



# INFRASTRUCTURE PULSE EUROPE

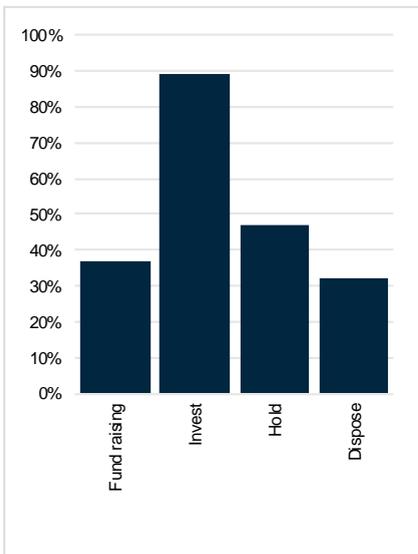
Q1 2021

## KEY FINDINGS FROM Q1 2021 REPORT

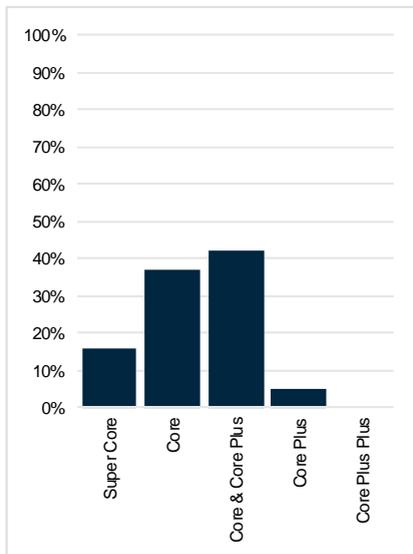
The Quarterly Infrastructure Pulse, compiled by Alvarez & Marsal in collaboration with the GIIA is a survey designed to provide a regular temperature check of sentiment in the sector and emerging trends. Against a backdrop of ongoing COVID-19 restrictions, a number of interesting themes are noted in the Q1 2021 survey:

1. Most respondents raising capital expressed a positive view of the fundraising environment, consistent with the prior survey. Those investing new capital remained active, and all respondents indicated positive infrastructure debt markets, with a significant improvement in sentiment noted relative to the prior survey. Funds targeting realisations indicated a significant increase in the appetite for and a number of planned disposals. Strength in all of these metrics support **confidence in the Infrastructure deal cycle in an uncertain world** and indicates that buyer and seller valuation expectations are broadly in equilibrium.
2. Following a strong quarter of Nordics deal activity in Q4 of FY20, including transactions such as Adven, FEAB, Nevel and Molslinjen, Nordic sentiment remains strong, with a number of further high-profile transactions expected in H1 FY21. Outlook has improved markedly across all other major European territories from Germany and Benelux, countries with less historical infrastructure activity, to Iberia and Italy. Of the major European geographies, only the UK and Ireland were less positive than the prior survey, which was a combination of: (i) Brexit; (ii) less positive noises in the UK from the Competition and Markets Authority in relation to the ongoing case in the water sector with implications for other pending regulatory determinations; and (iii) a continuing rebalancing of fund investment away from GBP assets.
3. In terms of sector outlook, respondents remain the most bullish about transactions in **Communications infrastructure (Fibre underpinning the new normal)** reflecting increased appetite for, and number of, opportunities in small- and large-scale fibre roll out across Europe, ongoing major telco tower carve-outs and increasing demand for data storage. Outlook increased strongly across all key sectors with the notable exception of Midstream oil and gas which deteriorated markedly, a combination of both: (i) the difficult economic outlook with reduced demand for oil due to COVID-19; but perhaps most notably (ii) **a rise in the Sustainable Agenda** with many funds having a reduced appetite for Carbon heavy assets. It is clear that there is an ongoing **seismic shift in the “Core Infrastructure” landscape** as “old school” storage and transport assets are replaced by communications infrastructure and energy transition assets as the key targets for investors.
4. Respondents had a largely consistent view of the short-term impact of COVID-19 on yield and the longer-term recovery horizon. There was some deterioration in the recovery expectations for Midstream oil and gas, but perhaps most interestingly was a marked improvement in the view for both the impact on short-term yields and the time period for recovery of seaports and container terminals with most respondents now anticipating only a 12-month impact. This may be reflective of a combination of: (i) port volumes having held up more strongly than anticipated; (ii) the risk of a no deal Brexit on UK/EU trade flows having been eliminated; and (iii) an expectation of a strong recovery, post COVID-19 lock downs, in pent up consumer demand.

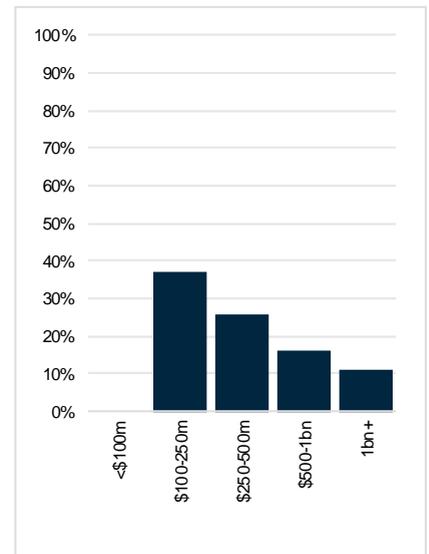
**How would you describe your current focus?**



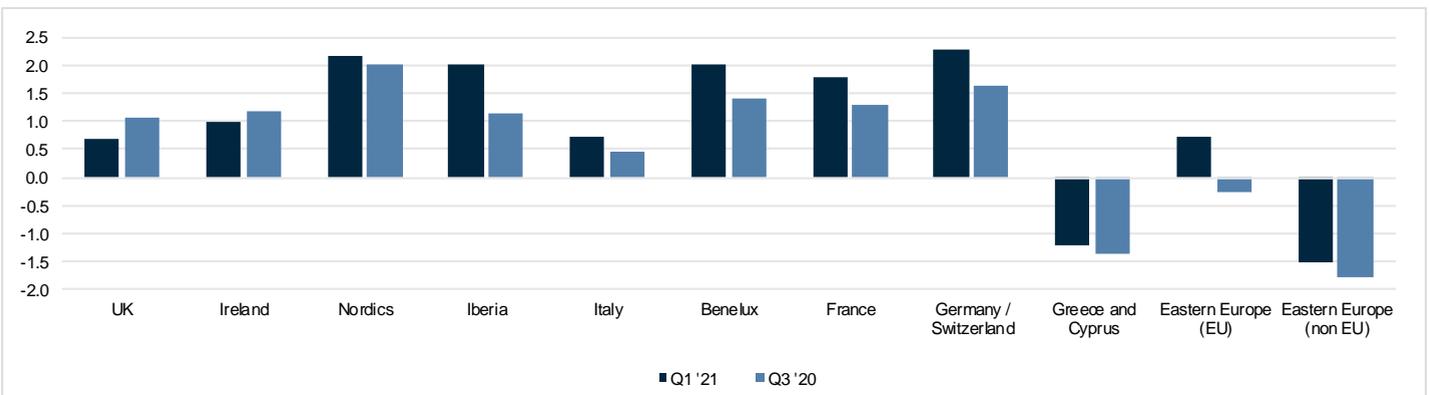
**How would you describe your investment criteria?**



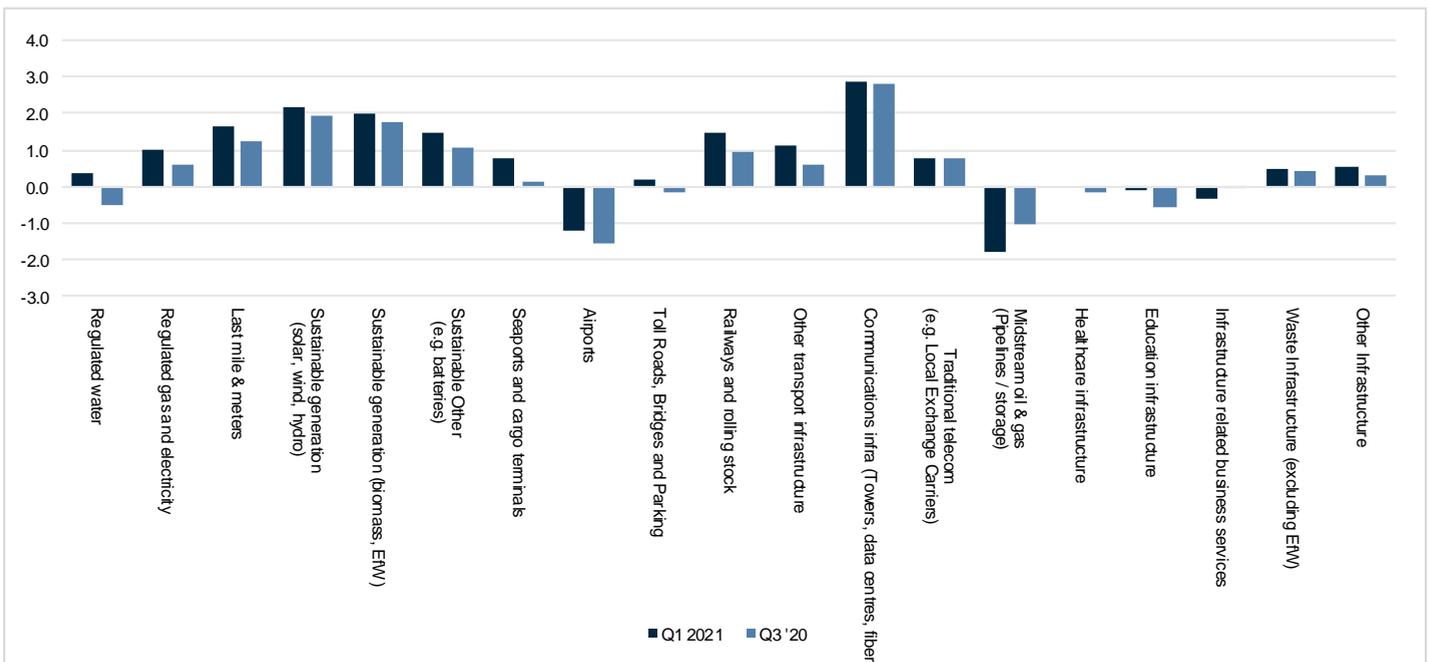
**What is your target equity check?**



**What is your outlook for the attractiveness of, and opportunities for, your / your fund(s) Infrastructure investment in the following countries in the next quarter? (Please score using the following rating scale: -5 Extremely negative, 0 Neutral, +5 Extremely positive).**



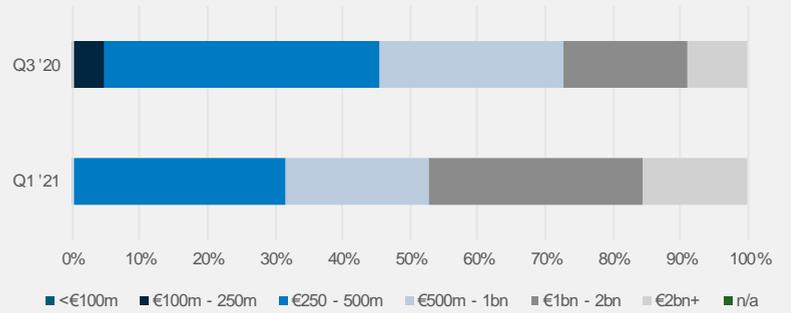
**What is your / your fund(s) outlook for overall infrastructure opportunities for your fund(s) in the following sectors in the next quarter? (Minus 5: extremely negative, 0: neutral, 5: extremely positive).**



If fund raising, how favourable is the current equity fund raising environment? Please score using the following rating scale: -5 Extremely unfavourable, 0 Neutral, +5 Extremely favourable.



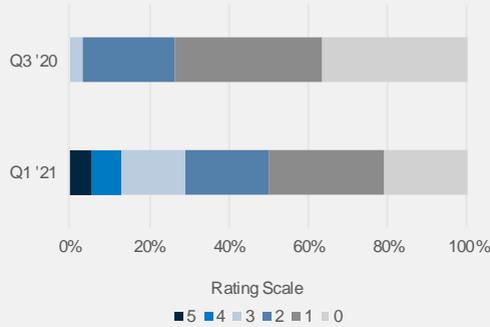
If deploying capital how much equity do you anticipate deploying in the next 12 months:



If deploying capital, how favourable do you consider the infra debt markets for current deals to be? (Minus 5: extremely unfavourable, 0: neutral, 5: extremely favourable).



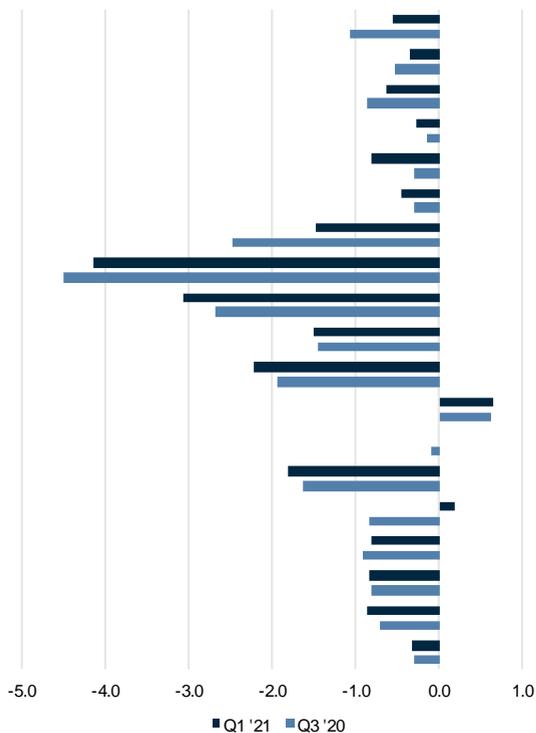
How many assets do you anticipate divesting in the next 12 months?



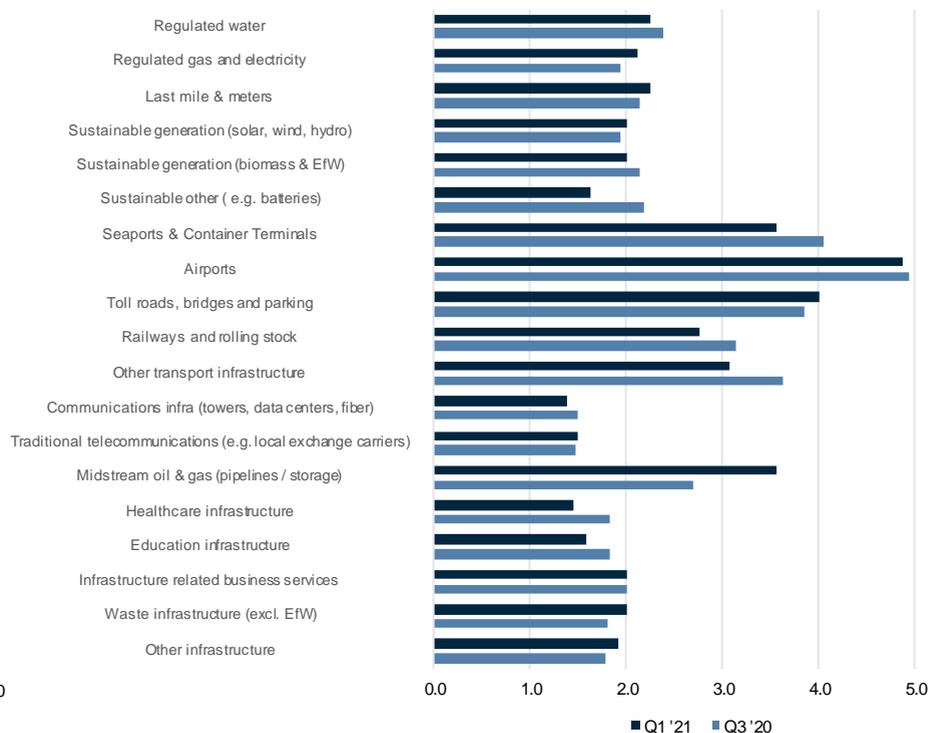
How important is ESG to you (or your LP's) and how strongly does it influence your investment decisions? (0 not considered, 5 Balance of factors, 10 Primary factor).



What is the anticipated impact of COVID-19 on your short term yield to investors from the following asset classes in your portfolio? Please score using the following rating scale: -5 Extremely negative, 0 Neutral, +5 Extremely positive.



What is the anticipated timeline for your portfolio yields to return to pre-COVID-19 levels for the following sectors: (1: Already no ongoing impact, 2: < 6 months, 3: < 12 months, 4: < 2 years, 5: anticipate ongoing negative impact).



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### ABOUT GLOBAL INFRASTRUCTURE INVESTOR ASSOCIATION

Global Infrastructure Investor Association (GIIA) is the membership body for the world's leading institutional investors. On their behalf, we work with governments and other stakeholders to promote the role of private investment in providing infrastructure that improves national, regional and local economies. Collectively, GIIA members have more than \$780bn in infrastructure assets under management across 55 countries.  
[giia.net](http://giia.net)



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Our deep-rooted projects expertise, combined with reputable due diligence capabilities and operational excellence, are unparalleled within the transaction services market. We offer guidance on clients' most critical project challenges and drive performance in all areas of infrastructure investments, including acquisition and vendor due diligence, risk mitigation, capital efficiency, project execution, financial modelling and cost rationalization. With a global network of more than 3,000 private equity and capital projects professionals across the U.S., Europe, Latin America and Asia, our robust team is comprised of transaction advisory specialists, tax and accounting experts, engineers, former industry operators and C-suite executives, all armed with next-level infrastructure insights to guide you in your next deal.

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