

Andera Infra

Investing in infrastructure in 2021 – how to
create value?

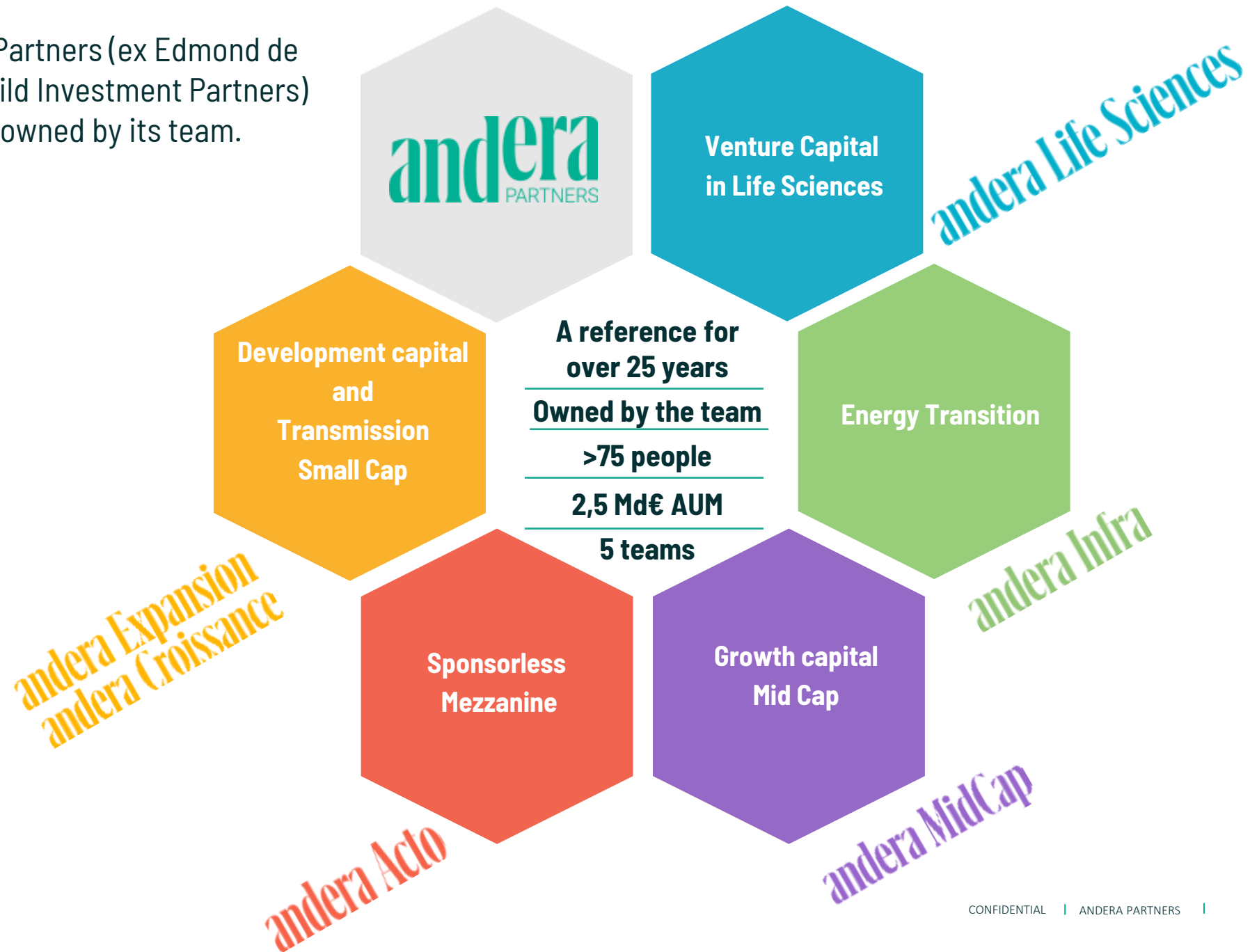
May 2021

Confidential



Andera Partners: an experienced asset manager

Andera Partners (ex Edmond de Rothschild Investment Partners) is 100% owned by its team.





1

CONTEXT

1 - THE WORLD IS CHANGING

Climate change, rapid growth and urbanisation of the world's population and digitalisation have a direct impact on the need for essential services.

TRANSFORMATION

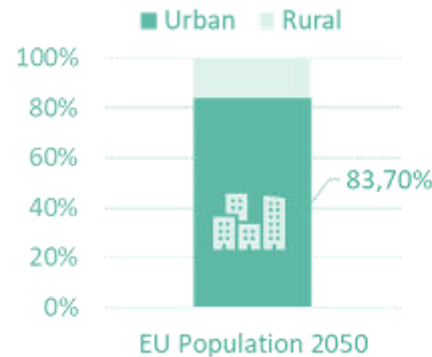
CLIMATE CHANGE

Temperatures have increased by +1° compared to the pre-industrial era. Without action, temperatures will reach +1.5° in 2040



Source: Special Report on Global Warming of 1,5°C (IPCC)

POPULATION GROWTH & URBANIZATION



Source: European Commission

DIGITALIZATION

Since Covid, the percentage of companies with employees working from home has increased from 4% to 88%.



Source: Eurostat

CONSEQUENCES

INCREASED NEEDS FOR ESSENTIAL SERVICES



+55%
by 2050



+60%
by 2050



+80%
by 2050



X3
by 2050



x1,9
by 2050



X3
by 2025

Sources: The international Union of Conservation of Nature, June 2019, The UN Department of Economic & Social Affairs, Cisco Visual Networking Index (VNI)

To respond to this, many infrastructures will have to be built / renovated According to McKinsey, the infrastructure investment needs over the next 15 years will be :

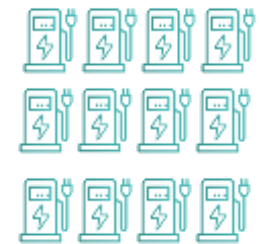
2x more important than in the past 15 years

More than \$10 kMds in Western Europe alone

2 - INFRASTRUCTURE INVESTING IS CHANGING AS WELL

The infrastructure market is a changing asset class :

- ➔ **Expanding to smaller, more digitized & more combined assets**
- ➔ requiring more active management and the development of new revenues



«The **infrastructure** investing market is **broadening** to include a new class of **smaller, distributed, tech-intensive infrastructure assets** . (...)The need for **active management of infrastructure assets has become more pronounced**.(...) The future of infrastructure looks a lot like private equity ».

Andrew Claerhout, senior advisor at BCG

3 - IN 2021, INFRASTRUCTURE MUST BE IMPACT

There is an urgent need to act.

Infrastructure is probably the class of asset that has the greatest impact on the environment and the greening of the planet.

COP 21 TARGETS

- ▶ Reduce greenhouse gas emissions by **at least 40%** by 2030 (compared to 1990)
- ▶ Adapt or reduce our vulnerability to the effects of climate change

UNITED NATIONS GOALS

The 17 sustainable development goals defined by the United Nations in 2015 aim to create a better world by 2030, in particular by responding to the climate emergency



« The climate change challenge is common to all asset classes but even more significant for infrastructure due to their long life duration »

Carbone 4 – June 2019



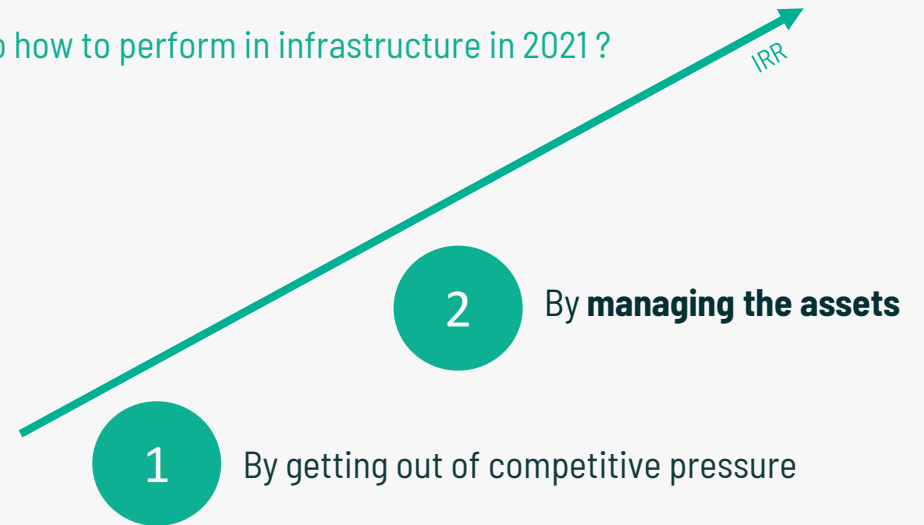
4 - IN 2021, THE IRR DRIVERS HAVE CHANGED

The historical performance of infrastructure was largely based on the downward trend in interest rates over the past 12 years.



When launching an infrastructure fund in 2021, we cannot depend on bank refinancing to perform.

So how to perform in infrastructure in 2021 ?





2

**SO, HOW TO CREATE
VALUE?**

TARGET HIGH GROWTH SEGMENTS

RENEWABLE ENERGY PRODUCTION

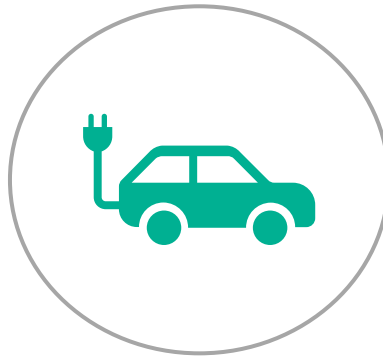


GW **X2,3**
by 2025
In Europe
Solar Power Europe

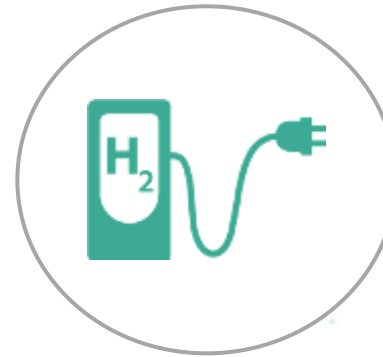


GW **X1,4**
by 2025
In Europe
Wind Europe

CLEAN MOBILITY



of VE **X20**
by 2030
In Europe
Arthur D Little



stations **X24**
by 2030
in Europe
Deloitte

DATACENTERS

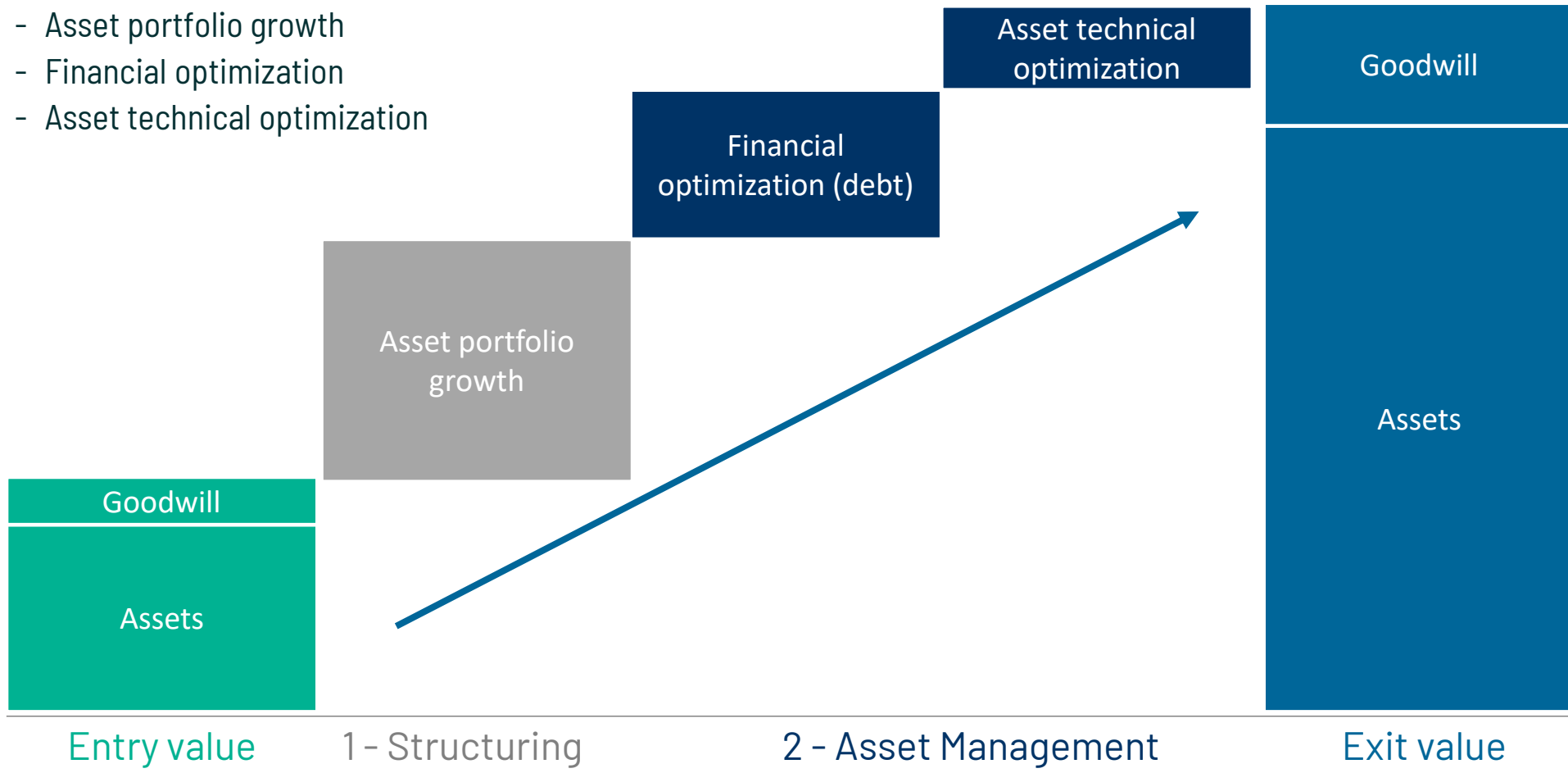


Demand **X3**
by 2025
in Europe
Arizton

FOCUS ON KEY AXIS OF VALUE CREATION

Three axis of value creation:

- Asset portfolio growth
- Financial optimization
- Asset technical optimization



ASSET MANAGEMENT

Active asset management and optimisation is a KEY element of the value creation of the investments, enabling **to benefit from the financial and technical optimisations.**



The asset management needs to be handled through a **dedicated team** made up of technical and financial experts.

In order to deliver to the portfolio:

- **Financial optimization** (leverage)
- **Technical optimization** (fundamental and unusual: ability to understand the risks, technical issues, and performance improvement options)
- **Impact optimization** (adds value to the portfolio)



TAKE AN IMPACT APPROACH

An « **impact** » **fund** need to match the following 4 criterias:

INTENTION

The investment is done with the intention to make a measurable positive social or environmental impact, combined with financial returns

ACTION

Strong involvement in the investment portfolio to support them in improving their impact

MEASURE AND REPORTING

The impact must be measurable, measured, verified by an independent organisation, reported

INCENTIVE

The team's remuneration must be based on the impact performance as well as the financial performance

IMPACT INVESTMENT



The and

CONTACT

374 rue Saint Honoré, 75001 Paris

+33 1 85 73 64 00

anderapartners.com

contact@anderapartners.com