

**Low interest rates entice investors into infrastructure assets**

## **Infrastructure investment programme from Golding Capital Partners raises €435 million at first closing**

**Munich, 26 September 2016 – Golding Capital Partners (GCP) has received commitments of €435 million at the first close of its infrastructure investment programme Golding Infrastructure 2016 SCS SICAV. After just five months GCP has already raised more than 70% of its target volume of €600 million. This strong demand underlines GCP's position as one of the leading independent providers of infrastructure investments in Europe. Across the three asset classes, private equity, private debt and infrastructure, GCP now manages more than €5 billion assets.**

The current infrastructure programme launched by GCP in March 2016 will follow a conservative investment strategy aimed at generating early yield and an attractive overall net portfolio return of 8% p.a. IRR. It will build a broadly diversified portfolio of some 200 infrastructure projects in the main infrastructure markets in Europe and North America and cover all sectors, including energy, transport, utilities and social infrastructure, such as schools and hospitals. Investments are planned in around 15 infrastructure funds (primaries and secondaries) with a focus on conservative core and core-plus investments, brownfield projects and selected co-investments. Co-investments add particular value for institutional investors, because they make it possible to target a specific geography or sector and accelerate the portfolio construction. GCP has already started to assemble the portfolio and intends to make further investments by year end.

### **75% of capital from existing investors**

Since 2011 GCP has launched five infrastructure investment programmes, with an aggregate volume of more than €2 billion. In its latest infrastructure offering GCP has refined the strategy of its successful predecessor fund. In the year of final closing in 2015 the predecessor fund distributed more than 3% yield to investors. Further yield income of up to 5% is forecast for the current year. GCP sees the performance of the previous fund as a major factor behind investors' eagerness to re-invest. Indeed, about 75% of capital committed to the current infrastructure programme comes from investors in the previous fund. Altogether, GCP has received commitments to its current infrastructure programme from 28 institutional investors from Germany and Europe, including insurance companies, pension funds, charitable foundations, banks and savings banks.

### **Low interest rate environment boosts demand from institutional investors**

There is a growing global need for infrastructure investment. According to a recent study by the McKinsey Global Institute, Germany alone needs to invest €160 billion more than is currently planned. The authors of the paper put the global investment shortfall at up to €4.5 trillion. At the same time there is rising demand for secure, high-yield investment opportunities from institutional investors, who are increasingly turning to alternative investments as a result. "Central banks' expansionary monetary policy and persistently low interest rates are boosting demand from institutional investors for alternative asset

classes, such as infrastructure. Our current infrastructure investment programme is specially tailored to the requirements of institutional investors. We are convinced that with our carefully structured portfolio, consisting of core and core-plus investments with a focus on stable yield, combined with profitable value-added projects, we have an attractive overall programme from a risk-return perspective", explains Hubertus Theile-Ochel, Managing Partner of GCP.

### **Diversity of infrastructure funds requires even greater expertise**

Over the past few years the number of infrastructure funds, providers and investment vehicles has increased rapidly. There are now over 500 funds and specialist providers globally that are potential targets for a diversified infrastructure portfolio. This complexity makes it harder for investors to identify those partners with compelling investment strategies. "Faced by even greater competition, infrastructure funds are also increasingly having to complete more complex transactions and evaluate project risks correctly in order to deliver the returns and level of distributions that investors are seeking. Deal flow is becoming more and more the defining issue. Only experienced teams are able to deal competently with this complexity and earn an attractive risk-adjusted return", explains Dr Matthias Reicherter, Head of Infrastructure at GCP. To keep delivering the performance investors are looking for, the Infrastructure team at GCP concentrates on specialised fund managers with a differentiated strategy, deep market knowledge and a broad network, who are able to complete complex transactions and thus source attractive deals, even when faced with tough competition.

"The current environment calls for know-how and market access. Despite tough competition and the enormous volume of investment surging onto global capital markets, GCP has been able to secure attractive investments – including primaries and complex structured secondaries, as well as co-investments. Since the beginning of the year we have successfully invested €700 million across all asset classes", commented Jeremy Golding, founder and Managing Partner of GCP.

### **Substantial growth investments at GCP**

GCP is seeing increasing demand for its investment programmes in all three segments. For the full year the asset manager is expecting new commitments to reach €1 billion, another new record. Capital under management in GCP's private equity, private debt and infrastructure programmes now exceeds €5 billion. To meet this higher demand GCP is planning to invest substantially in further growth. Investment management, structuring and back-office functions are to be expanded significantly to ensure that the company can continue to source and close sufficient investment opportunities to meet growing investor demand.

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Golding Capital Partners GmbH is one of the leading independent asset managers for private equity, private debt and infrastructure in Europe. With a team of 70 professionals at its offices in Munich, Luxembourg and New York, Golding Capital Partners helps institutional investors to develop their investment strategy and manages over €5 billion in assets. Its 130 institutional investors include insurance companies, pension funds, foundations and banks, especially savings banks and cooperative banks.

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