



Aberdeen Standard Core Infrastructure SCSp III

2024

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Not for Retail use.

Overview

abrdrn Infrastructure's third fund ("Aberdeen Standard Infrastructure III SCSp, "III") is a long-term responsible direct investor in European small to mid-market, core/core+ infrastructure assets.

The fund targets opportunities across the energy, utilities, transportation and digital sectors and focuses on opportunities which have the potential to provide investors diversification benefits, an attractive return including income and a degree of inflation protection. It also offers a broad range of compelling asset-specific opportunities with a strong sustainability and de-carbonisation focus.

The Fund III portfolio already comprises five assets in the district heating, biogas and fibre sectors across Finland, Spain, Italy and the UK. As a result, investors have the opportunity to invest in an attractive seeded portfolio providing immediate exposure.

Why invest in core/core+ European mid-market infrastructure?

Attractive characteristics

- Diversification – low or negative correlations to listed markets
- Attractive income – stable and predictable yield
- Inflation linkage – cash flows from many infrastructure assets are linked to inflation

Market opportunity

- Robust pipeline – European infrastructure offers ample opportunities, particularly in the small to mid-market, where competition is less acute
- Governments are looking to the private sector given stretched public finances

Key attractions

Seeded portfolio with immediate exposure

Small to mid-market focus

Stable and predictable 4-5% cash yield¹

Targeting 10% Net IRR and 2.0-2.5x Money multiple

Diversifier with low correlation to listed markets

Leveraging active management to drive ESG focus

Our investment strategy and philosophy

- We invest in core/core+ assets that provide essential services and benefit from predictable cash flows
- Long-term "buy-and-hold" approach with a focus on the following:
 - Small to mid-market assets (equity cheques €50m-150m) in less competitive areas
 - Lower risk assets that require limited operational development and utilising conservative leverage
 - Majority stakes or minority interests where we have appropriate governance rights
 - Assets that are aligned with our ESG/ sustainability principles and where we are able to drive further positive change through ESG value creation initiatives

Key Terms

Luxembourg SCSp	Target €700m (€500m commitments raised to date)
5 investments already signed with 2 further investments in exclusivity	Term – 10 years extendable at LP consent
80bps on NAV with scale discounts 10% carry, 7% hurdle	Category 8 rating under SFDR

¹ Source: abrdrn as at 2024. Target return and yield are offered as strategic goals and are not referenced to past performance. There can be no guarantee that target return and yield will be achieved.



Fund III Portfolio case studies

Project Barbara

- Italian biomethane platform
- Attractive sector fundamentals with a favourable new regulatory framework for biomethane in Italy
- Contracted cashflows, with 100% subsidy-backed revenue stream for the first 15 years of the asset's life
- Opportunity to partner with a well-connected developer with extensive sector expertise



Project Disney

- Finish district heating and energy business
- Finland offers a stable macroeconomic environment with a predictable economic and political climate
- Strong downside protection with significant upside opportunities through capital structure optimization and efficiencies
- Strong existing ESG fundamentals, with a credible energy transition plan



Wessex Internet

- Wessex Internet is a Provider of rural connectivity services in the South West of England, historically through Fixed Wireless Networks ("FWA")
- The business has successfully pivoted towards providing Fibre to the Premises ("FTTP"), driven by UK Government led initiatives including subsidies, to promote significant investment in fibre infrastructure for rural areas
- Wessex Internet has secured the North Dorset Contract, the first Project Gigabit Contract awarded by the UK Government to connect up to 7,000 premises



Project Wolverine – West Coast Option

- Acquisition and provision of new electric Hitachi trains serving the West Coast Partnership Franchise
- Long-term cashflows secured through lease arrangements with strong contractual obligations.
- No volume risk, no financing risk due to long term financing, inflation linkage and yield from day one
- Provide essential, environmentally friendly transportation services to passengers driving the right long-term outcomes for all stakeholders



Fund III Portfolio

Diversified portfolio with five assets and two further opportunities in exclusivity

Asset	Description	Location	Date	Invested/ (planned equity position) ¹	Potential Co-investment	Expected date of Co-investment process	Ownership	Sourcing/ Pricing	TVPI	IRR (30.09.23)
Wessex Internet	Rural Fibre broadband	UK	Sep-22	€39m/ (€50m)			54%	Limited auction	1.1x	11.7%
Project Barbera	Operating biogas facilities	Italy	Sep-23	(€75m)	~€50m	H2 2024	100%	Proprietary	n.a.	n.a.
Nispero Fibreco	Provider of fibre to the home	Spain	Sep-23	€81m (€75m)	€50-75m	Q2/Q3 2024	100%	Proprietary	n.a.	n.a.
Airband	Rural fibre broadband	UK	Sept-23	€8.8m (€50-75m)	€50m	Q2 2024	TBC	Proprietary	1.0x	14.7%
Project Disney	Electricity distribution and district heating network	Finland	Feb-24	(€60m)	€45m	Q1 2024	49%	Limited auction	n.a.	n.a.
Project Wolvenne	Rolling stock	UK	Q2 2024	(€50-75m)	€50-100m	Q3 2024	94%	Proprietary	n.a.	n.a.
Project Air	Airport ground service equipment leasing	Italy/ Spain	Q1 2024	(€50-75m)	€50m	H2 2024	100%	Proprietary	n.a.	n.a.

● In exclusivity

¹ As at January 2024.

Track Record

Fund	Total Commitments	Funded	Funded (%)	Recallable Distributions	Net Dist	Average Net Yield	Valuation	Net TVPI	Gross IRR	Net IRR
SLCI I (2015)	£516m	£484m	94%	£232m	£87m	4.3%	£735m	1.7x	10.4%	9.2%
SLCI II (2019)	€669m	€592m	88%	€284m	€8m	2.4%	€687m	1.2x	6.9%	5.8%
ASCI III (2022)	€504m	€4m	0.8%	€0.7m	n.a.	n.a.	€3m	n.a.	11.7%	n.a.

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

Fund I (2015 vintage)

- £516 million of committed capital
- Diversified portfolio of seven investments in the UK, the Netherlands, Finland and Norway. The assets include railway rolling stock, hydro, energy regulated utilities and midstream/liquid bulk storage
- An 9.2% net internal rate of return and a 4.3% average net yield³
- Limited impact from Covid-19, given focus on core and core-plus sectors with strong stable cash flows

Fund II (2019 vintage)

- €669 million of committed capital
- Eight investments made in Finland, Germany, Poland and the UK. These assets cover district heating, liquid bulk storage, solar, rolling stock and fibre broadband sectors
- Eighth and final investment completed in July 2022 in the German rolling stock space
- Portfolio now c.90% committed, with additional capital retained to support accretive bolt-on acquisitions across the portfolio

Important Information

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Fund specific risk factors

Liquidity Risk – The funds are closed-ended vehicles with 10-12 year terms with limited shorter term liquidity options for investors.

Infrastructure investment risk

- Infrastructure covers a wide range of sectors and assets may have certain characteristics which have associated risks. These may include exposure to regulatory risk, risk of tax changes, interest rate sensitivity, FX exposure and demand risk. In addition because assets do not trade on public markets, valuation and pricing may be difficult to determine.
- Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated.
- Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in a closed-ended partnership.
- More details of the risks applicable to this fund can be found in the Due Diligence Questionnaire (DDQ) which is available on request.

The fund, Aberdeen Standard Core Infrastructure III (ASCI III) is a Luxembourg SCSp. The General Partner of ASCI III will be SLIPC (General Partner Infrastructure II) s.à r.l., a private limited liability company (société à responsabilité limitée) incorporated in Luxembourg. The General Partner is a wholly-owned subsidiary of the abrdn group.

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