

# The Preqin Quarterly Update:

## Infrastructure

Content Includes:

### Current Breakdown of Investor Universe

We explore the universe of over 1,950 institutional investors worldwide that invest in infrastructure funds, providing analysis on investor type, geographical location, current and target allocations and preferred routes to market.

### Latest Fundraising Trends

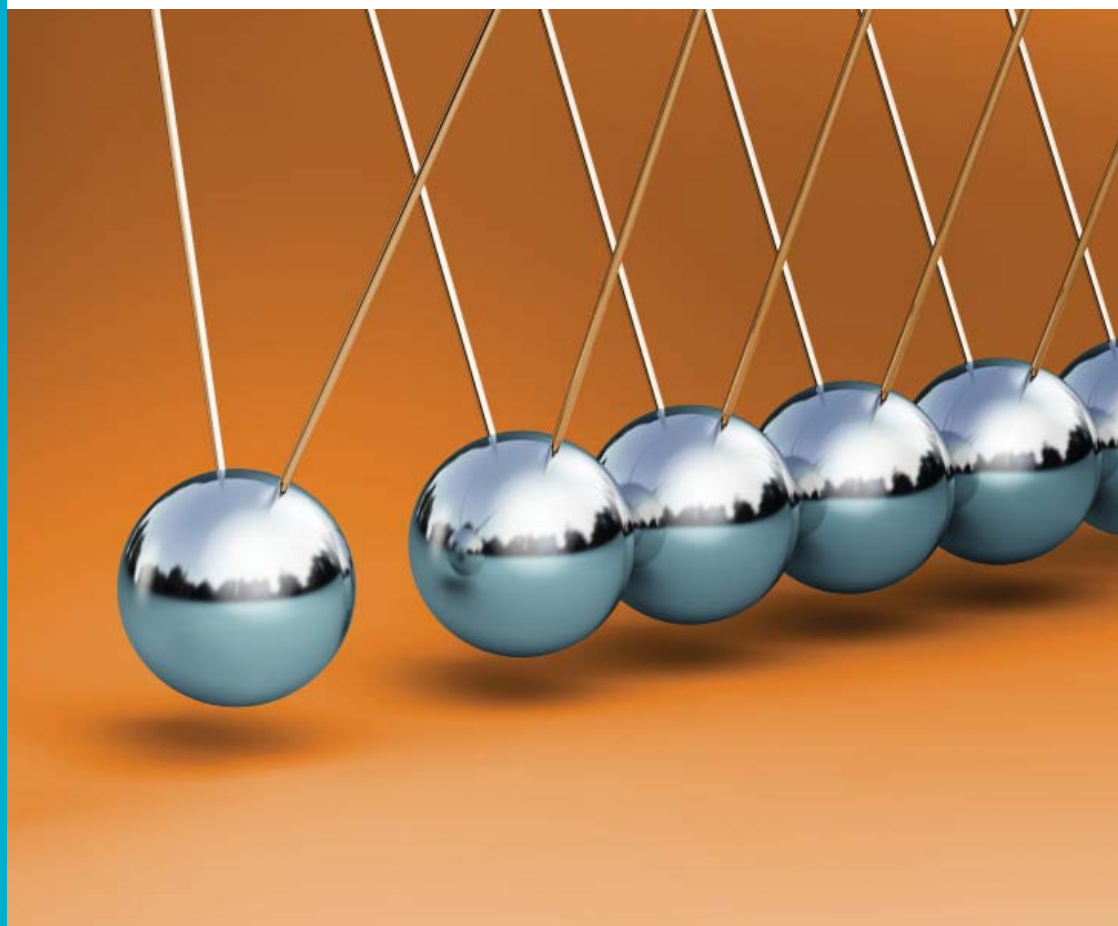
Following a strong final quarter of 2012, we analyze the Q1 infrastructure fundraising data, including the largest funds to close, time spent on the road and the current fundraising market.

### Deals Market

We look into recent infrastructure deal activity, with breakdowns by region, industry and the most notable deals from the past three months.

### Performance Update

We analyze the latest data on infrastructure performance, featuring IRR by vintage, a comparison against other asset classes and dry powder figures.





# Foreword

Following a significant level of capital raised by infrastructure fund managers in Q4 2012, unlisted infrastructure fundraising remained strong in Q1 2013. The \$13.5bn raised by unlisted infrastructure funds in Q4 2012 was aided significantly by the sizeable \$8.25bn final close of Global Infrastructure Partners II. The \$6.7bn raised by funds holding a final close in Q1 2013 represents the second largest quarterly total secured by infrastructure fund managers since Q4 2011.

An additional \$2.4bn was raised by unlisted infrastructure funds holding interim closes in Q1 2013, again suggesting positive momentum in the fundraising market with fund managers able to secure healthy amounts of fresh capital from investors. There are currently 144 unlisted infrastructure funds on the road as we move into Q2 2013, targeting an aggregate \$93bn in institutional capital. Seventy-five of these vehicles have already secured \$31bn in total capital commitments via interim closes and many expect to hold final closes in 2013.

Despite positive momentum within the market, fundraising conditions are likely to remain challenging throughout 2013 for new or inexperienced infrastructure fund managers marketing their first fund. However, with growing demand for infrastructure development worldwide and increasing investor appetite for private infrastructure funds, those managers able to appease investor concerns over key issues such as management fees and liquidity are likely to improve their chances of a successful fundraise.

The Preqin Quarterly Update: Infrastructure, Q1 2013 draws on data from Preqin's Infrastructure Online service, the industry's leading source of intelligence on the unlisted infrastructure fund industry, in order to give an exclusive overview of the latest market trends, including investor appetite, key fundraising data, deal flow and performance.

We hope you find this report useful, and we welcome any feedback you may have. For more information visit [www.preqin.com](http://www.preqin.com) or contact [info@preqin.com](mailto:info@preqin.com).

## 2013 Preqin Global Alternatives Reports

The Preqin Quarterly Updates, covering the latest Q1 2013 data on private equity, real estate, and infrastructure, complement our [2013 Preqin Global Alternatives Reports](#), the most comprehensive reviews of the alternative assets industry ever undertaken.

The Reports are a must have for anyone seeking to understand the latest developments in the private equity, real estate, infrastructure and hedge fund asset classes, and include expert commentary, detailed analysis, league tables and much more.

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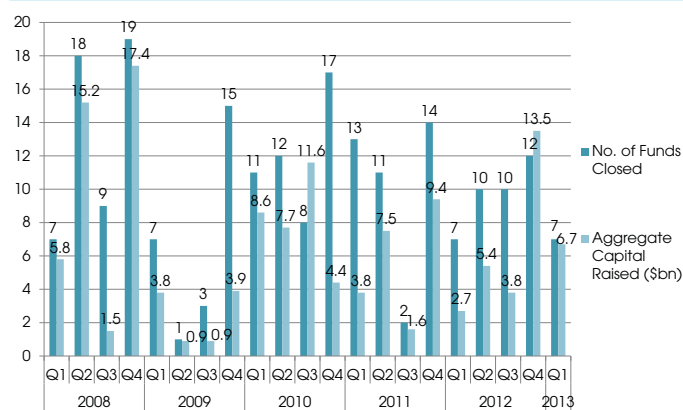
# Fundraising in Q1 2013

Seven unlisted infrastructure funds reached a final close in Q1 2013, raising an aggregate \$6.7bn. Aside from the \$13.5bn raised in Q4 2012, which mainly resulted from the sizeable \$8.25bn final close of Global Infrastructure Partners II, this represents the largest quarterly amount secured by infrastructure funds since Q4 2011. A further \$2.4bn was raised by infrastructure funds holding an interim close in Q1 2013.

The largest fund to close in Q1 was EQT Infrastructure II, which raised just over €1.9bn in investor capital and targets a range of mainly economic infrastructure assets in Europe and North America.

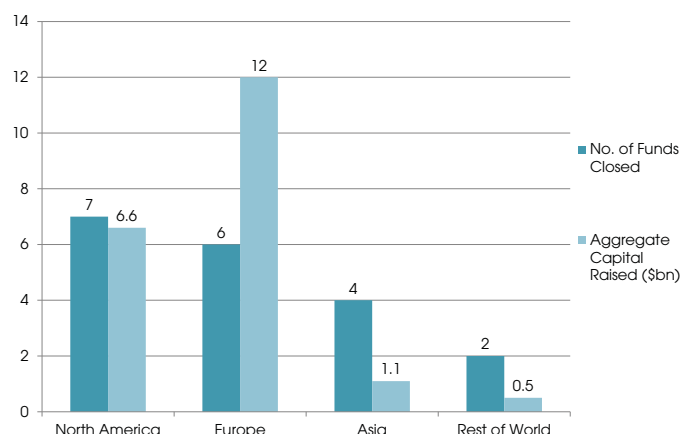
Other prominent funds to close in Q1 2013 included the €1.45bn AXA Infrastructure Generation III and the €800mn DIF Infrastructure III.

Fig. 1: Unlisted Infrastructure Fundraising by Quarter, Q1 2008 - Q1 2013



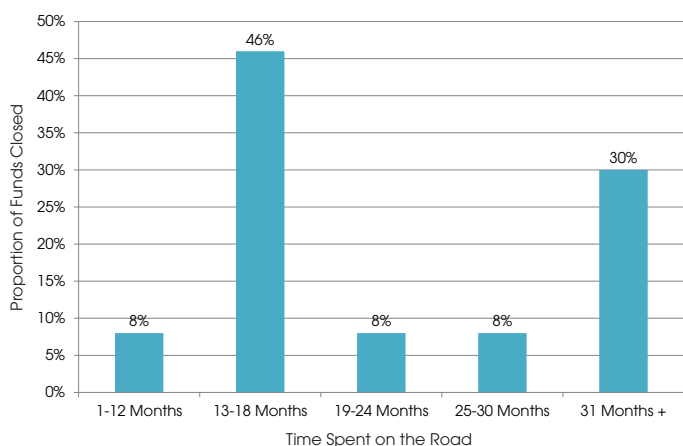
Source: Preqin Infrastructure Online

Fig. 2: Unlisted Infrastructure Fundraising by Primary Geographic Focus, October 2012 - March 2013



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Time Spent on the Road by Funds Closed, October 2012 - March 2013



Source: Preqin Infrastructure Online

Fig. 4: 10 Largest Unlisted Infrastructure Funds Closed by Final Close Size, October 2012 - March 2013

Fund	Firm	Size (mn)	Firm Location	Fund Focus	Date Closed
Global Infrastructure Partners II	Global Infrastructure Partners	8,250 USD	US	North America	Oct-12
EQT Infrastructure II	EQT Funds Management	1,925 EUR	UK	Europe	Jan-13
AXA Infrastructure Generation III	AXA Private Equity	1,450 EUR	France	Europe	Mar-13
Carlyle Energy Mezzanine Opportunities Fund	Carlyle Group	1,380 USD	US	North America	Nov-12
Meridiam North American Infrastructure Fund	Meridiam Infrastructure	1,050 USD	France	North America	Oct-12
DIF Infrastructure III	DIF	800 EUR	Netherlands	Europe	Mar-13
Marguerite Fund	Marguerite Adviser	710 EUR	Luxembourg	Europe	Dec-12
Energy Capital Partners Mezzanine Opportunities Fund	Energy Capital Partners	805 USD	US	North America	Feb-13
Equis Asia Fund I	Equis Funds Group	647 USD	Singapore	Asia	Dec-12
Macquarie Mexican Infrastructure Fund	Macquarie Infrastructure and Real Assets (MIRA)	5,200 MXN	Australia	Rest of World	Dec-12

Source: Preqin Infrastructure Online

Want to know the latest fundraising trends? Preqin Infrastructure Online contains detailed information for the seven unlisted infrastructure funds closed in Q1 2013, including fund strategy, target size, final close size and much more. For more information, please visit: [www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)



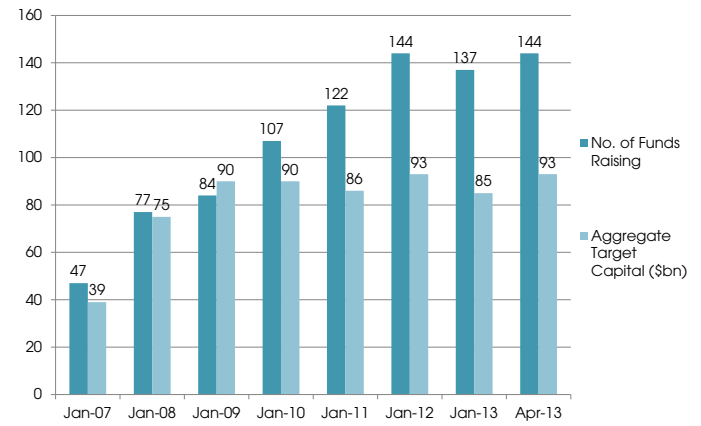
# Funds in Market

As of the start of Q2 2013, there are 144 unlisted infrastructure funds on the road, seeking an aggregate \$93bn in investor capital. This represents a 5% increase on the number of funds in market at the start of 2013 and a 9% increase on the total capital sought by fund managers. The average size of an infrastructure fund in market currently stands at \$646mn.

Europe is the most prominent region both in terms of the number of funds on the road and the aggregate capital targeted, with 56 funds seeking \$34bn in investor capital. North America-focused funds have the largest average target fund size of any region, amounting to \$1bn.

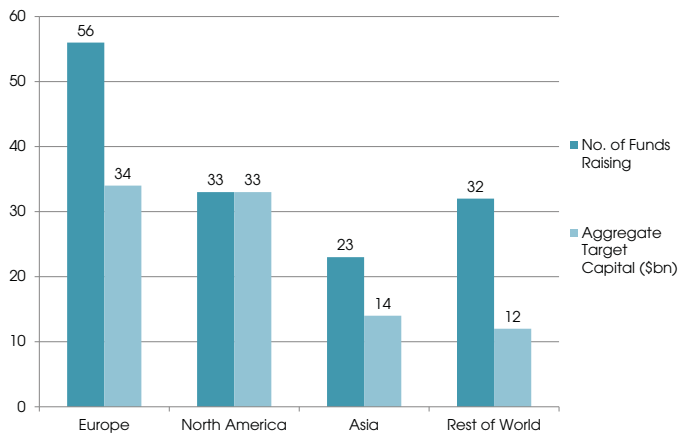
Seventy-five funds in market have already held an interim close, raising \$31bn and looking to raise \$44bn in total. Brookfield Infrastructure Fund II is the largest fund currently in market, targeting \$5bn in institutional capital.

Fig. 1: Unlisted Infrastructure Funds in Market over Time, January 2007 - April 2013 (As at 5 April 2013)



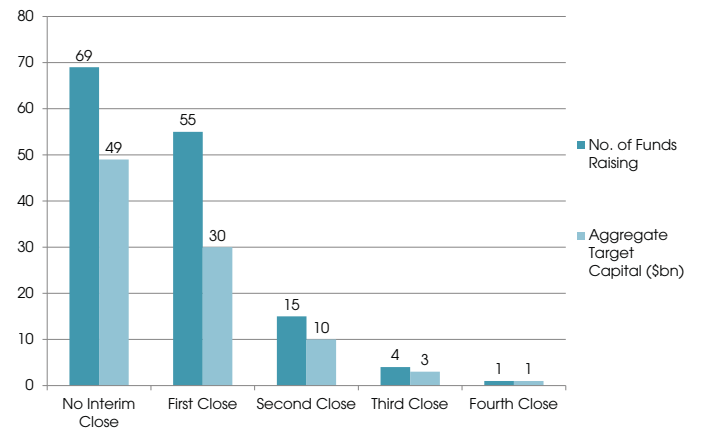
Source: Preqin Infrastructure Online

Fig. 2: Unlisted Infrastructure Funds in Market by Primary Geographic Focus (As at 5 April 2013)



Source: Preqin Infrastructure Online

Fig. 3: Unlisted Infrastructure Funds in Market by Fund Status (As at 5 April 2013)



Source: Preqin Infrastructure Online

Fig. 4: 10 Largest Unlisted Infrastructure Funds in Market by Target Size (As at 5 April 2013)

Fund	Firm	Target Size (bn)	Firm Location	Fund Focus
Brookfield Infrastructure Fund II	Brookfield Asset Management	5.0 USD	Canada	North America
EIG Energy Fund XVI	EIG Global Energy Partners	4.3 USD	US	North America
Alinda Global Core Infrastructure Fund	Alinda Capital Partners	3.0 USD	US	North America
Energy & Minerals Group Fund II	Energy & Minerals Group	3.0 USD	US	North America
Morgan Stanley Infrastructure Partners II	Morgan Stanley Infrastructure	2.5 USD	US	North America
Macquarie European Infrastructure Fund IV	Macquarie Infrastructure and Real Assets (MIRA)	1.5 EUR	Australia	Europe
First State European Diversified Infrastructure Fund	Colonial First State Global Asset Management/First State Investments	1.5 EUR	Australia	Europe
UBS International Infrastructure Fund II	UBS Infrastructure Asset Management	2.0 USD	UK	North America
Macquarie Infrastructure Partners III	Macquarie Infrastructure and Real Assets (MIRA)	2.0 USD	Australia	North America
Aviva Investors REaLM Infrastructure Fund	Aviva Investors	1.0 GBP	UK	Europe

Source: Preqin Infrastructure Online

Interested in which funds are seeking investment? Preqin Infrastructure Online has the latest data on the 144 unlisted infrastructure funds in market, including industry and regional focus, target size and much more. For more information, please visit: [www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)



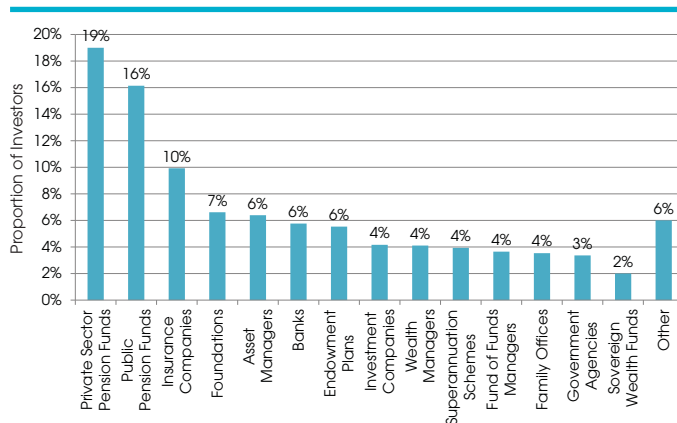
# Institutional Investors in Infrastructure

Pension funds remain the most active type of investor in the infrastructure asset class, constituting 35% of the global universe, with insurance companies accounting for an additional 10% (Fig. 1). North America and Europe are home to 73% of active investors in infrastructure, with 11% based in Asia and 16% located outside these core regions.

While the majority of institutional investors (72%) currently have less than 5% of total assets invested in infrastructure, almost half (49%) of investors have a target of 5% of total assets or more allocated to infrastructure, demonstrating many investors have the potential to invest further to the asset class.

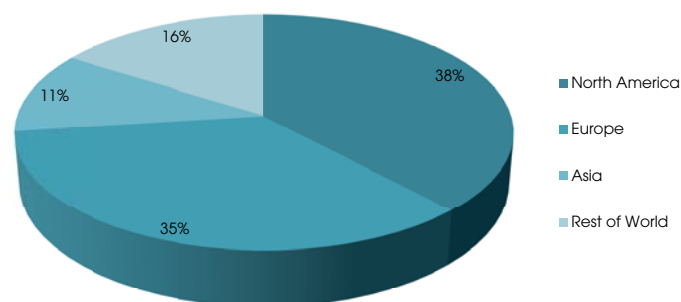
Unlisted funds remain the primary route to market for the majority of investors, although 28% will consider direct investment in infrastructure assets.

Fig. 1: Breakdown of Infrastructure Investor Universe by Type



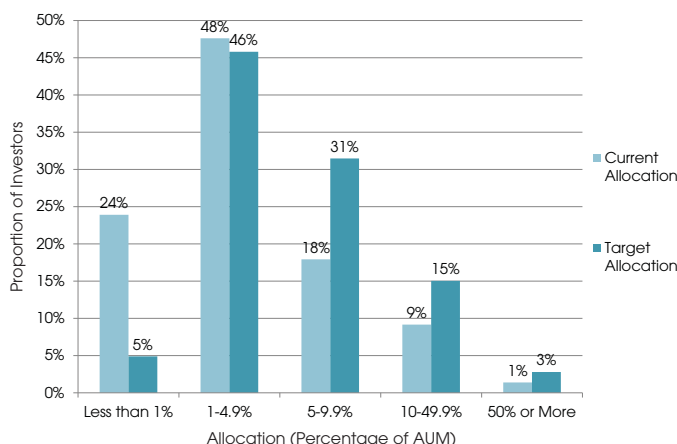
Source: Preqin Infrastructure Online

Fig. 2: Breakdown of Infrastructure Investor Universe by Investor Location



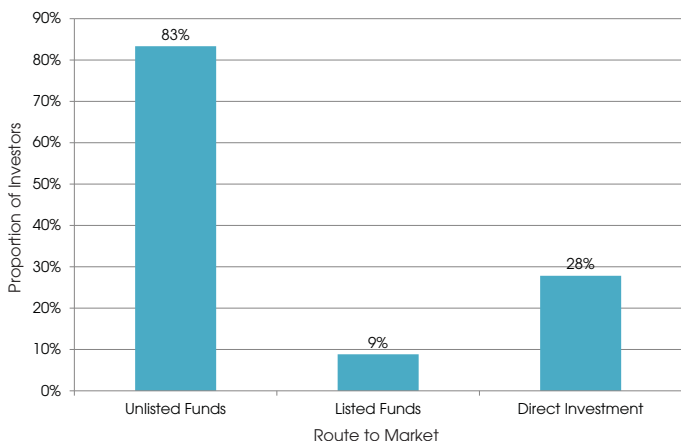
Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Infrastructure Investors by Current/Target Allocation to Infrastructure



Source: Preqin Infrastructure Online

Fig. 4: Breakdown of Infrastructure Investors by Preferred Route to Market



Source: Preqin Infrastructure Online

### Looking to source new investors for funds?

Preqin Infrastructure Online has profiles for over 1,950 active investors that have committed to, or have a preference for, infrastructure funds.

Through constant contact with these institutions, we are able to provide up-to-date information on the future investment plans of infrastructure investors, as well as their strategic and regional preferences, key contacts and much more.

To find out more, please visit:

[www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)



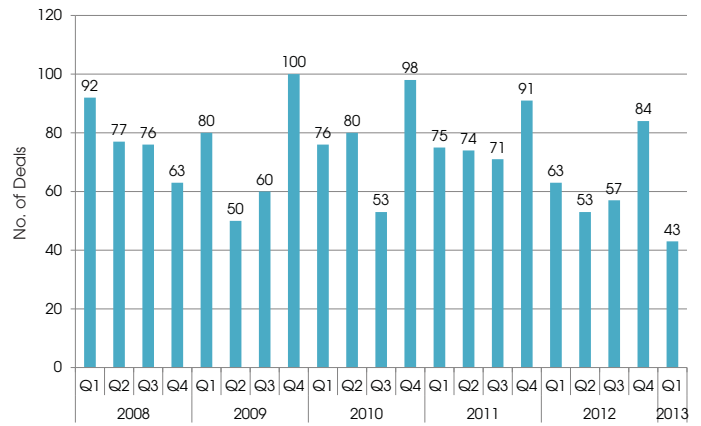
# Infrastructure Deals

Forty-three deals were completed by unlisted infrastructure fund managers in Q1 2013, almost half the number made in Q4 2012. However, this number is expected to rise as more information becomes available.

Forty-four percent of deals made in Q1 were in European infrastructure assets, 30% in North American assets and 9% in Asia. Sixteen percent of deals were completed in assets located outside of these regions. Core infrastructure industries remained prominent in Q1, with 93% of deals being made in the energy, transportation, telecommunications and utilities sectors.

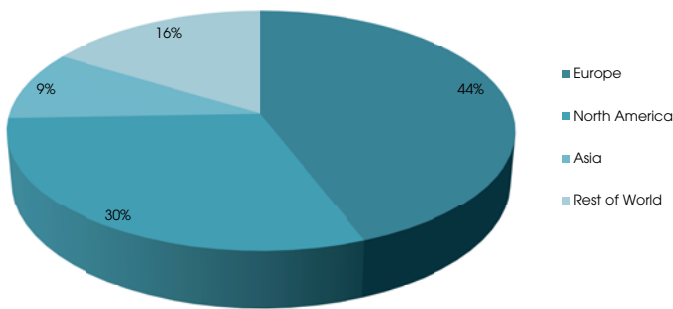
Several notable deals were made in Q1 2013, including the \$1.38bn acquisition of the North Tarrant Express Extension concession in Texas by Meridium Infrastructure, Cintra and Dallas Police & Fire Pension System. In Morocco, Actis acquired three utility assets from Veolia Environnement for €370mn.

Fig. 1: Number of Deals Made by Unlisted Infrastructure Fund Managers, Q1 2008 - Q1 2013



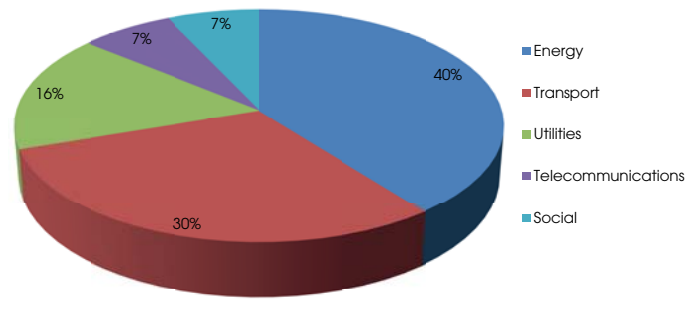
Source: Preqin Infrastructure Online

Fig. 2: Breakdown of Infrastructure Deals by Region, Q1 2013



Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Infrastructure Deals by Industry, Q1 2013



Source: Preqin Infrastructure Online

Fig. 4: 10 Notable Infrastructure Deals Made by Unlisted Infrastructure Fund Managers, Q1 2013

Asset	Location	Industry	Investor(s)	Deal Size (mn)	Stake (%)	Date
North Tarrant Express Extension	US	Roads	Meridium Infrastructure, Cintra, Dallas Police & Fire Pension System	1,380 USD	100	Mar-13
United Liner Agencies of India	India	Sea Ports	IDFC Alternatives, IJM Group	3,000 INR	-	Jan-13
Delfluent	Netherlands	Water Treatment	DIF	-	24.5	Jan-13
Denver Light Rail	US	Railroads	Macquarie Infrastructure and Real Assets (MIRA), Balfour Beatty Rail, Fluor Corporation	1,300 USD	100	Feb-13
North Tyne Housing Project	UK	Gov. Accommodation	Equitix, Miller Construction, Keepmoat	300 GBP	100	Mar-13
Butendiek Wind Farm	Germany	Wind Power	Marguerite Fund	-	22.5	Feb-13
Sault Ste. Marie Solar Plants	Canada	Solar Power	Kohlberg Kravis Roberts	-	100	Feb-13
EnergySolutions	US	Nuclear	Energy Capital Partners	378 USD	100	Jan-13
Tamil Nadu Highway Concession	India	Roads	Macquarie Infrastructure and Real Assets (MIRA)	20 USD	35.6	Mar-13
Redal, Amedis Tetouan and Amendis Tangier	Morocco	Utilities	Actis	370 EUR	100	Mar-13

Source: Preqin Infrastructure Online

Looking for further information on infrastructure investment activity in Q1 2013? Preqin Infrastructure Online has details of the 43 infrastructure deals completed in the quarter, including deal size, known investors, sellers and much more. For more information, please visit: [www.preqin.com/infrastructure](http://www.preqin.com/infrastructure)

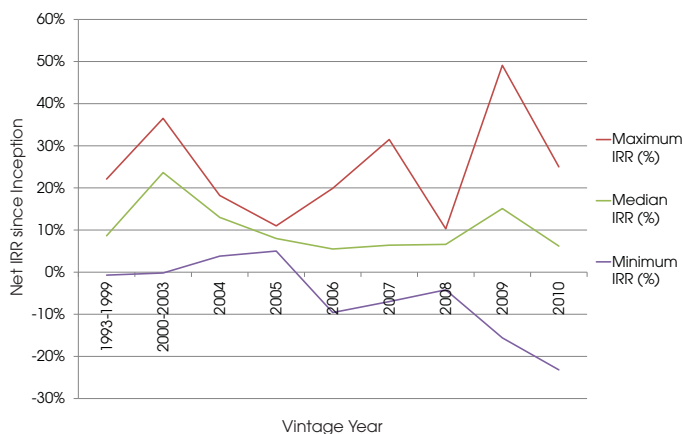


# Fund Performance

Preqin currently holds net-to-LP performance data for 124 unlisted infrastructure funds. The performance of older funds can provide an indication of what to expect when younger funds mature. Infrastructure funds of vintages 1993-1999 have produced an 8.7% median net IRR. This performance compares well with other private equity strategies, with the median net IRR of vintage 1993-1999 infrastructure funds slightly lower, but of a similar level to private equity and real estate.

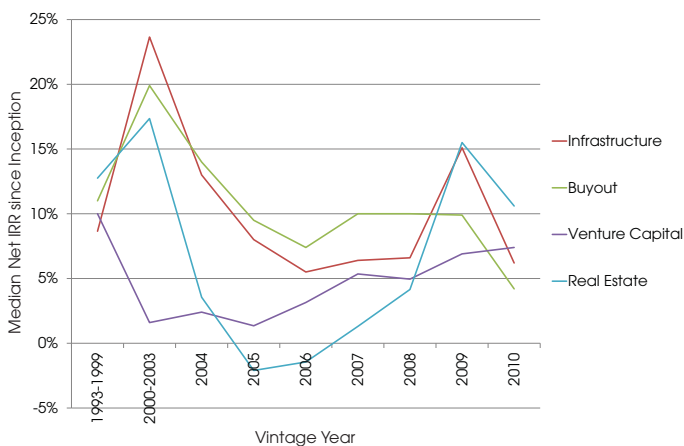
The total amount of dry powder available to unlisted infrastructure fund managers stands at \$84.2bn as of the end of Q1 2013. North American funds hold the most dry powder (\$38bn), although this figure fell from \$41bn in December 2012. Dry powder available in Europe, Asia and Rest of World increased during this period. Mega funds, those of over \$2bn in size, account for 38% of dry powder available globally going into Q2 2013.

Fig. 1: Median, Maximum and Minimum Net IRRs for Unlisted Infrastructure Funds by Vintage Year



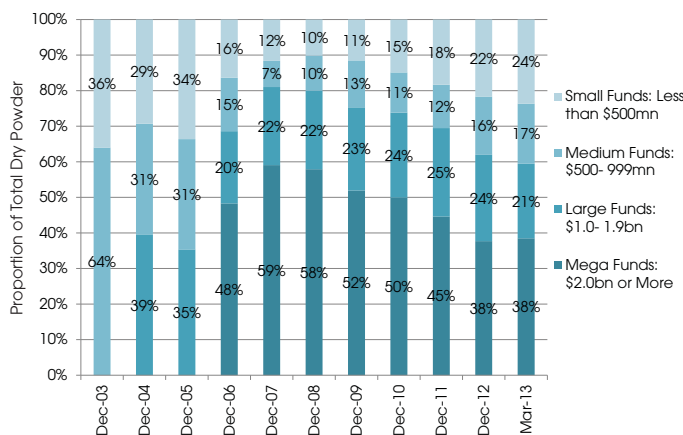
Source: Preqin Infrastructure Online

Fig. 2: Infrastructure vs. Other Private Equity Strategies - Median Net IRR by Vintage Year



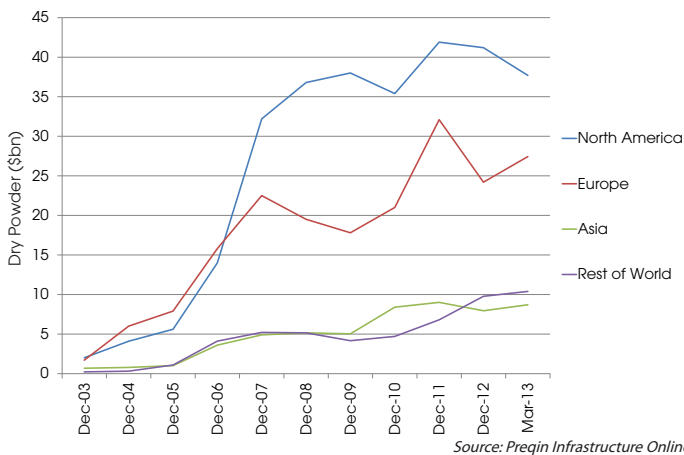
Source: Preqin Infrastructure Online

Fig. 3: Breakdown of Unlisted Infrastructure Fund Dry Powder by Fund Size, December 2003 - March 2013



Source: Preqin Infrastructure Online

Fig. 4: Unlisted Infrastructure Fund Dry Powder by Primary Regional Focus, December 2003 - March 2013



Source: Preqin Infrastructure Online

Interested in the performance of a specific infrastructure fund?

Preqin Infrastructure Online provides individual fund returns for 126 separate funds, representing over \$145bn of investor capital. View the percentage called up and distributed, net IRR and much more.

Subscribers can also view average market benchmarks by vintage year for different types and locations of fund.

To find out more, or to arrange a demo, please visit:

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# The Preqin Quarterly Update: Infrastructure, Q1 2013



alternative assets. intelligent data.

## Preqin Infrastructure Online

With global coverage and detailed information on all aspects of the infrastructure asset class, Preqin's industry-leading Infrastructure Online service keeps you up to date on all the latest developments in the infrastructure universe.

### Source new investors for funds and co-investments

Find the most relevant investors, with access to detailed profiles for over 1,950 institutional investors actively investing in unlisted infrastructure, including insurance companies, pension funds, family offices, foundations, wealth managers, endowments, banks and more.

### Identify potential investment opportunities

View in-depth profiles for over 600 unlisted infrastructure funds encompassing all strategies including greenfield, brownfield, secondary stage, cleantech and renewable energies, debt, mezzanine and fund of funds.

### Find active fund managers in infrastructure

Search for firms actively targeting infrastructure projects and assets, with detailed profiles on over 360 fund managers from around the world, including background, key contacts and funds raised.

### Analyze the latest infrastructure fundraising activity

See who is currently on the road raising an infrastructure fund and who will be coming to market soon. Analyze fundraising over time by fund strategy, industry focus and location.

### Benchmark performance

Identify which fund managers have the best track records with performance benchmarks for infrastructure funds and view performance details for over 120 individual named funds.

### Examine infrastructure investment trends

Search detailed information on over 4,100 infrastructure transactions and bids historically, including asset location, project stage and industry. Identify key geographical regions and sectors that are attracting infrastructure investment.

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