

Infrastructure Fundraising Slows for Second Successive Quarter

Just \$0.6bn raised by funds holding final close in Q1 2011 despite record number of funds on the road;
\$2.2bn raised by infrastructure funds holding an interim close.

Putting the Results in Context:

Two unlisted infrastructure funds reached a final close in Q1 2011 raising an aggregate \$0.6bn; the lowest quarterly total since Q2 2004. However, infrastructure fund managers were still able to attract capital, with eight funds holding an interim close during the quarter raising a further \$2.2bn, equaling the total capital raised by funds holding a final close in Q4 2010. One infrastructure-focused fund of funds also reached a final close having raised \$500mn.

- The \$0.6bn raised by funds closed in Q1 2011 represents a 73% decrease from the \$2.2bn raised by funds that reached a final close in Q4 2010.
- The two primary funds to reach a final close were the C\$460mn Fiera Axium Infrastructure Canada, managed by Fiera Axium Infrastructure, and the \$100mn NK Energy Real I, managed by NK Funds.
- Partners Group also closed its \$500mn fund of funds vehicle, Partners Group Global Infrastructure 2009.
- Eight funds held an interim close in Q1 2011 having raised an aggregate \$2.2bn.
- A record 131 infrastructure funds are currently on the road targeting \$92.1bn in investor capital; this represents the third successive quarterly increase in both the number of funds in market and aggregate capital being sought.
- The largest fund in market is Global Infrastructure Partners II, which is targeting between \$5bn and \$6bn.
- 30 deals were completed by unlisted infrastructure fund managers in Q1 2011, down from the 70 completed transactions in Q4 2010. We anticipate this figure to rise slightly (10-20%) as more information becomes available.

Please see the factsheet following this release for more information on infrastructure fundraising and deals.

Comment:

Despite a slow quarter for infrastructure fundraising in terms of final closes, the number of funds holding interim closes during the period is encouraging. We therefore expect fundraising levels to pick up throughout the year. Nearly three-quarters of respondents to our Q3 2010 investor study stated plans to invest in the infrastructure asset class over the following 12 months, showing a healthy appetite for infrastructure funds. However, investor caution means only those fund managers offering stand-out opportunities will be successful.

Deal flow continues to be hindered by a lack of long-term debt availability and refinancing issues for existing assets. Future deal flow will rely on a resolution to these issues in order to allow fund managers to source and execute profitable transactions.”

Elliot Bradbrook – Manager, Infrastructure Data

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Note to Editors:

- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter 'U' after the 'Q'.

For more information, please contact: Elliot Bradbrook +44 (0)20 7397 9490 or ebroadbrook@preqin.com

For general press information, please contact: Tim Friedman +44 (0)20 7645 8880 or tfriedman@preqin.com

London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888

New York: 230 Park Avenue, 10th Floor, New York NY 10169 Tel: +1 212 808 3008

Singapore: Samsung Hub, 3 Church Street, Level 8, Singapore, 049483 Tel: +65 6408 0122

Web: www.preqin.com / info@preqin.com

Preqin Research Report

Q1 2011 Infrastructure Fundraising and Deals

Fig. 1: Unlisted Infrastructure Fundraising by Quarter, Q1 2007 - Q1 2011

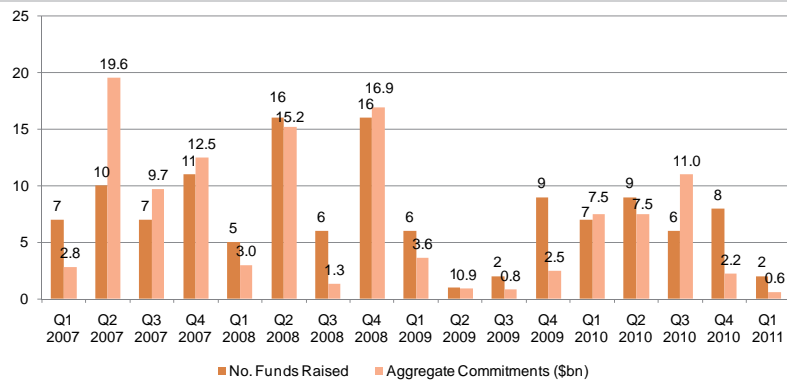


Fig. 2: Unlisted Infrastructure Funds in Market by Quarter, Q4 2008 - Q2 2011

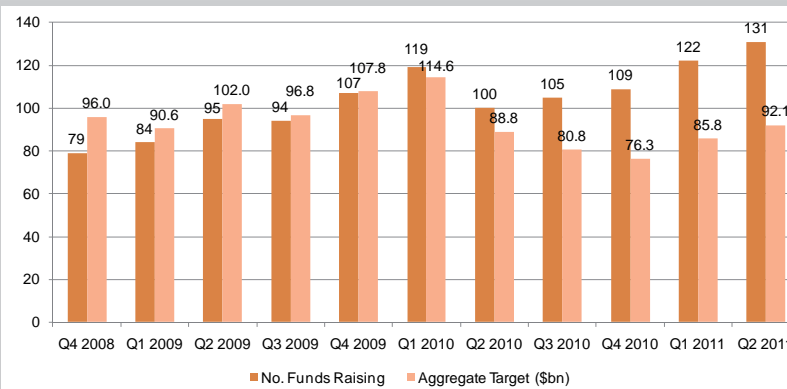


Fig. 3: Split of Fundraising Market by Interim Closes Held to Date

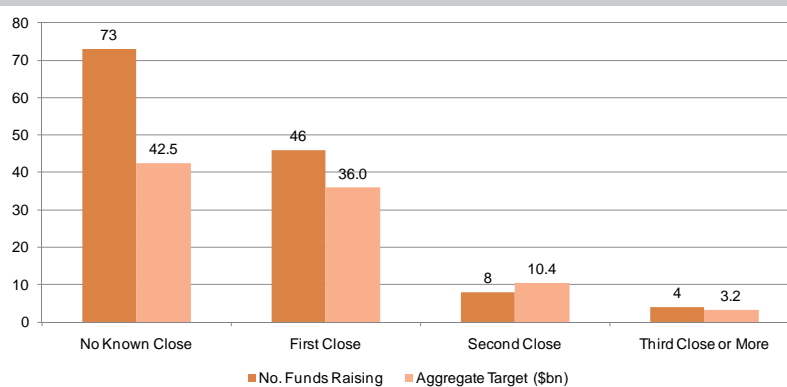
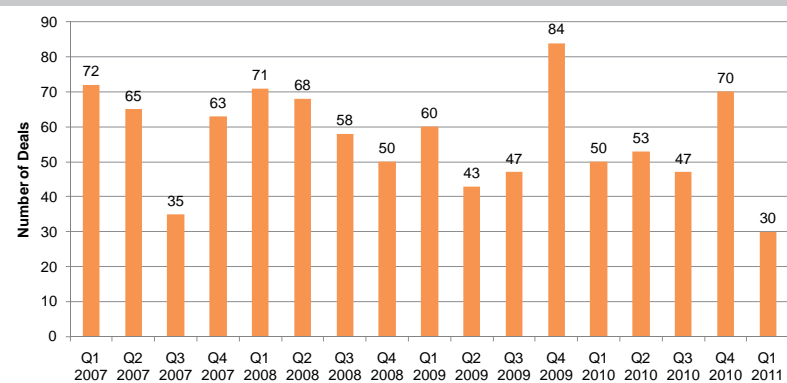


Fig. 4: Quarterly Number of Deals Made by Unlisted Infrastructure Fund Managers, Q1 2007 - Q1 2011



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Fig. 2 demonstrates that the number of unlisted infrastructure funds currently on the road seeking capital has increased for the third successive quarter. As of Q2 2011 there are a total of 131 funds targeting an aggregate total of \$92.1bn worth of commitments. Of the 131 funds currently in market, a total of 58 have made interim closes and are still actively raising capital, as shown in Fig. 3.

Deal flow continues to be hindered by a lack of long-term debt availability and refinancing issues for existing assets. Future deal flow will rely on a resolution to these issues in order to allow fund managers to source and execute profitable transactions.

Fig. 5: Top 5 Infrastructure Funds in Market by Target Size

Fund	Manager	Target Size (mn)	GP Location
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



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