

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

March 2011
Volume 3 - Issue 3

FEATURED PUBLICATION:

The 2010 Preqin Infrastructure Review

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Infrastructure Spotlight

March 2011

Feature

Cleantech and Renewable Energy Infrastructure:

A shortfall in government funding has provided an increasing number of opportunities for private sector investment in clean technology development over the past decade. This month we take a look at the infrastructure branch of the cleantech market and find out which investors are keen to take advantage of the many lucrative investment opportunities offered by the sector.

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News Exclusives

Infrastructure News

Each month Preqin's analysts speak to hundreds of investors and fund managers from around the world, uncovering exclusive intelligence on the unlisted infrastructure market. This month's News Exclusives features Kent County Council Superannuation Scheme, District of Columbia Retirement Plan and Asian Development Bank.

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The Facts

A look at the latest fundraising and deals statistics, along with an examination of European-based fund managers and UK-based pension plans investing in infrastructure:

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- GP Spotlight: European Fund Managers [Page 7.](#)
- LP Spotlight: UK-Based Pension Plans [Page 8.](#)

Data



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. Feel free to use the data in any presentations, but please remember to cite Preqin as your source.



Cleantech Infrastructure

Elliot Bradbrook takes a look at the growing market for cleantech infrastructure funds, revealing which investors are keen to exploit these opportunities along with current and historic fundraising and deals data

Private sector investment in the infrastructure asset class has increased significantly over the past decade in order to compensate for the shortfall in public sector financing for infrastructure development. This capital has traditionally been reserved for core infrastructure assets, but an increasing number of investment opportunities are becoming available in the clean technology and renewable energy sectors as governments worldwide attempt to address the issue of climate change. As a result, a growing number of unlisted infrastructure fund managers now focus on such opportunities to provide another route for institutional investors to gain exposure to cleantech and renewable energy assets.

For the purpose of this analysis, all data presented relates to both funds focused solely on cleantech and renewable energy infrastructure development, and funds that target these assets as part of a more diversified investment strategy.

Historical Pure and Diversified Infrastructure Fundraising

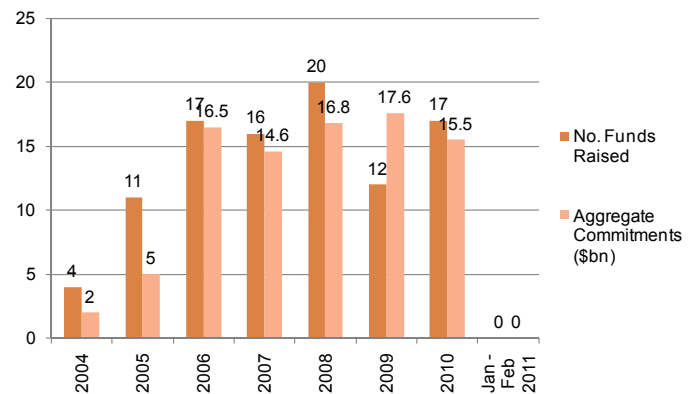
As shown in Fig. 1, the number of cleantech and renewable energy infrastructure funds closed increased relatively steadily between 2004 and 2008, when 20 funds reached a final close raising an aggregate \$16.8bn. The impact of the global financial crisis on the private equity industry was felt in 2009, when just 12 cleantech infrastructure funds closed during the year, although the aggregate capital raised increased to \$17.6bn. This can be attributed to the closure of the \$8.8bn First Reserve Fund XII, which accounted for

50% of the capital raised in 2009. The US-focused natural resources fund invests in renewable energy opportunities as part of a broad investment focus. The cleantech infrastructure market responded positively in 2010, with 17 funds reaching a final close attracting an aggregate \$15.5bn in investor capital.

The five largest infrastructure funds that solely focus on cleantech and renewable energy to reach a final close are shown in Fig. 2. Riverstone/Carlyle Renewable and Alternative Energy Fund II is the largest such vehicle, closing in 2009 on \$3.4bn. The vehicle targets a range of global renewable energy assets in sectors including solar, wind, biomass, geothermal and hydro power. The fund's predecessor, Carlyle/Riverstone Renewable Energy Infrastructure Fund I, targets similar opportunities and closed in 2006 having raised \$685mn in investor capital.

Other significant funds to close include the €437mn BNP Paribas Clean Energy Fund and the \$475mn USRG Power and Biofuels Fund II. These funds target renewable energy infrastructure assets in both the greenfield

Fig. 1: Annual Fundraising by Infrastructure Funds That Include Cleantech as Part or All of Their Focus, 2004 - Feb 2011



Source: Preqin

and brownfield stages of development. The five largest pure cleantech infrastructure funds account for 55% of the total capital raised by such vehicles to date.

Current Fundraising Market

There are 64 infrastructure and natural resources funds currently in market targeting cleantech and renewable energy opportunities as all or part of their focus, seeking \$44.2bn in institutional investor capital. 55% are pure cleantech funds, while the remaining 45% target these assets as part of a diversified investment strategy.

Fig. 3 provides a breakdown of cleantech and renewable energy infrastructure funds in market by primary geographic focus. Europe-focused funds are the most significant in terms of number and aggregate capital sought. There are 25 Europe-

Fig. 2: Five Largest Pure Cleantech Infrastructure Funds Raised

Fund	Firm	Fund Type	Year Raised	Size (Mn)	Regional Focus
Riverstone/Carlyle Renewable and Alternative Energy Fund II	Riverstone Holdings	Natural Resources	2009	3,418 USD	US
Carlyle/Riverstone Renewable Energy Infrastructure Fund I	Riverstone Holdings	Natural Resources	2006	685 USD	US
BNP Paribas Clean Energy Fund	BNP Paribas Clean Energy Partners	Infrastructure	2010	437 EUR	Europe
USRG Power and Biofuels Fund II	US Renewables Group	Infrastructure	2007	475 USD	US
European Clean Energy Fund	TCW Group	Infrastructure	2007	354 EUR	Europe

Source: Preqin



focused cleantech and renewable energy infrastructure funds in market targeting \$15.6bn, representing 35% of aggregate capital being targeted. The largest pure cleantech infrastructure fund in market is Europe-focused ECP Renewable Energy Fund I, targeting commitments of €750mn. There are 21 cleantech infrastructure funds primarily focused on Asia and Rest of World on the road and 18 North America-focused funds, seeking \$13.6bn and \$15bn respectively.

In terms of project stage, the majority of cleantech infrastructure funds on the road invest in both the greenfield and brownfield stages of development. This is unsurprising due to the increasing demand for new development in the sector. 73% of funds in market invest in greenfield projects, 72% make brownfield investments, and 43% target more established secondary stage opportunities.

Investors in Cleantech Infrastructure

Preqin's Infrastructure Online database shows that 39% of active investors in infrastructure have invested in at least one fund targeting cleantech and/or renewable energy assets, or will consider investment in these industries. The majority of these investors have gained this exposure through a diversified investment strategy, rather than a dedicated allocation to clean technology or renewable energy.

Fig. 4 shows a breakdown of those investors known to have invested in cleantech infrastructure funds by type. Public pension funds are the most prominent type of infrastructure investor active in the space, representing 25% of investors known to have exposure to cleantech infrastructure funds. Other significant players include private sector pension funds (15%), banks (11%), endowment plans (11%), investment banks (7%), investment companies (6%), corporate investors (5%), investment trusts (5%), private equity firms (4%), sovereign wealth funds (3%), insurance companies (2%), government agencies (2%), asset managers (1%), fund of funds managers (1%), foundations (1%), and endowment plans (1%).

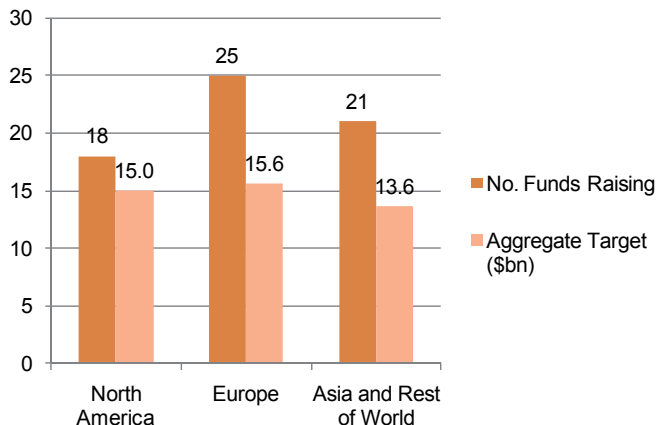
superannuation schemes (11%) and insurance companies (7%).

In terms of location, Europe is again the centre of activity, with 38% of known investors in cleantech infrastructure funds based in the region. Dutch asset manager APG – All Pensions Group is an example of a prominent European investor in renewable energy assets. It has approximately €5.3bn invested in infrastructure opportunities through fund commitments and direct investments. Its unlisted fund portfolio features a commitment to DIF Infrastructure II, providing exposure to a range of wind and solar power facilities in France and Germany. A fairly even proportion of investors with an appetite for cleantech infrastructure opportunities are located in Asia and Rest of World (32%) and North America (30%).

Deal Flow

Fig. 5 shows that the number of deals made in cleantech and renewable energy assets by unlisted cleantech infrastructure fund managers has increased dramatically in recent years. A significant increase in the number of deals completed occurred between 2007 and 2008, when the number of deals finalized more than doubled from 29 to 62 completed transactions. The industry reached its peak in 2010 when 71 deals were made by infrastructure fund managers in cleantech and renewable energy assets.

Fig. 3: Infrastructure Funds on the Road That Include Cleantech as Part or All of Their Focus by Primary Geographic Focus

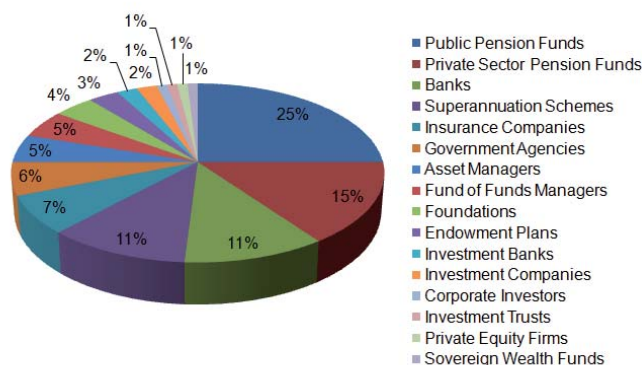


Source: Preqin

Two significant deals made in the renewable energy sector by unlisted infrastructure fund managers include the €1.2bn purchase of Iberwind by a consortium featuring ES Infrastructures Fund I in 2008, and the \$1.3bn purchase of FirstLight Power Resources by Energy Capital Partners in 2006. Iberwind is the owner and operator of a diversified portfolio on wind power facilities in Portugal, and FirstLight operates a portfolio of predominantly hydro-generation facilities in Connecticut and Massachusetts, in the US. Energy Capital Partners subsequently sold FirstLight to GDF SUEZ Energy North America for \$2bn in 2008.

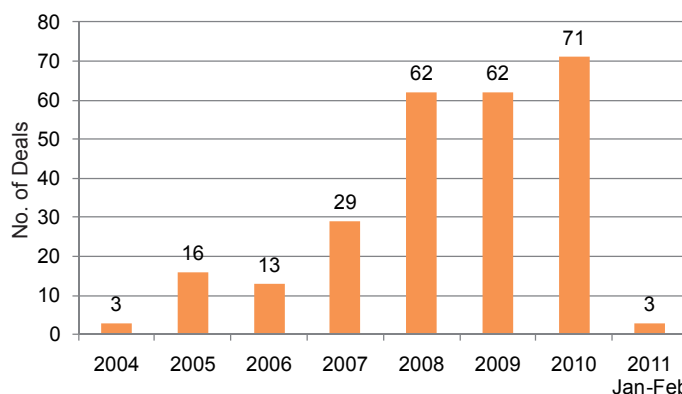
63% of cleantech and renewable energy deals completed by cleantech infrastructure fund managers are made in assets based in Europe. North America accounts for 25% of total deals and 12% have been made in assets located in Asia and Rest of World.

Fig. 4: Breakdown of Cleantech Infrastructure Fund Investors by Type



Source: Preqin

Fig. 5: Annual Number of Cleantech and Renewable Energy Deals Made by Unlisted Cleantech Infrastructure Fund Managers



Source: Preqin

News Exclusives

A round-up of exclusive infrastructure industry news

Opportunity Knocks

Prince George's County Pension is to make more infrastructure investments.

The \$1.2bn pension plan, based in Maryland, will continue making commitments opportunistically as it aims to fulfil its target 10% allocation to real assets. It currently has \$24mn invested in infrastructure, 2% of AUM.

It has no specific investment criteria and will consider opportunities in any industry, and in any region.

Infrastructure Investment Increase

European Investment Bank is expanding its infrastructure program.

The bank, an experienced infrastructure investor, could commit up to €50mn to a European-focused renewable energy fund, and a further €30mn to Turkish-based renewable assets. The bank's board is considering these options at the moment.

EIB's role is to provide long-term finance in support of investment projects, and it already has infrastructure assets across Europe and further afield. The €360bn bank is planning to make further commitments during 2011.

Cleantech Commitments Required...

Asian Development Bank will invest \$60mn in cleantech this year.

The bank, which is planning on making three commitments of \$20mn, is looking for Asia-focused venture or infrastructure cleantech funds. It does not have a sector preference and will consider first-time funds.

The Philippines-based bank has an annual mandate of \$1bn to invest in cleantech, and actively promotes its development. It aims to make the first of its planned investments by June. Recent infrastructure commitments made by the bank include \$20mn investments in Asia

Water Fund, MEACP Clean Energy Fund, and Renewable Energy Asia Fund.

Calling All Consultants...

District of Columbia Retirement Board is looking for a real assets consultant.

The pension plan, which has an infrastructure allocation of around 3%, issued an RFP in February. It is seeking a consultant with substantial public fund experience which can work alongside DCRB's investment staff, consulting on real assets, sourcing deals, carrying out due diligence and monitoring the real assets portfolio.

DCRB will make no more than three infrastructure commitments over the next three years. The real assets consultant will be expected to work across public and private real estate and private infrastructure.

The pension scheme has previously invested in a range of infrastructure assets including power distribution, sea ports and natural resources.

Commitment Time

Kent County Council Superannuation Fund has invested in a fund of funds managed by Partners Group.

The commitment, worth £50mn, gives the pension fund interests in a range of global infrastructure assets in various stages of development.

The £2.9bn pension scheme has made previous commitments to infrastructure, and has PPP/PFI exposure across Europe.

Swiss-based fund of funds manager Partners Group makes various types of infrastructure investments, including primary, secondary and direct investments across geographic regions, industry sectors, strategies and vintage years.

It's a Deal!

A number of significant infrastructure deals have been finalised in the past few weeks:

AXA Infrastructure Fund III acquired a 10% stake in Spanish **CLH Group** in a deal worth €360mn. CLH Group is Spain's leading pipeline transporter of refined oil products.

AMP Capital Strategic Infrastructure Trust of Europe purchased an additional stake in **Thames Water**, the UK's largest water and wastewater services company, for £27.3 million

Israel Infrastructure Fund bought a 75% stake in **Netivei Hayovel** for ILS 200mn, which includes ILS 70mn of equity and ILS 130 mn of assumed debt.

Data Source:

Preqin Infrastructure Online

Each month Spotlight provides a selection of the recent news on institutional investors in infrastructure.

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

For more information please visit www.preqin.com/infrastructure



Fundraising Spotlight

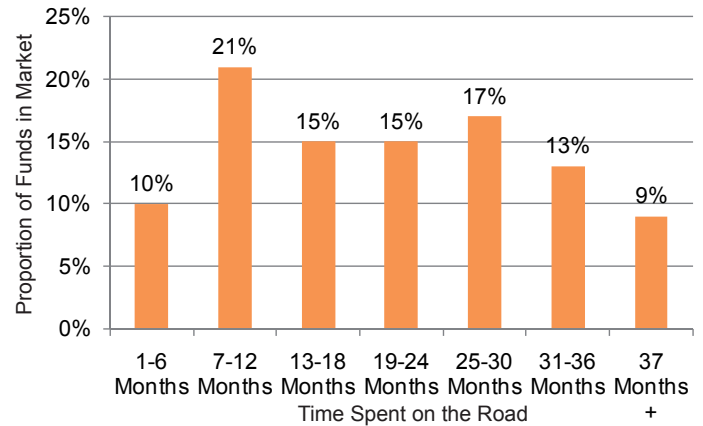
The latest statistics from the infrastructure fundraising market

Fig. 1: Number of Infrastructure Funds on the Road

Funds on the Road	US	Europe	ROW	Total
Number	32	46	47	125
Total Target Value (\$bn)	31.3	33.7	24.7	89.7
Average Target Size (\$bn)	1	0.7	0.5	0.7

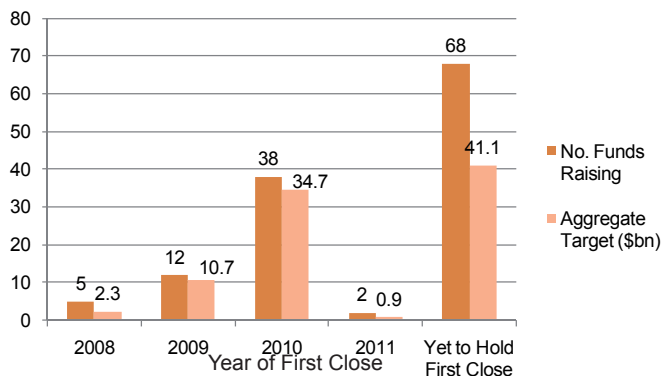
Source: Preqin

Fig. 2: Infrastructure Funds in Market by Time Spent on the Road to Date



Source: Preqin

Fig. 3: Infrastructure Funds in Market by Year of First Close



Source: Preqin

Recently Closed Fund: Fiera Axiom Infrastructure Canada

Manager – Fiera Axiom Infrastructure
Target Size (mn) – CAD 500
Final Close (mn) – CAD 460 (February 2011)
Target IRR (Net) – 10-14%
Geographic Focus – Canada
Industry Focus – Energy, Social, Transportation
Law Firm – Lavery
PPP/PFI Investments – Yes
Typical Investment Size (mn) – CAD 20-75

Fig. 4: 10 Largest Infrastructure Funds on the Road

Fund	Manager	Target Size (mn)	Manager Country
Global Infrastructure Partners II	Global Infrastructure Partners	5,000 USD	US
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
Macquarie European Infrastructure Fund IV	Macquarie Infrastructure and Real Assets	2,000 EUR	Australia
CVC European Infrastructure Fund	CVC Infrastructure	2,000 EUR	UK
KKR Infrastructure Fund	Kohlberg Kravis Roberts	2,500 USD	US
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
Marguerite Fund	Marguerite Adviser	1,500 EUR	Luxembourg

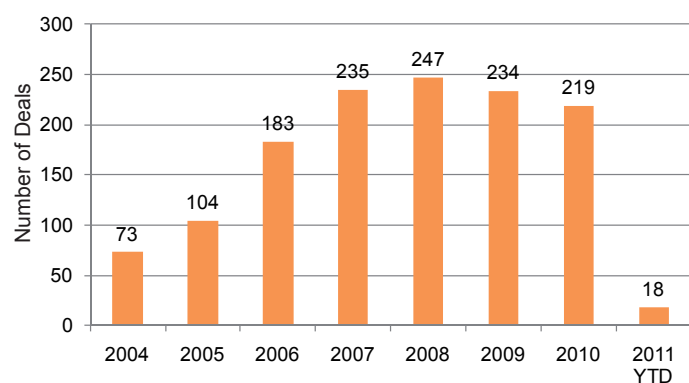
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Deals Spotlight

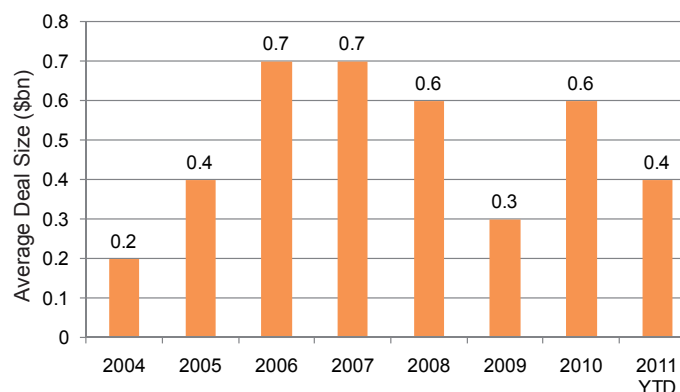
An in-depth look at the deals taking place in the unlisted infrastructure sector

Fig. 1: Annual Number of Deals Made by Unlisted Infrastructure Fund Managers, 2004 - 2011 YTD



Source: Preqin

Fig. 2: Average Infrastructure Deal Size by Year, 2004 - 2011 YTD



Source: Preqin

Recently Closed Deal: Madrid Gas Connection Points

Deal Date – March 2011

Total Stake – 100%

Total Deal Size (mn) – EUR 450

Investor – Morgan Stanley Infrastructure Partners (MSIP)

Seller – Gas Natural

Project Stage – Secondary Stage

In March 2011, Morgan Stanley Infrastructure Partners (MSIP) acquired a series of gas connection points in Madrid from Gas Natural for EUR 450 million. The deal complemented MSIP's April 2010 investment in Madrileña Red de Gas, a Madrid-based natural gas distribution company.

Data Source:

Preqin Infrastructure Online

All information in Fundraising and Deals Spotlight is taken from Preqin Infrastructure Online.

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

For more information please visit www.preqin.com/infrastructure

Fig. 3: Most Active Unlisted Infrastructure Fund Managers in the Last 12 Months

Manager	No. of Investments in Last 12 Months	Total Raised through Unlisted Infrastructure Funds (bn)
Macquarie Infrastructure and Real Assets	22	USD 20.3
DIF	15	EUR 0.8
Innisfree	8	GBP 1.8
Morgan Stanley Infrastructure	7	USD 4.0
NIBC Infrastructure Partners	7	EUR 0.4
Barclays Infrastructure Funds	5	GBP 1.3
JPMorgan - Infrastructure Investments Group	5	USD 1.4
Arclight Capital Partners	4	USD 6.8
Meridiam Infrastructure	4	EUR 0.7
Israel Infrastructure Fund	4	USD 0.1

Source: Preqin



European Fund Managers

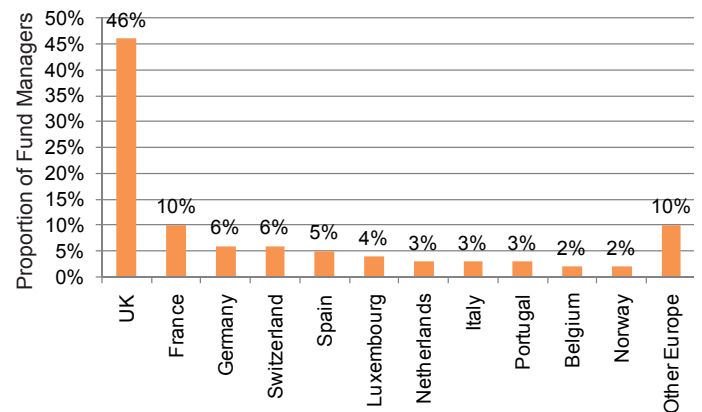
A detailed round-up of European fund managers investing in infrastructure

Fig. 1: Key Facts: European Fund Managers

Number of Europe-Based Infrastructure GPs	103
Number of Funds Raised	89
Aggregate Capital Raised (€bn)	34.6
Number of Funds on the Road	60
Aggregate Capital Sought (€bn)	25.8

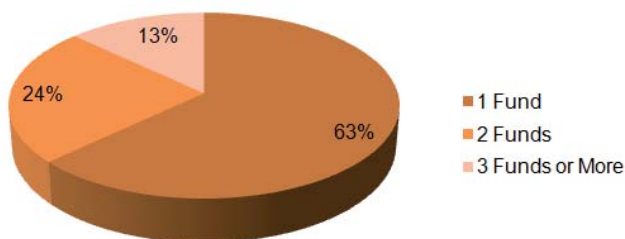
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Fig. 2: Breakdown of European Infrastructure Fund Managers by Country



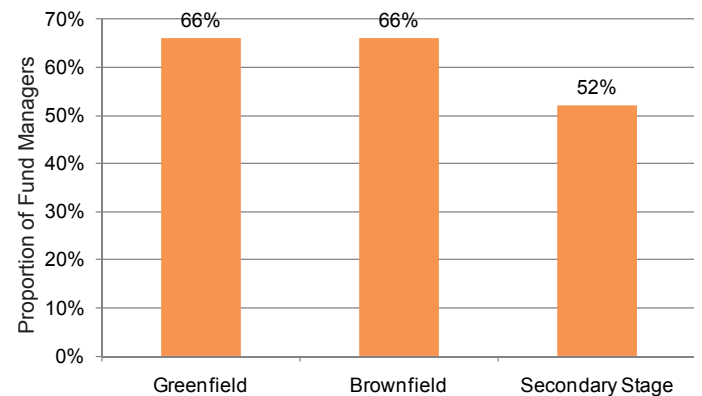
Source: Preqin

Fig. 3: Breakdown of European Infrastructure Fund Managers by Number of Funds Launched



Source: Preqin

Fig. 4: Proportion of European Infrastructure Fund Managers That Invest in Each Project Stage



Source: Preqin

Fig. 5: Key Europe-Based Infrastructure Fund Managers

Fund Manager	GP Location	Total Capital Raised (€mn)
Innisfree	UK	2,468
Arcus Infrastructure Partners	UK	2,170
RREEF Infrastructure	UK	2,067
F2i SGR	Italy	1,852
Semperian	UK	1,633

Source: Preqin

Data Source: Preqin Infrastructure Online

There are currently profiles for 103 European fund managers on Preqin Infrastructure Online. Subscribers can click on the manager name to view the profile. For more information, please visit www.preqin.com/infrastructure



UK-Based Pension Funds

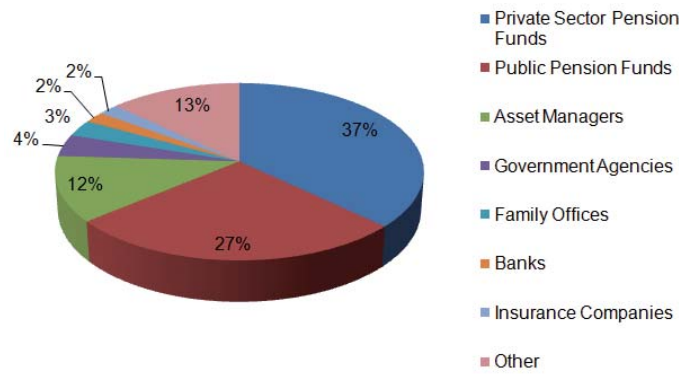
Everything you need to know about UK-Based Pension Funds that invest in infrastructure.

Fig. 1: Key Facts: UK-based Pension Funds

Number of Investors	84
Median AUM (\$mn)	3,565
Mean Current Allocation to Infrastructure	3.1%
Mean Target Allocation to Infrastructure	4.5%

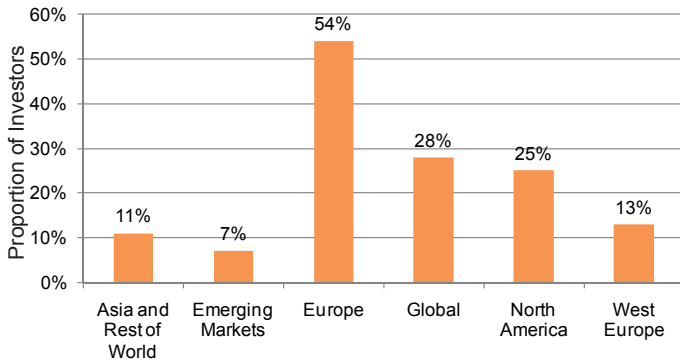
Source: Preqin

Fig. 2: Breakdown of UK-Based Infrastructure Investors by Type



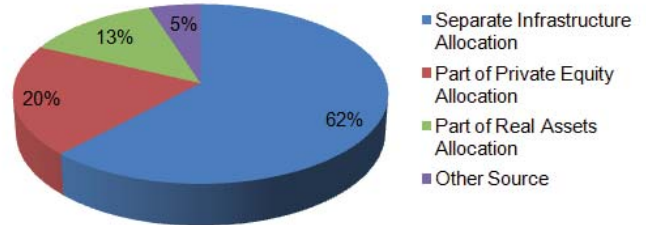
Source: Preqin

Fig. 3: Breakdown of UK-Based Pension Fund Investors in Infrastructure by Geographic Preferences



Source: Preqin

Fig. 4: Breakdown of UK-Based Pension Funds Investors by Source of Infrastructure Allocation



Source: Preqin

Fig. 5: Key UK-Based Pension Fund Investors in Infrastructure

Investor	Investor Type	AUM (£mn)	Current Allocation to Infrastructure (%)
Railways Pension Trustee Company	Private Sector Pension Fund	17,000	5.0%
Universities Superannuation Scheme	Public Pension Fund	32,000	2.5%
BAE Systems Pension Funds	Private Sector Pension Fund	10,750	3.5%
Nationwide Building Society Pension Fund	Private Sector Pension Fund	2,200	10.5%
West Midlands Pension Fund	Public Pension Fund	8,200	2.6%

Data Source: Preqin Infrastructure Online

There are currently profiles for 84 UK pension plans on Preqin Infrastructure Online. Subscribers can click on the manager name to view the profile. For more information, please visit www.preqin.com/infrastructure

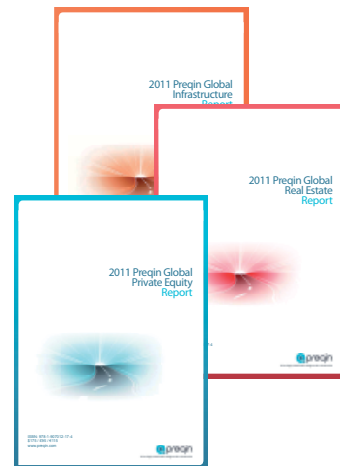
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Conferences Spotlight

Forthcoming Events

Conference	Dates	Location	Organizer
Infrastructure Investment World Americas 2011	11 - 14 April 2011	New York	Terrapinn
2nd Alternative Investments Summit	04 May 2011	New York	iGlobal Forum
Infrastructure Investment World MENA 2011	16 - 18 May 2011	Bahrain	Terrapinn
Infrastructure Investment World Asia 2011	6 - 9 August 2011	Hong Kong	Terrapinn
Infrastructure Investment World Europe 2011	November 2011 (TBC)	London	Terrapinn