

| 2019 |

ACTIVITY OF INFRASTRUCTURE FUNDS

MANAGED IN FRANCE

3rd edition

11 March 2020



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2019

INFRASTRUCTURE FUNDS MANAGED IN FRANCE: A LARGE-SCALE MARKET THAT KEEPS GROWING

CAPITAL RAISED

€15.6bn

capital raised in 2019,
o/w,

- **€9.9bn** in equity
- **€5.7bn** in debt,

which will be used to
back infrastructure
development.

INVESTMENTS

€10.9bn

invested in 2019
o/w,

- **€7.2bn** in equity
- **€3.7bn** in debt

in

267 transactions.

CAPITAL MANAGED

€71bn

capital under
management at end-
2019, o/w

- **€44bn** in equity
- **€27bn** in debt.

RECAP 2018

€12.1bn in equity
€2.5bn in debt

€3.9bn in equity
€2.6bn in debt

€38bn in equity
€19bn in debt



€15.6bn raised in 2019, 7% more than in 2018

- ✓ €9.9bn for equity investment and €5.7bn for debt financing.
- ✓ Large increase in amounts raised from foreign sovereign wealth funds (2.3 times the figure for 2018)
- ✓ Confirmation that French infrastructure funds are highly attractive to foreign investors (61% of commitments)

In 2019, €10.9bn was invested in 267 transactions (up €4.4bn vs. 2018)

- ✓ Equity investments of €7.2bn were made in 161 companies and €3.7bn of debt was invested in 106 assets.
- ✓ Energy (renewable and conventional) and transport sectors dominate both equity and debt investments.
- ✓ Europe (ex France) is the main destination for equity and debt investments.

At the end of 2019, a total of €71bn was under management (up €14bn vs. 2018)

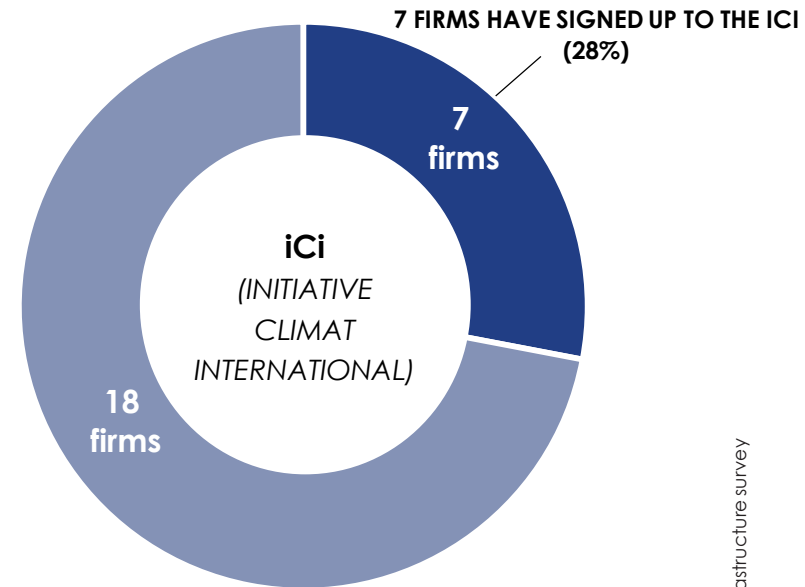
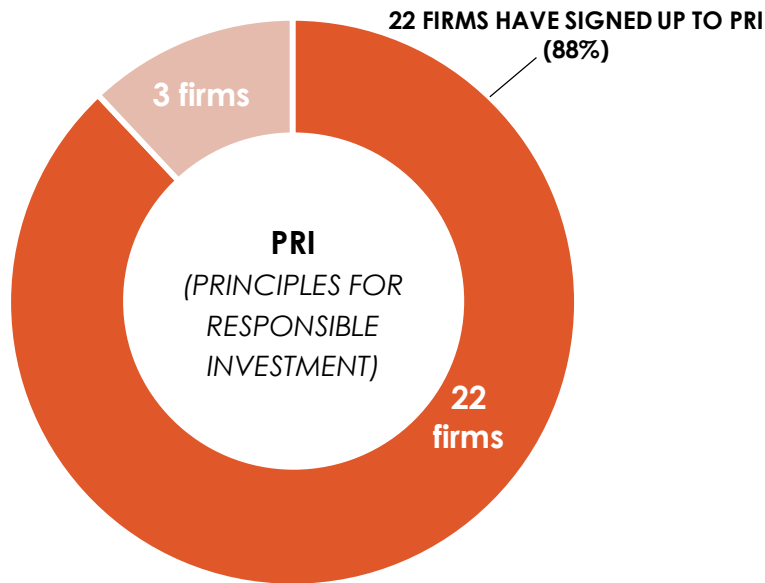
- ✓ Of the total, 62% relates to equity and 38% to debt.
- ✓ €45bn has already been invested: 62% as equity investments in 572 companies, 38% as debt in 364 assets.
- ✓ The sector therefore has €26bn of dry powder that will be invested in the coming years.



FOCUS ON ESG



The majority of French infrastructure firms are making ESG commitments by signing up to PRI (88% of respondents) and, to a lesser extent, the iCi (28% of respondents).



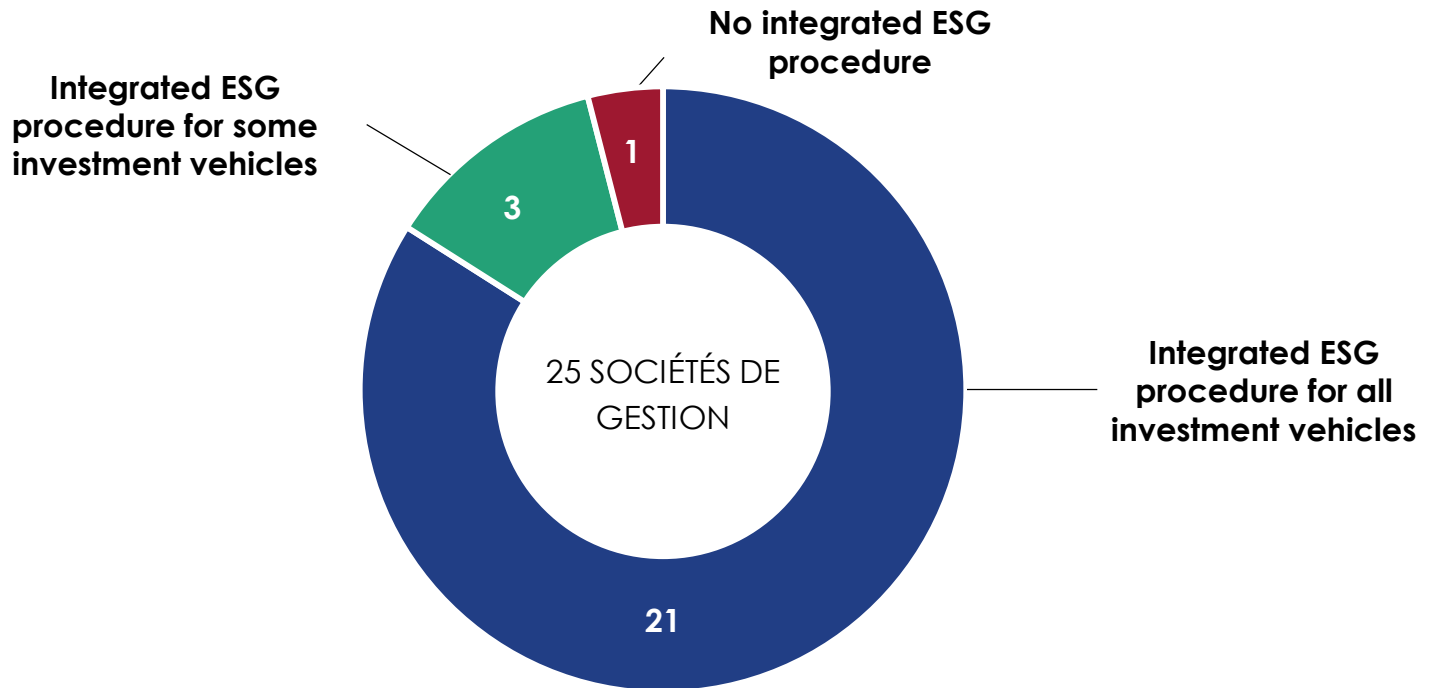
The United Nations **Principles for Responsible Investment (PRI)** form an international network of investors aiming to incorporate ESG issues into their investments.

The **Initiative Climat International (iCi)** is an initiative launched by the French private equity sector to help fight climate change. Its aim is to develop a common methodology for measuring and reducing the carbon footprint of PE funds' investments.

Source: AFG/France Invest infrastructure survey



At the end of 2019, 135 investment vehicles were managed with an integrated ESG procedure. This represents 77% of investment vehicles and 79% of funds under management (€56bn).



Source: AFG/France Invest infrastructure survey



EQUITY ACTIVITY

EQUITY FUNDRAISINGS IN 2019

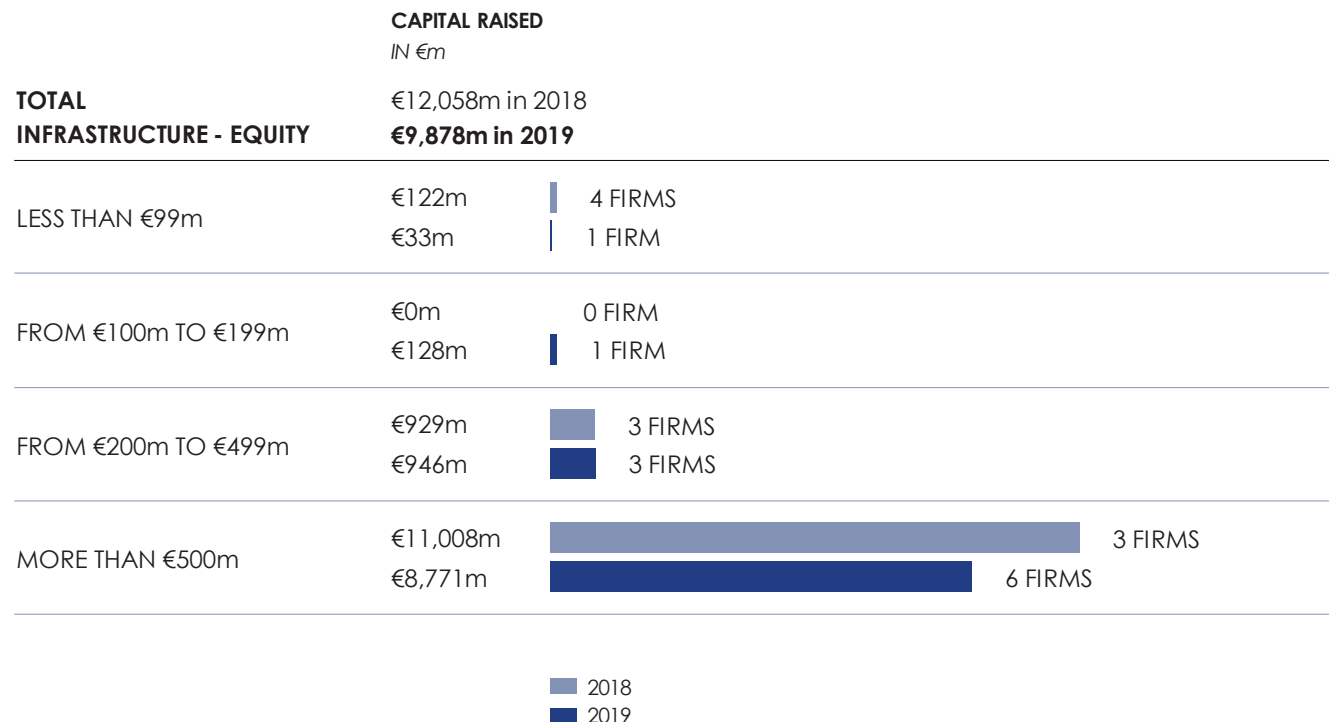
Fundraising remains at a high level
with inflows of **€9.9bn** in 2019

Large increase in amounts raised from foreign sovereign
wealth funds (*x2.4 vs. 2018*)

Further confirmation of the attractiveness of infrastructure
funds to foreign investors (*69% of commitments*)



**Fundraising remains at a high level and continues to be driven by large funds.
The number of asset management companies capable of raising over €500m is increasing.**



Source: AFG/France Invest infrastructure survey



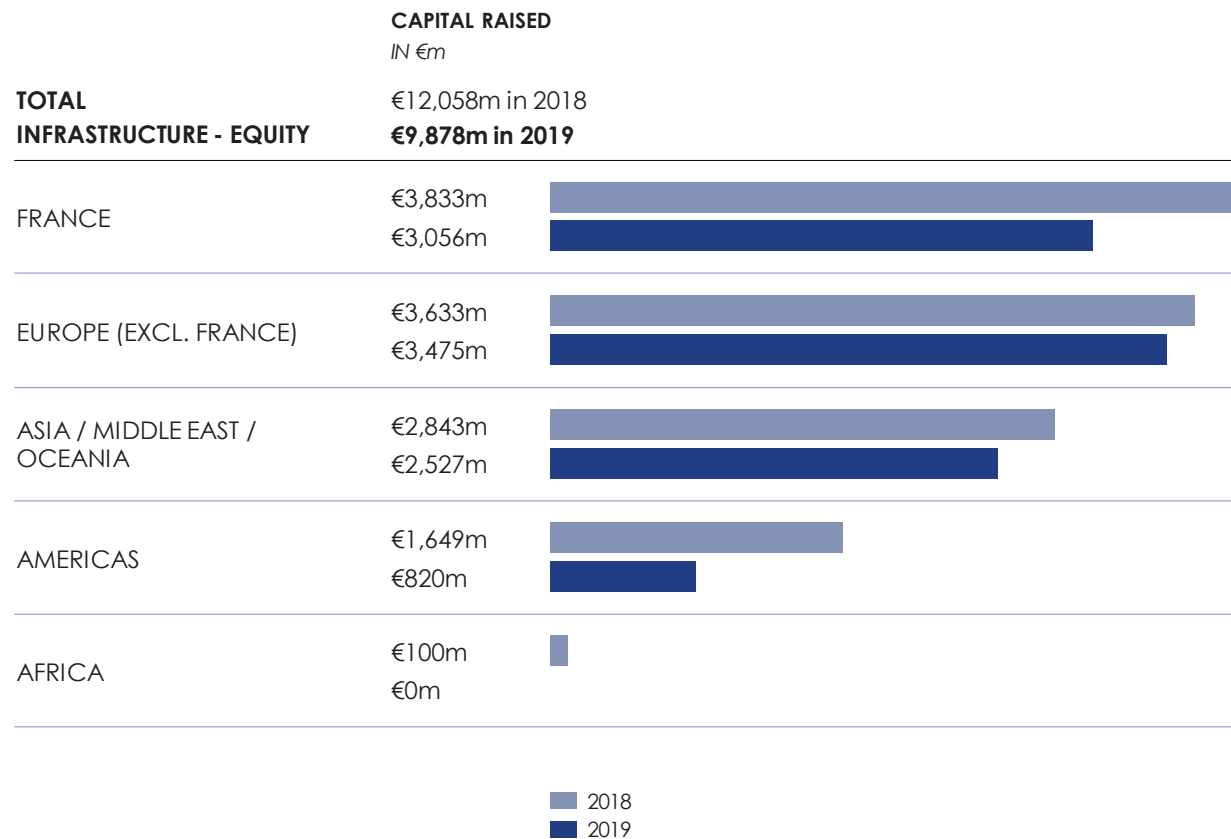
Large increase in amounts raised from foreign sovereign wealth funds (x2.4 vs. 2018).
Insurers and pension funds account for nearly 2/3 of commitments in 2019.

| | CAPITAL RAISED IN €m | FRANCE | ABROAD | RECAP 2018 IN €m |
|---|-------------------------|--------|--------|---------------------|
| TOTAL INFRASTRUCTURE - EQUITY | €9,878m | | | €12,058m (- 18%) |
| INSURANCE COMPANIES / MUTUAL INSURANCE | €3,321m | | | €5,533m (- 40%) |
| PENSION FUNDS / PENSION SCHEMES | €3,147m | | | €3,785m (- 17%) |
| SOVEREIGN FUNDS | €1,655m | | | €667m (+ 148%) |
| BANKS | €909m | | | €845m (+ 7%) |
| FUNDS OF FUNDS | €327m | | | €653m (- 50%) |
| INDIVIDUALS / FAMILY OFFICE | €313m | | | €505m (- 38%) |
| ENDOWMENT FUNDS | €108m | | | €15m (+ 604%) |
| INDUSTRIAL COMPANIES | €100m | | | €54m (+ 85%) |

Source: AFG/France Invest infrastructure survey



A very high proportion (69%) of funds raised in 2019 came from foreign investors, a figure that remains close to the level in 2018 (68%).



EQUITY INVESTMENTS IN 2019

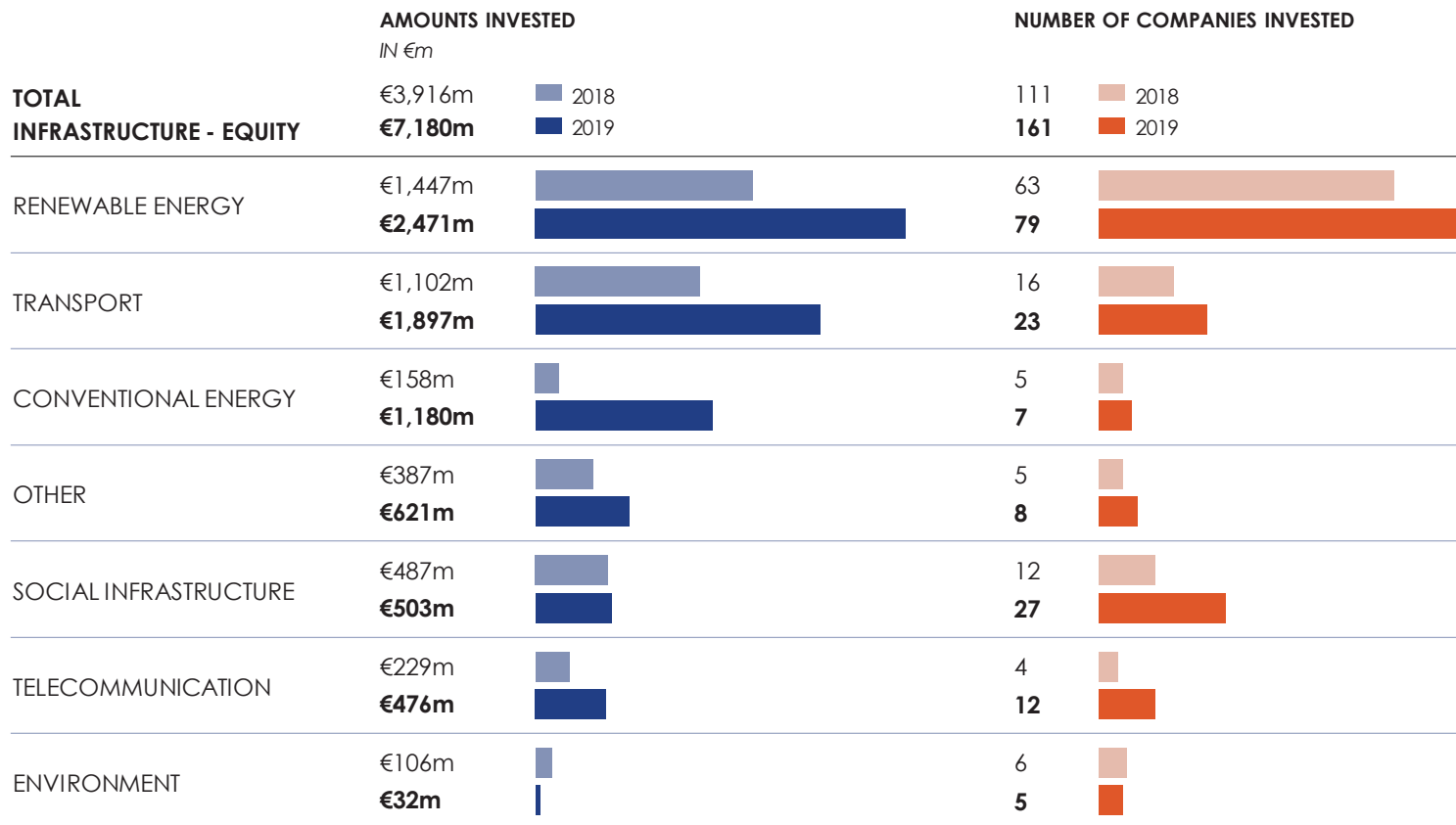
€7.2bn invested in 161 companies in 2019, a large increase over the amount invested in 2018

77% of investments made in the energy (conventional and renewable) and transport sectors

Investments rising for both greenfield and brownfield projects



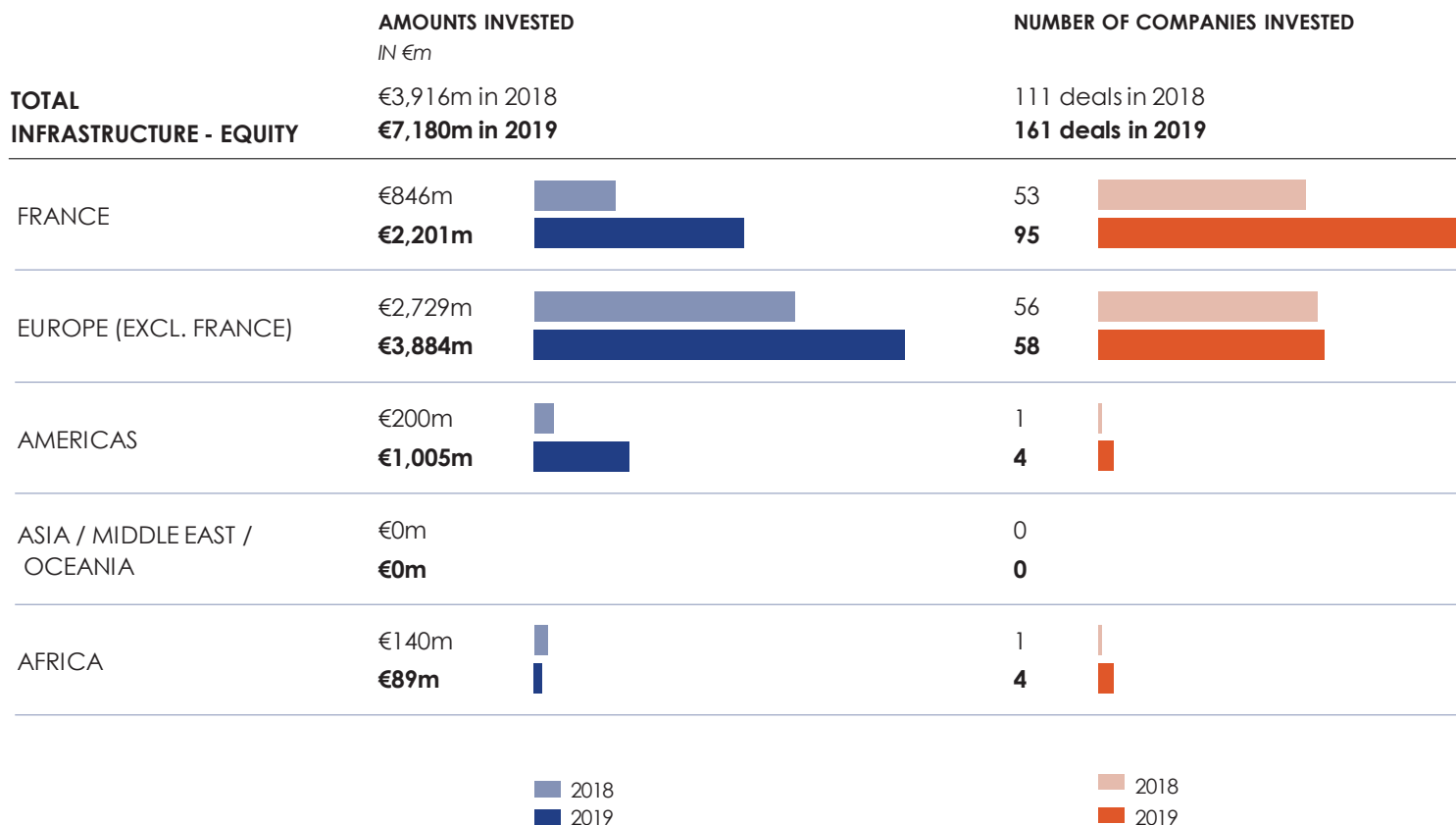
New investments continue to focus on the energy (conventional and renewable) and transport sectors (77% of funds invested in 2019 vs. 69% in 2018).



Source: AFG/France Invest infrastructure survey



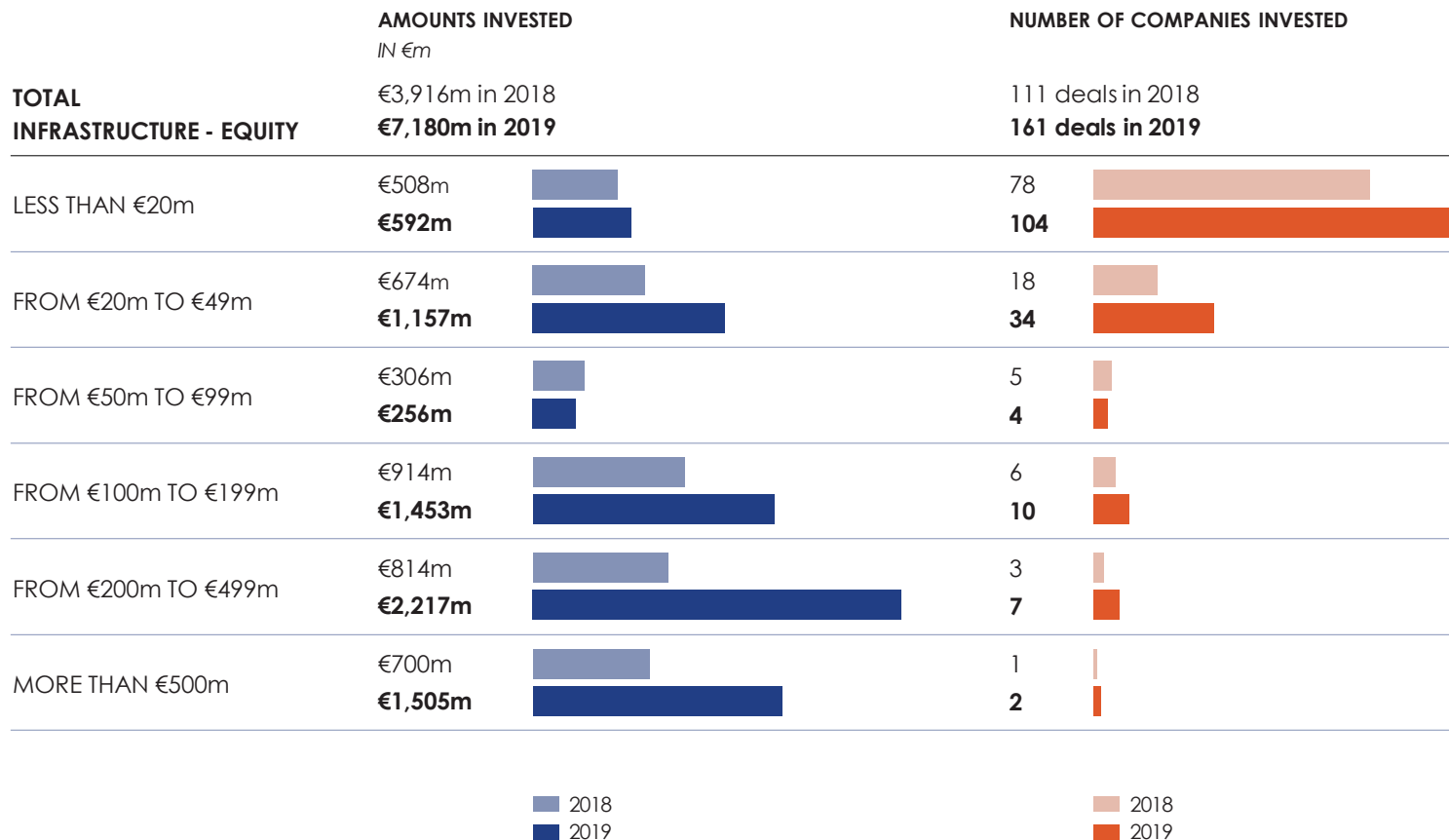
New investments in France rose in 2019. However, equity investing in the rest of Europe remains very buoyant (54% of funds invested, 36% of transactions).



Source: AFG/France Invest infrastructure survey

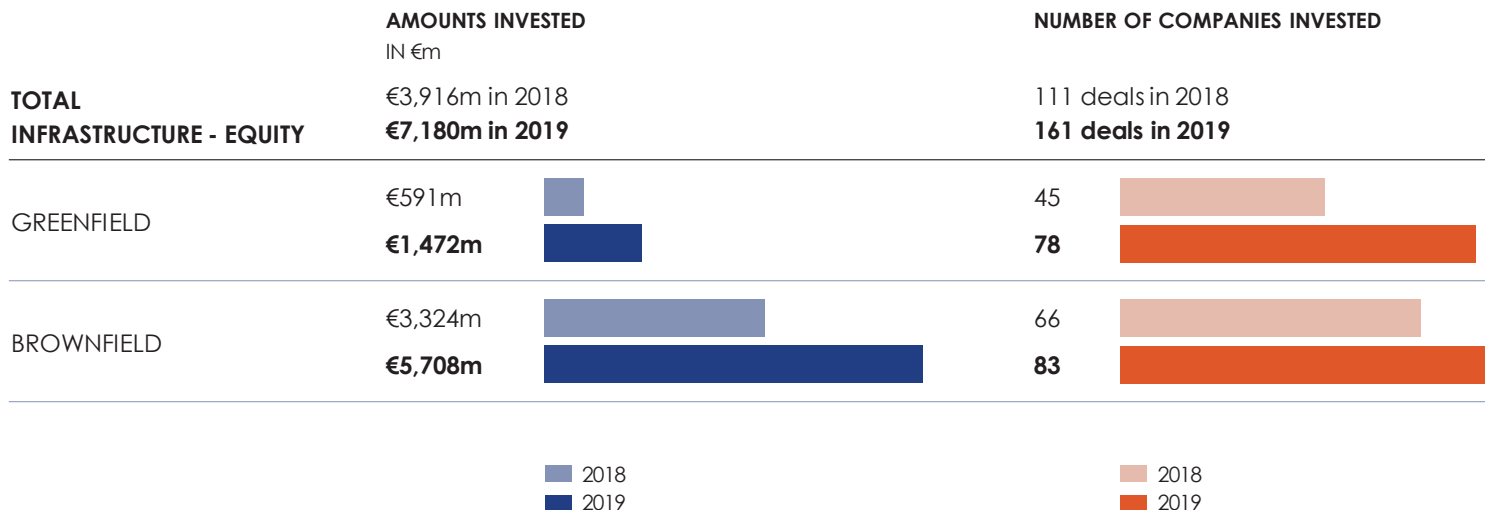


The bottom 86% of transactions accounted for €1.8bn (investments of under €50m), while €5.4bn was invested in the largest 14% (investments of over €50m).





The increase in the size and number of investments can be seen in both market segments.





DEBT ACTIVITY

DEBT FUNDRAISINGS IN 2019

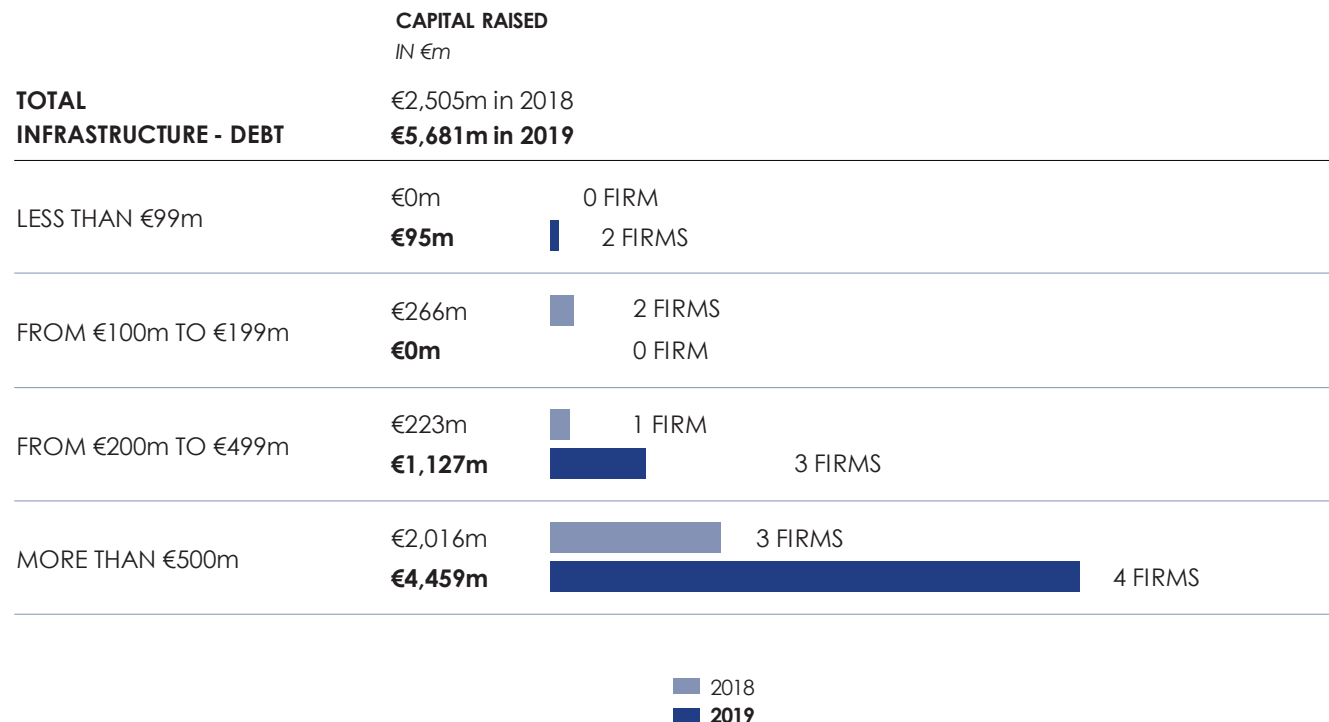
€5.7bn of funds raised in 2019
(x2.3 vs. 2018)

Insurers are the main subscribers (89% of funds raised)

Large increase in funds raised from French investors
(x2.0 vs. 2018)



Large increase in fundraisings of over €200m (average amount up by 43% relative to 2018).



Source: AFG/France Invest infrastructure survey



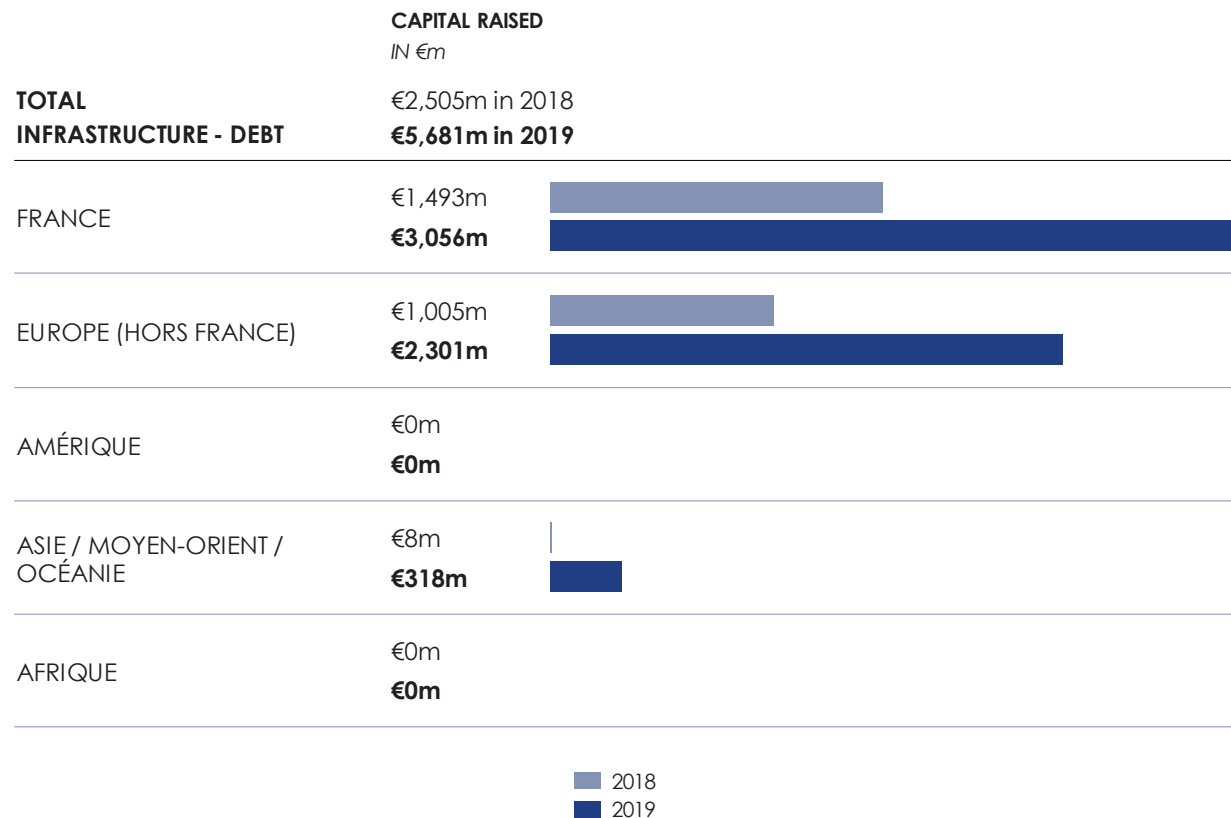
Debt funds raised almost all their capital from insurers in 2019 (89% of commitments in 2019 as in 2018).

| TOTAL INFRASTRUCTURE - DEBT | CAPITAL RAISED IN €m | | |
|---|-------------------------|--------|------------------|
| | FRANCE | ABROAD | |
| | €5,681m | | €2,505m (+ 127%) |
| INSURANCE COMPANIES MUTUAL INSURANCE COS | €5,078m | | €2,229m (+ 128%) |
| BANKS | €218m | | €0m |
| PENSION FUNDS / PENSION SCHEMES | €378m | | €8m (+ 3,375%) |
| SOVEREIGN FUNDS | €65m | | €150m (- 57%) |
| INDUSTRIAL COMPANIES | €42m | | €57m (- 26%) |
| FUNDS OF FUNDS | €0m | | €55m (- 100%) |
| ENDOWMENT FUNDS | €0m | | €4m (- 100%) |
| INDIVIDUALS / FAMILY OFFICE | €0m | | €2m (- 100%) |

Source: AFG/France Invest infrastructure survey



Funds raised from both French and foreign investors increased strongly in 2019. Foreign investors represent 46% of commitments (vs. 40% in 2018).



DEBT FINANCING IN 2019

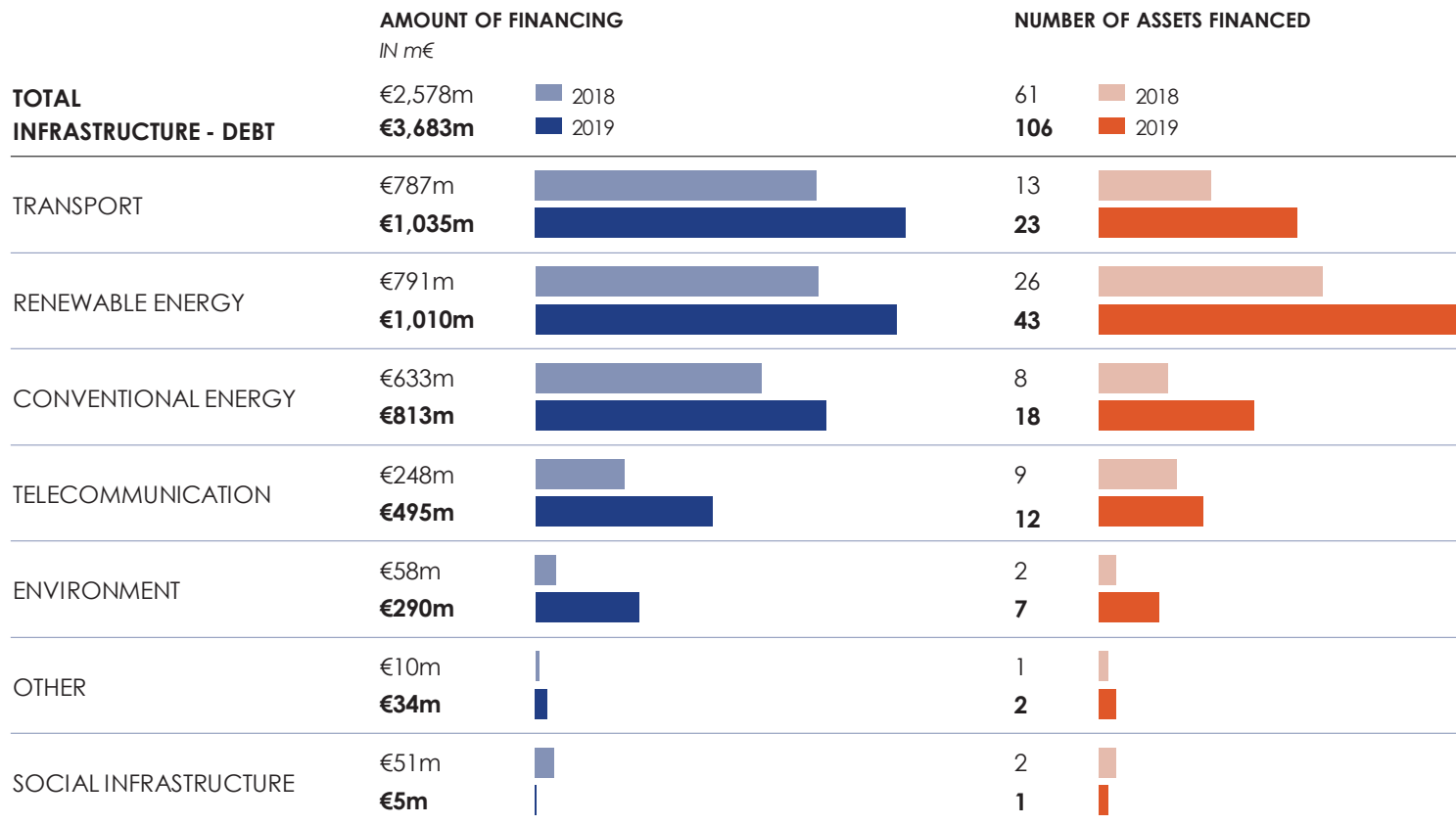
€3.7bn invested in 106 assets in 2019

Over three-quarters of investments made in the energy (renewable and conventional) and transport sectors

Business remains focused on Europe



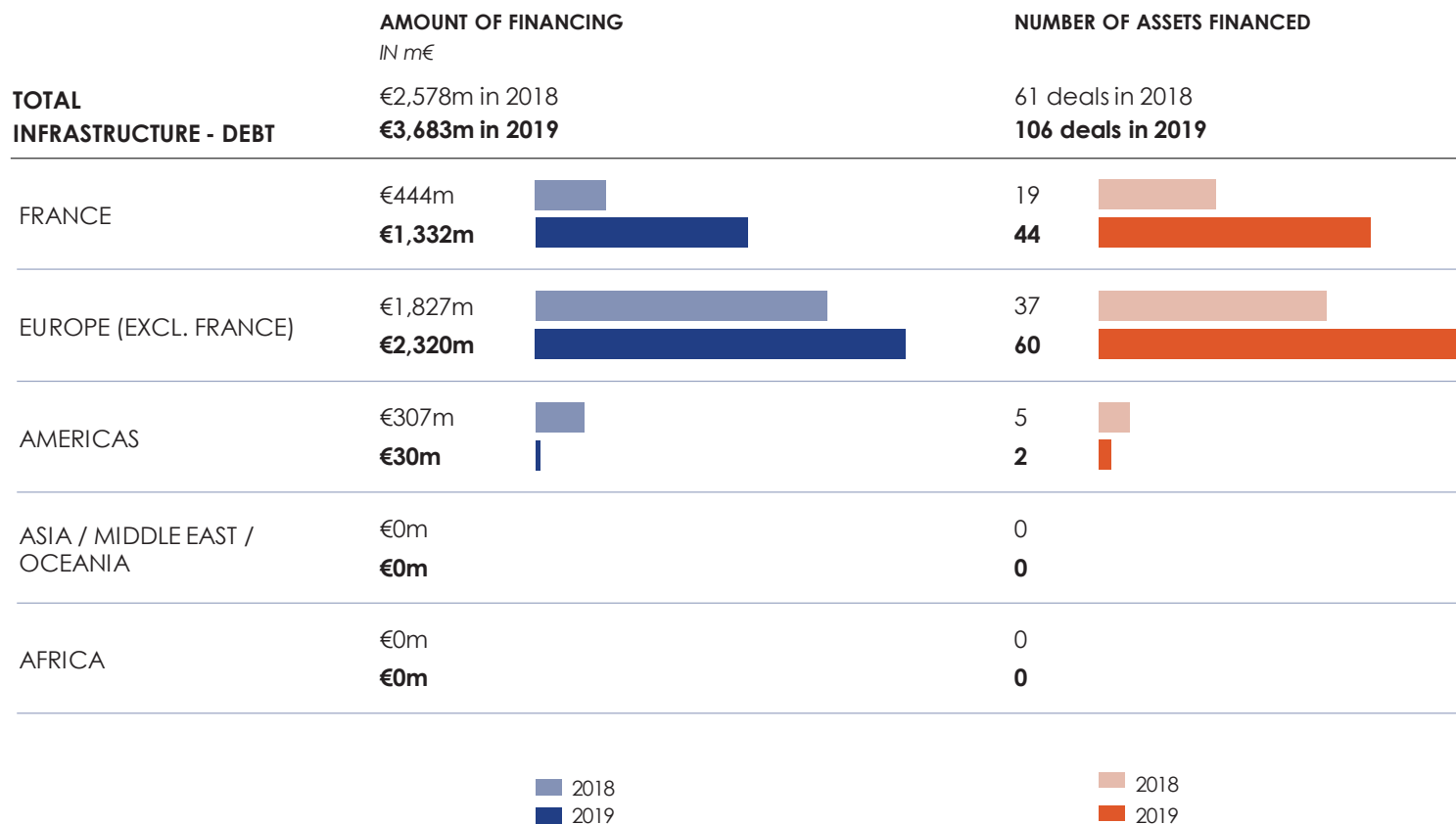
As is the case for equity funds, debt funds are focused on the energy (conventional and renewable) and transport sectors.



Source: AFG/France Invest infrastructure survey

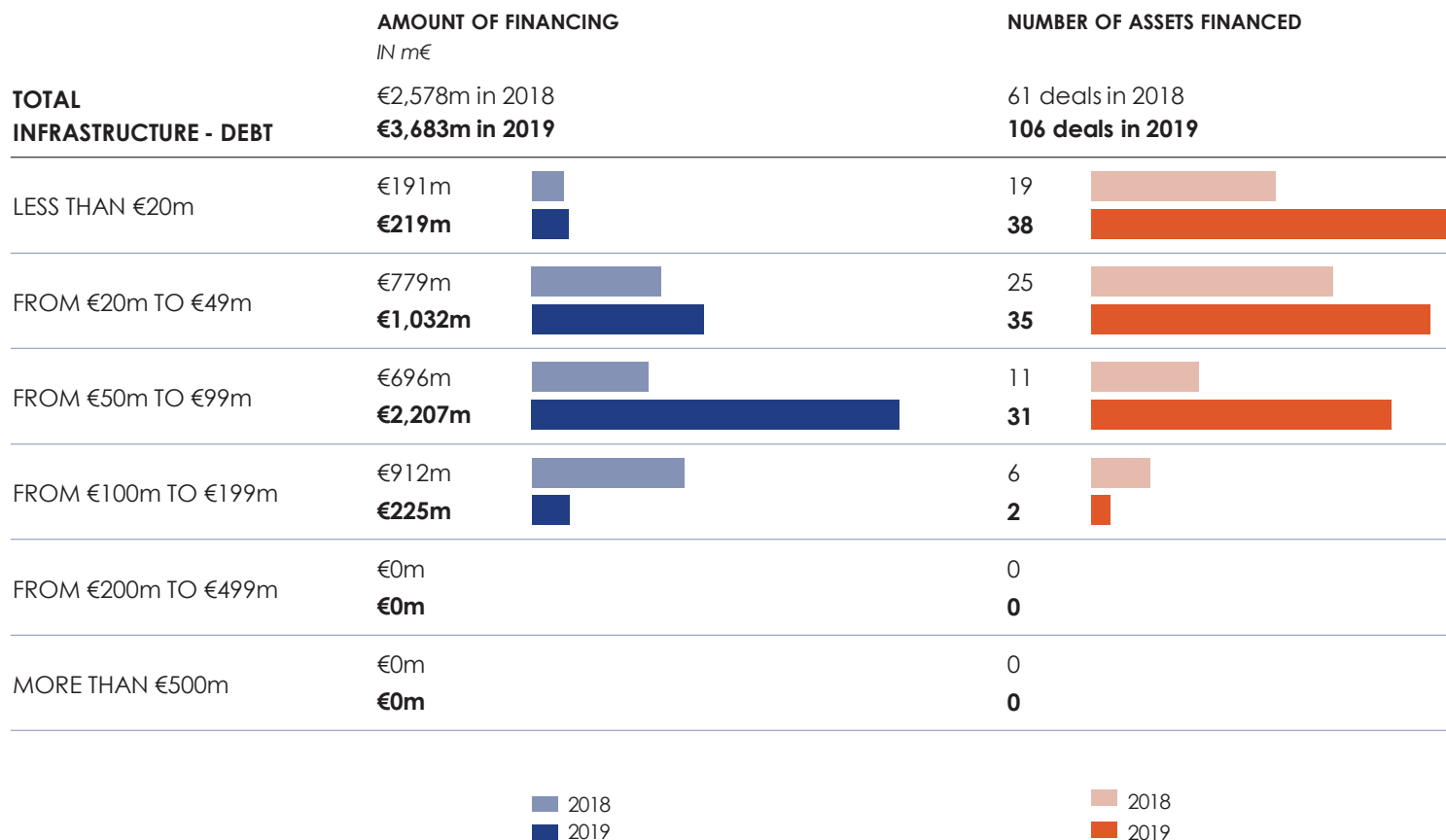


New investments in France have risen (*three times the figure for 2018*).
Overall, the majority of business remains focused on European countries outside France.





The majority of debt fund transactions have tickets below €50m. However, tickets of over €50m account for 2/3 of all transactions in terms of amount.

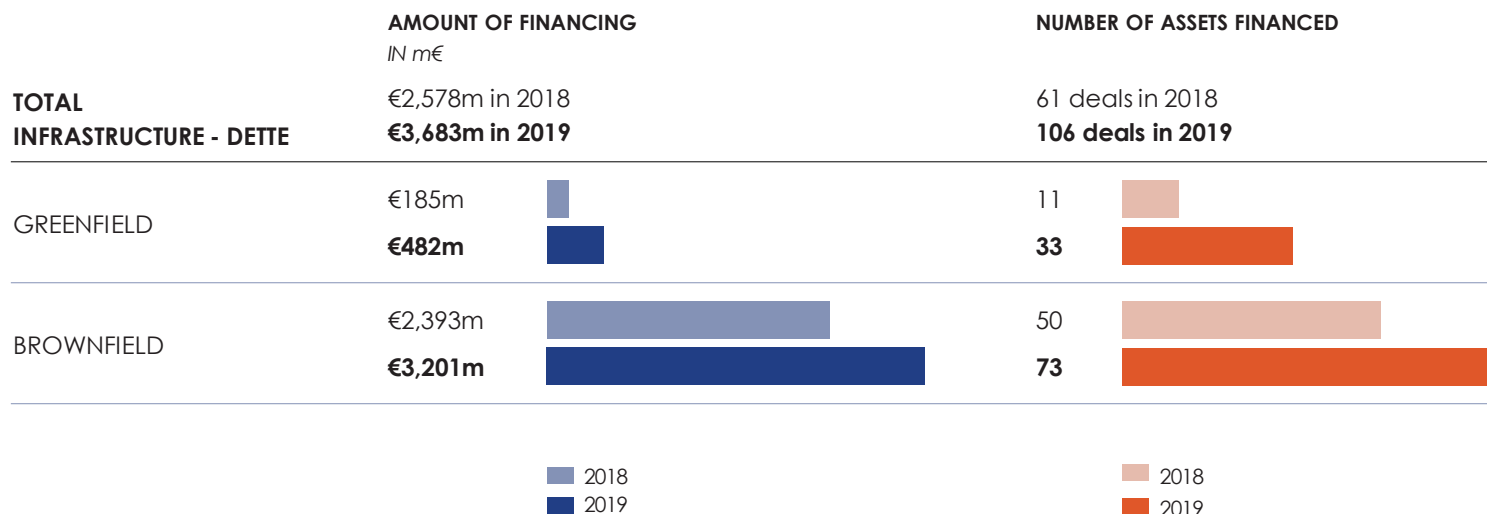


■ 2018
■ 2019

■ 2018
■ 2019



While debt funds continue to invest predominantly in brownfield, finance for greenfield projects is growing strongly (x2.6 in amount and x3 in terms of the number of transactions).





PLAYERS OVERVIEW



Capital under management* and outstanding amount** at end-2019

- ✓ **€71bn** in capital under management in infrastructure funds managed in France
 - o/w **€44bn** in **equity** activity (**equity and quasi-equity****)
 - o/w **€27bn** in **debt** activity
- ✓ **Outstanding amount and dry powder** in **equity** activity (**equity and quasi-equity****)
 - **€28bn** in outstanding amount invested
 - **€16bn** in dry powder
- ✓ **Outstanding amount and dry powder** in **debt** activity
 - **€17bn** in outstanding amount invested
 - **€10bn** in dry powder

Asset portfolio at end-2019

- ✓ Infrastructure funds managed in France represent
 - **572 companies with equity investments** (o/w 57% in France)
 - **364 debt-financed assets** (o/w 29% in France)

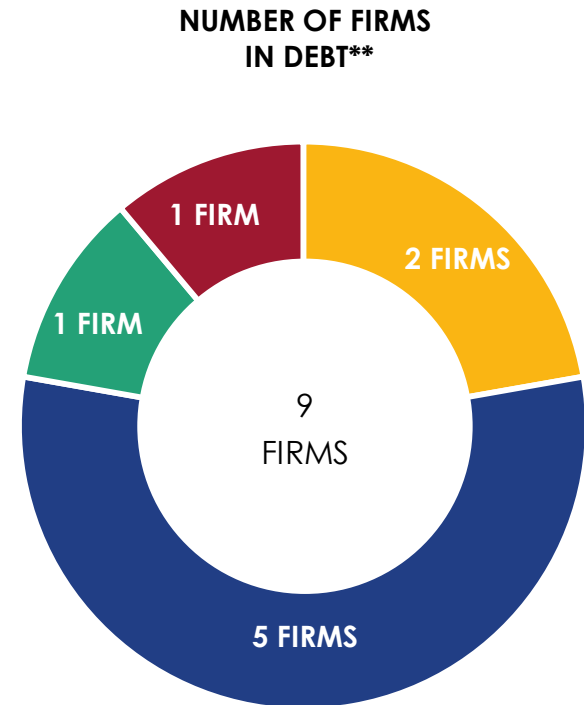
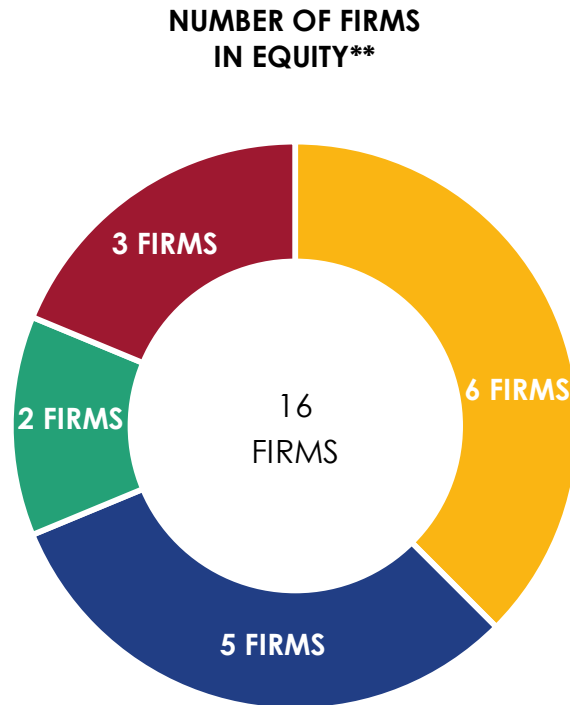
* Total commitment amounts.

** Total amounts invested.

*** Quasi equity also includes mezzanine/junior debt



Over 2/3 of firms managed over €1bn at end 2019 – this proportion is increasing (60% in 2018).



■ Amounts under management less than €1bn
 ■ Between €1bn and €3bn
 ■ Between €3bn and €5bn
 ■ More than €5bn

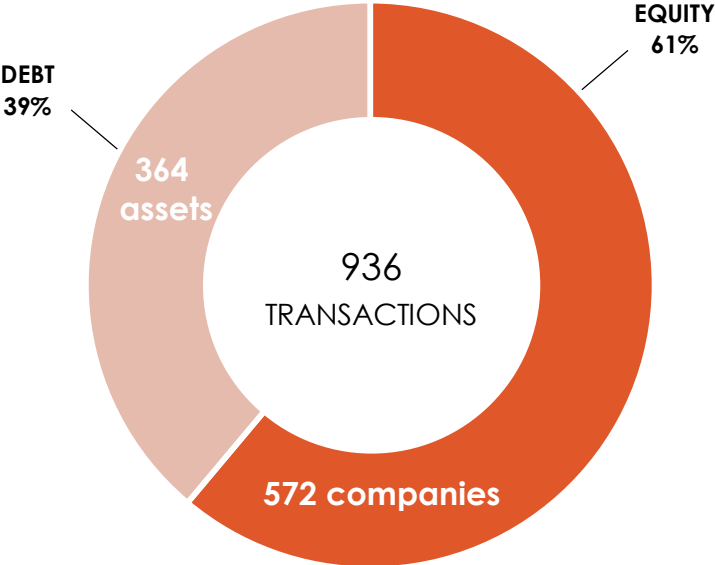
* Total commitment amounts.

** Firms are classified according to their main activity.

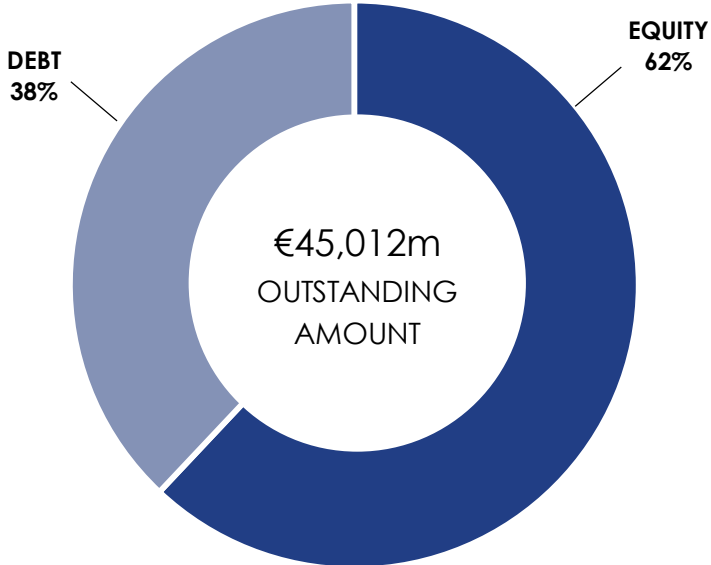


Equity investments represented 61% of portfolio companies and 62% of invested funds at the end of 2019 (vs. 62% and 61% respectively at the end of 2018).

BREAKDOWN OF PORTFOLIO INVESTMENTS



BREAKDOWN OF OUTSTANDING AMOUNT INVESTED

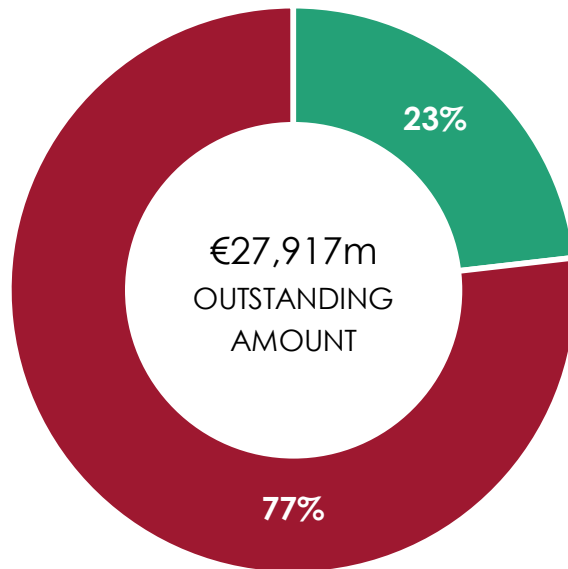


Source: AFG/France Invest infrastructure survey

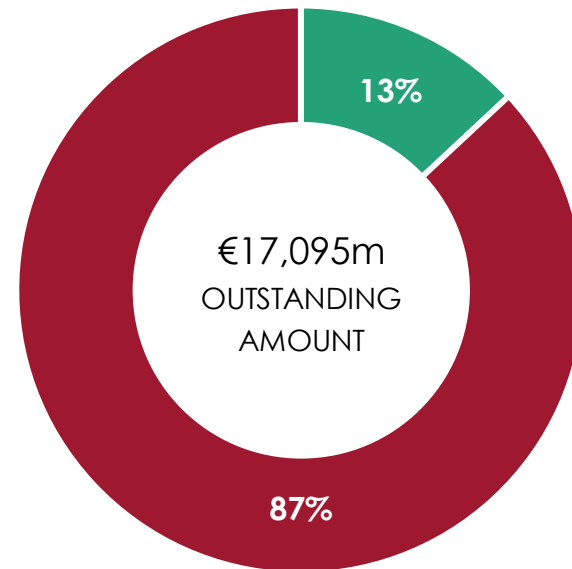


As in previous years, brownfield projects form a large majority in the portfolios of all firms.

BREAKDOWN OF OUTSTANDING AMOUNT INVESTED IN EQUITY



BREAKDOWN OF OUTSTANDING AMOUNT INVESTED IN DEBT



■ Brownfield

■ Greenfield



**Transport predominated in both capital and debt holdings at the end of 2019.
Holdings in other sectors are high and are divided fairly evenly between sectors in value terms.**

| | OUTSTANDING AMOUNT IN EQUITY | | OUTSTANDING AMOUNT IN DEBT | |
|-----------------------------|---------------------------------|--|-------------------------------|--|
| TOTAL INFRASTRUCTURE | €27,917m | | €17,095m | |
| TRANSPORT | €9,803m | | €6,219m | |
| RENEWABLE ENERGY | €4,996m | | €3,102m | |
| TELECOMMUNICATION | €4,663m | | €1,780m | |
| CONVENTIONAL ENERGY | €4,504m | | €3,881m | |
| SOCIAL INFRASTRUCTURE | €3,292m | | €802m | |
| ENVIRONMENT | €358m | | €1,136m | |
| OTHER | €300m | | €175m | |

Source: AFG/France Invest infrastructure survey



At the end of 2019, the breakdown of invested funds shows that infrastructure funds managed in France have an international orientation (73% of equity investments and 72% of debt).

| | OUTSTANDING AMOUNT IN EQUITY | | OUTSTANDING AMOUNT IN DEBT | |
|---------------------------------|---------------------------------|--|-------------------------------|--|
| TOTAL INFRASTRUCTURE | €27,917m | | €17,095m | |
| EUROPE (EXCL. FRANCE) | €16,512m | | €12,056m | |
| FRANCE | €7,478m | | €4,707m | |
| AMERICAS | €3,376m | | €332m | |
| AFRICA | €550m | | €0m | |
| ASIA / MIDDLE EAST / OCEANIA | €0m | | €0m | |

For comparison purposes, 26% of invested amounts by LBO funds between 2009 and 2018 were invested outside of France.

This reflects the high degree of internationalisation of French infrastructure funds.

Source: AFG/France Invest infrastructure survey



LIST OF RESPONDENTS



FIRMS INVOLVED IN EQUITY

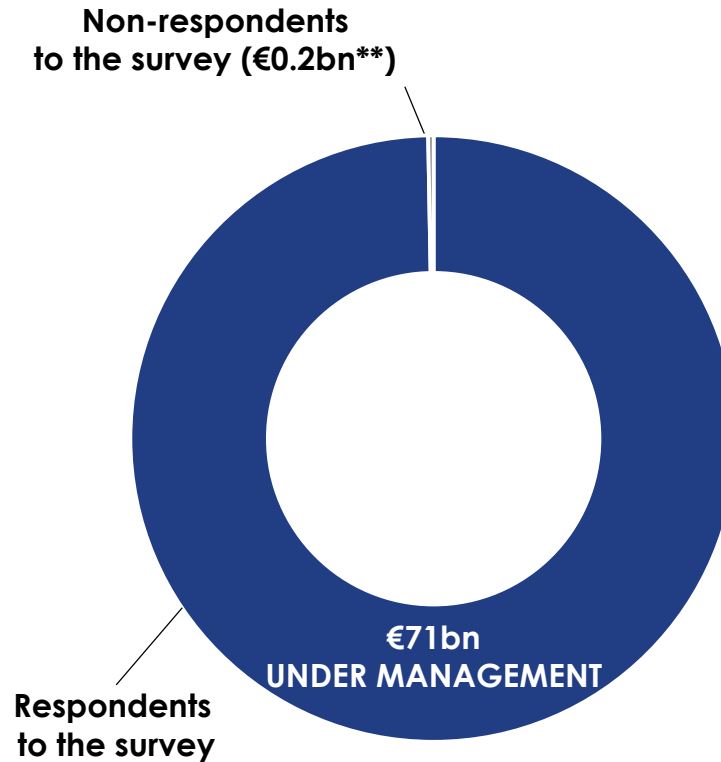
| | |
|-------------------------------|--------------------------------|
| ACCESS CAPITAL PARTNERS | INFRAVIA CAPITAL PARTNERS |
| ACOFI GESTION | MERIDIAM |
| AMUNDI TRANSITION ENERGETIQUE | MIROVA |
| ANTIN INFRASTRUCTURE PARTNERS | OMNES CAPITAL |
| ARDIAN INFRASTRUCTURE | QUAERO CAPITAL |
| ATLANTE GESTION | RGREEN INVEST |
| DEMETER | SWEN CAPITAL PARTNERS |
| INFRALION CAPITAL MANAGEMENT | VAUBAN INFRASTRUCTURE PARTNERS |

FIRMS INVOLVED IN DEBT

| | |
|-------------------------------------|--------------------------|
| ALLIANZ GLOBAL INVESTORS FRANCE | RIVAGE INVESTMENT |
| AXA REAL ESTATE INVESTMENT MANAGERS | SCHRODER AIDA |
| BNP PARIBAS ASSET MANAGEMENT | SCOR INVESTMENT PARTNERS |
| GENERALI GLOBAL INFRASTRUCTURE | ZENCAP ASSET MANAGEMENT |
| LA BANQUE POSTALE ASSET MANAGEMENT | |



25 respondents out of 27 members surveyed, a **93% response rate**.
The 25 respondents accounted for **99,7% of the amounts managed***
by all the players.



* Total commitment amounts.

** Amounts estimated based on public information



Outstanding amount and amount under management

- ✓ The amount under management is defined as the sum of drawn commitments not yet distributed and undrawn commitments for all infrastructure funds.
- ✓ The outstanding amount is defined as total investments in the portfolios' assets.

Type of project

- ✓ Greenfield: Financing of infrastructure under construction or in the pre-operational phase. In this type of investment, there are no revenues yet.
- ✓ Brownfield: Financing of already existing and operational infrastructure, for the purpose of renovation and development..

Sectors

- ✓ Transport: Motorways, rail networks, public transport, airports, ports, etc.
- ✓ Telecommunication: Radio and television broadcasting towers, fibre optic, communications satellites, etc.
- ✓ Social infrastructure: Public buildings characterised by the fact that the revenues are paid by public authorities and not by the user (schools, hospitals, sports and cultural facilities, etc.).
- ✓ Conventional energy: Transport and distribution (and sometimes production) of electricity, gas and oil.
- ✓ Renewable energy: Production, distribution and transport of renewable energies, energy efficiency.
- ✓ Environment: Distribution and treatment of water and waste, recycling.



Scope

The statistics concern the activity of infrastructure funds managed in France (whatever the geographic destination of their investments), including the activity of funds managed under delegation. They refer to activity in greenfield and brownfield projects, and include both equity and debt financing. The statistics exclude the share of co-investors in infrastructure financing.

Processing principle

Fundraising is recorded at the closing date (initial, intermediate, or final), and investments taken into account on the actual cash outflow/inflow date during the year.

About France Invest

With over 310 active members and almost 200 associate members, France Invest represents nearly all private equity firms in France. Its work to promote professional ethics and compliance and to develop best practices has made it one of the two associations in which membership is required for certification by the AMF, the French financial markets authority. France Invest is the only trade association that specialises in private equity.

France Invest's priorities include promoting the position and role of private equity, actively participating in its development by serving as a hub for the entire industry and establishing best practices, methods and tools for professional and responsible shareholder conduct.

For more information see the France Invest website at www.franceinvest.eu

About AFG

The French Asset Management Association (AFG) represents the French asset management industry. Our members include all market participants working for individual investors or collective investment schemes. Its members are portfolio management companies, entrepreneurial firms or subsidiaries of financial groups.

The profession, represented by around 630 companies, manages almost €4,000 billion, of which almost €2,350 billion in the form of financial management of collective funds. This management makes a significant contribution to the financing of the real economy, particularly by providing equity to French companies and by financing SMEs via private equity and small- and mid-cap funds. For more information: www.afg.asso.fr

Contacts France Invest :

Alexis DUPONT - Managing Director | a.dupont@franceinvest.eu

Simon PONROY - Head of Economic and Statistical Studies | s.ponroy@franceinvest.eu

Alice NIVET - Junior economic and statistical analyst | a.nivet@franceinvest.eu

Contacts AFG :

Dominique de PRENEUF - Managing Director | d.depreneuf@afg.asso.fr

Thomas VALLI - Head of Economic Research | t.valli@afg.asso.fr

Cyril GRECO - Economist / statistician | c.greco@afg.asso.fr