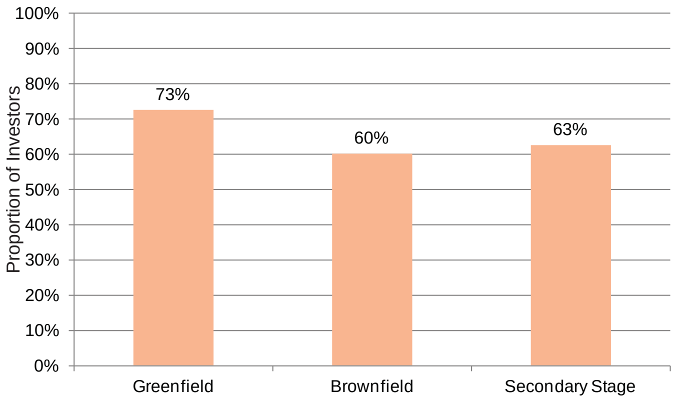
Source: Preqin

Fig. 3: Routes to Market Used by Private Sector Pension Funds Investing in Infrastructure



Source: Preqin

Fig. 4: Proportion of Private Sector Pension Plans Investing in Each Infrastructure Project Stage



Source: Preqin

Fig. 5: Key Private Sector Pension Plans Investing in Infrastructure

Investor	Location	Funds under Mgmt (USD bn)	Current Allocation to Infrastructure (%)
TIAA-CREF	US	476	1.37
Railways Pension Trustee Company	UK	26.7	4.98
BT Pension Scheme	UK	53.5	1.64
Stichting Grafische Bedrijfsfondsen	Netherlands	14.5	5
Industriens Pensionsforsikring	Denmark	15.9	3.91

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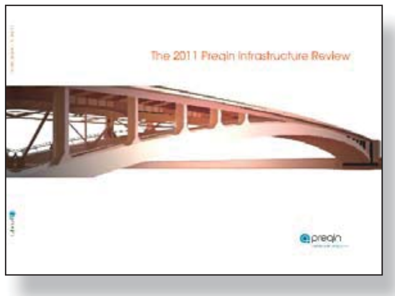

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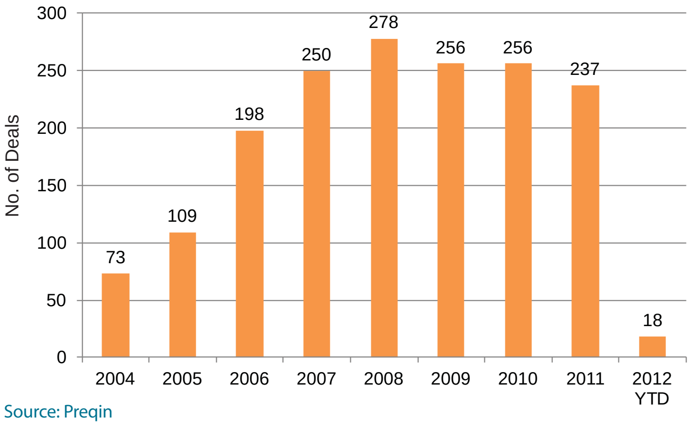
Deals Spotlight

Elliot Bradbrook reveals the latest infrastructure deals statistics

Fig. 1: Annual Number of Deals Completed by Unlisted Infrastructure Fund Managers, 2004 - 2012 YTD (as of 20th February 2012)



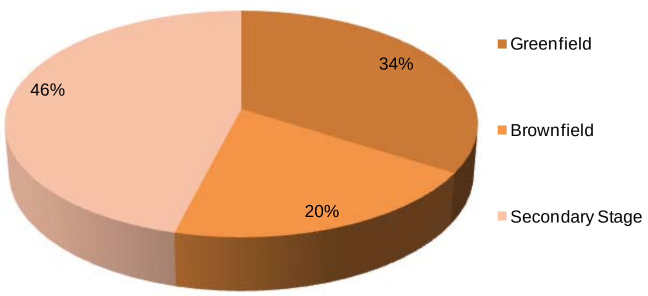
Source: Preqin

Data Source:

There are 2,031 deals logged on Infrastructure Online. The product contains financial information for 805 deals worth a combined $458bn.

For more information or to arrange a demo please visit www.preqin.com/infrastructure

Fig. 2: Breakdown of Infrastructure Deals by Project Stage, 2004 - 2012 YTD (as of 20th February 2012)



Source: Preqin

Fig. 3: Recently Closed Deal: Transitgas

Deal Date:	January 2012
Stake:	21%
Investor:	Global Infrastructure Partners II
Seller:	Fluxys
Financial Advisor:	Citigroup
Project Stage:	Secondary Stage

In January 2012, Global Infrastructure Partners II acquired a 44.9% equity stake in Fluxys Switzerland (FluxSwiss), the owner and operator of a 46% stake in Transitgas. Fluxys had previously purchased the stake in Transitgas for €860 million from Eni in November 2011. As a result of the investment, Global Infrastructure Partners II gained a 21% stake in Transitgas. Transitgas is a the owner and operator of a 300km natural gas pipeline network stretching from north to south Europe crossing central Switzerland and connecting gas markets in Germany, France and Italy.

Fig. 4: 10 Most Active Unlisted Infrastructure Fund Managers in the Last 12 Months

Fund Manager	Number of Investments in Last 12 Months	Number of Investments in Last Three Years	Total Raised through Unlisted Infrastructure Funds (bn)
Macquarie Infrastructure and Real Assets (MIRA)	11	40	USD 22.9
Alinda Capital Partners	6	10	USD 7.1
Equitix	6	23	GBP 0.4
EQT Funds Management	6	10	EUR 1.2
First Reserve Corporation	6	7	USD 1.2
InfraRed Capital Partners	5	11	GBP 1.3
3i Infrastructure	5	7	USD 1.2
Energy Capital Partners	5	12	USD 6.6
DIF	5	29	EUR 0.8
NIBC Infrastructure Partners	5	11	EUR 0.3

North American Fund Managers

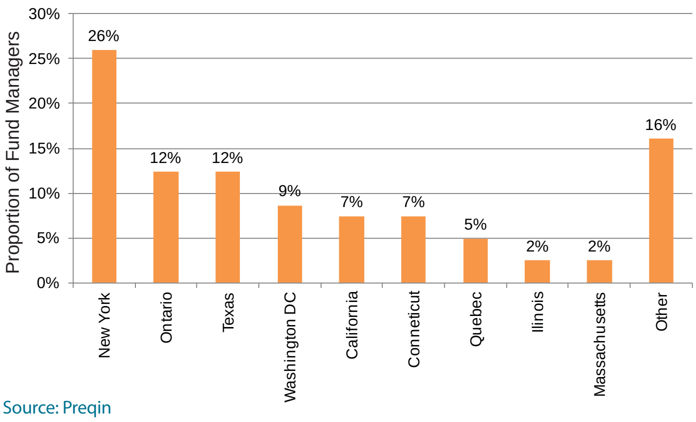
Emma Davis takes a look at the infrastructure fund managers based in North America

Fig. 1: Key Facts: North American Fund Managers

Number of North American Fund Managers	81
Total Number of North American Managed Funds	126
Aggregate Capital Raised ($bn)	92.3
Number of Funds on the Road	36
Aggregate Capital Sought ($bn)	27.6

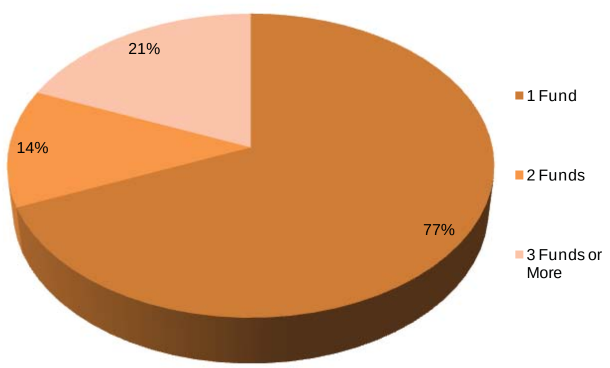
Source: Preqin

Fig. 2: Breakdown of North American Fund Managers by State/Province



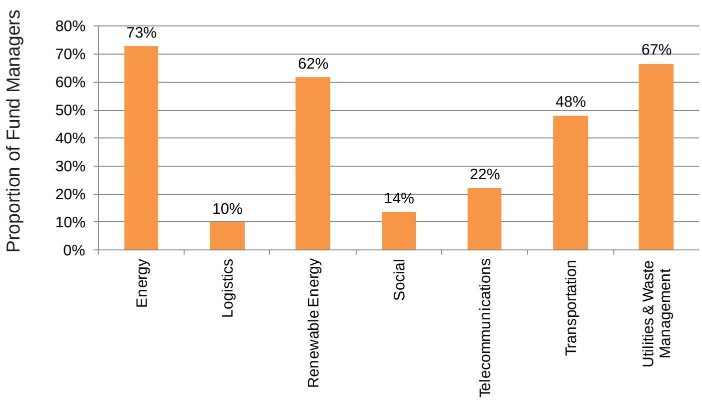
Source: Preqin

Fig. 3: Breakdown of North American Fund Managers by Number of Funds Launched



Source: Preqin

Fig. 4: Industry Sector Preferences of North American Infrastructure Fund Managers



Source: Preqin

Fig. 5: Top Five North American Fund Managers Currently Raising Capital

Manager	Number of Funds in Market	Aggregate Capital Targeted ($mn)	Number of Funds Raised	Aggregate Capital Raised ($mn)
Global Infrastructure Partners	1	5,000	1	5,640
Highstar Capital	1	3,500	3	4,706
Alinda Capital Partners	1	3,000	2	7,097
Kohlberg Kravis Roberts	1	2,500	0	0
SteelRiver Infrastructure Partners	1	2,000	1	1,913

Source: Preqin

Data Source:

Infrastructure Online has detailed profiles of 81 North American infrastructure fund managers. Subscribers can click on the firm names to view the full GP profile.
For more information please visit www.preqin.com/infrastructure

Conferences Spotlight

Conference Name	Date	Location	Organizer
The 5th Global Infrastructure Leadership Forum	22 - 24 February 2012	London	CG/LA Infrastructure
APAC Infrastructure Investment	23 - 24 February 2012	Singapore	Marcus Evans
Clean Energy Finance & Development 2012	12 - 14 March 2012	London	Informa Energy
Tunnelling & Construction World Asia 2012	13 - 15 March 2012	Hong Kong	Terrapinn
Turkey Energy & Infrastructure Finance Conference	26 - 27 March 2012	Istanbul	Euromoney Seminars
Infrastructure Investment World Americas	17 - 19 April 2012	Miami	Terrapinn
2nd Annual Infrastructure and Energy Finance West Conference	22 - 23 May 2012	San Francisco	Euromoney Seminars
Smart Cities World MENA	4 - 6 June 2012	Dubai	Terrapinn
Infrastructure Investment World Europe	5 - 7 November 2012	London	Terrapinn

IJ Institutional Investor Forum

Date: February 22-24th
Location: London, UK
Organiser: CG/LA Infrastructure

In response to this growing trend, IJ is pleased to announce the Institutional Investor Forum, taking place on 29th March 2012 in London. This forum provides an ideal opportunity to gather senior institutional investors, Government representatives, financiers and leading players from the European financial community to discuss and debate.

Information: www.ij-iif.com