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# MEDIA RELEASE

## Digitalisation and decarbonisation to reap rewards for infrastructure investors

Europe offers investors some of the greatest opportunities to reap robust returns from infrastructure according to Tomas Wegelius, partner infrastructure at Access Capital Partners.

Mr Wegelius said falling interest rates should benefit infrastructure investments by potentially supporting asset valuations and enabling asset owners to reduce the costs of credit needed to fund growth.

"Given the essential and long-term nature of infrastructure assets, we would expect this asset class to perform well in a scenario where official rates fall. The European Central Bank is indicating that inflation is falling, and so we expect interest rate cuts in the near to medium term, which would underpin the performance of infrastructure assets," said Mr Wegelius.

Several megatrends favour growth of the infrastructure sector. These include digital transformation, the transition to clean energy, urbanisation in emerging economies and transport decarbonisation.

"The digital transformation, for example, is resulting in soaring demand for telecommunications infrastructure. The rollout of 5G networks, acceleration of fibre network deployment, the increasing demand for bandwidth and the rise of artificial intelligence (AI) are all driving greater need for data centres and infrastructure investment.

"Within Europe particularly, we have seen increased deal activity for telecommunications towers, fibre connectivity and data centres," Mr Wegelius said.

In the energy and utilities sector, an estimated €1 to €4 trillion of infrastructure spending globally is needed by 2030 to achieve a commitment to carbon neutrality by 2050.

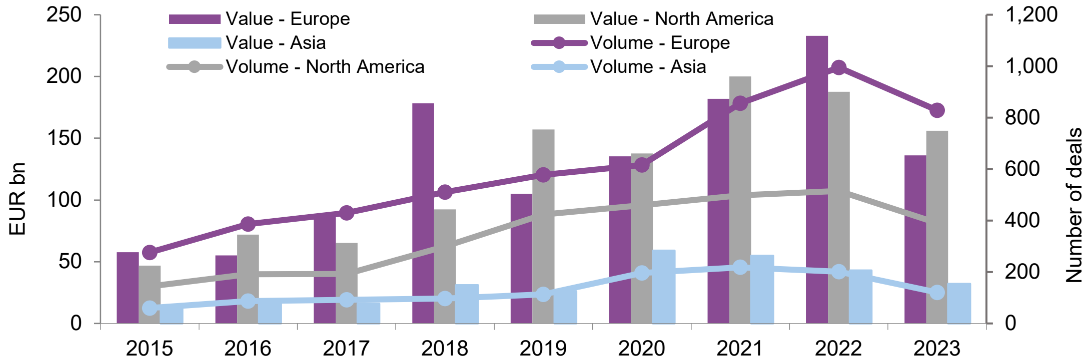
"Investment in clean energy would need to triple by the end of the decade to keep the 1.5°C target in sight[1], so we are seeing significant growth in the volume of renewable energy projects being launched and greater need for private sector funding. Along with that, we are seeing greater diversity of renewables projects, such as small-scale hydro and solar, biogas solutions as well as more wind solutions," he said.

"Europe – and particularly the European Union (EU) – is clear on its policy of making the environment a key priority within its legislation and targets. The net-zero target of becoming climate-neutral by 2050 has been written into law and the urgent need for investment in clean energy is creating huge opportunities for investors," he said.

[1] Source: EY – Infrastructure sector outlook – December 2023

According to Mr Wegelius, Europe is home to the largest infrastructure market globally, with the greatest value deals last year and the number of deals in 2022 and 2023, as the chart below reveals.

BROWNFIELD DEALS BY VALUE (IN €BN) AND NUMBER




*Source: Infralogic, as of April 2024*

"The European infrastructure market is mature, stable, and can provide a high potential for diversification through the opportunities spread across 27-plus countries and different regulatory frameworks," said Mr Wegelius.

According to Mr Wegelius, high public deficits in Europe and other developed nations are also creating a greater need for the private financing of infrastructure projects. "In addition, the increasing integration of the EU market, the reduction of monopolies and higher levels of government debt also support growth of the infrastructure sector," he said.

The appeal for investors from infrastructure is the defensive nature of cash flows, which are often linked to inflation. "Assets such as power generation and distribution, water and waste utilities, data centres and fibre networks offer services that are fundamental to a functioning society with a good level of inflation protection through regulatory, contractual or structural means.

"As a result, infrastructure assets tend to be able to pass-through cost increases, whether it be higher credit or energy costs, to keep up with inflation. It is this resilience compared to other asset classes that enables infrastructure investments to be a defensive asset class with good cash flow visibility," said Mr Wegelius.

Access' approach is to favour infrastructure investments in stable, regulatory or geopolitical jurisdictions whilst maintaining diversification across geographies, sector and asset types. "We typically examine opportunities across countries in Northern, Western and Southern Europe which includes the UK. We aim to create added value for our investors through our approach of selecting the best opportunities with the best partners in geographies or sectors that they know best," Mr Wegelius said.

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**For more information contact:**


Damien McIntyre, GSFM
Phone: 03 9949 8852
Email: dmcintyre@gsfm.com.au

**About GSFM**

GSFM was established in 2007 as a subsidiary of the Grant Samuel Group. In 2016 Canadian wealth manager CI Financial Corp (CI) purchased an 80 per cent stake in the business, acquiring the stake previously held by Grant Samuel.

GSFM specialises in marketing funds managed by high calibre local and international managers to Australian and New Zealand institutional and Australian retail investors, and has formed partnerships with six specialist investment managers:

- New York based Epoch Investment Partners, Inc.
- Tribeca Investment Partners, a successful Australian boutique manager headquartered in Sydney
- Payden & Rygel, a Los Angeles based independent investment management firm
- Munro Partners, an independent global equity manager based in Melbourne
- London-based Man Group plc
- Tanarra Credit Partners, a specialist in private credit instruments
- Australian Entertainment Partners, to produce the AEP Screen Fund, an investment vehicle dedicated to supporting Australian film and television endeavours
- Access Capital Partners to distribute its European private assets strategies.

GSFM represents approximately $9.56 billion funds under management (as at 31 March 2024).

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**About Access Capital Partners**

Established in December 1998, Access Capital Partners is an independent Private Assets manager, majority owned by its management. With offices in six European countries and aggregate investor commitments of €14.2 billion, Access' integrated expertise offers exposure to Smaller Buy-outs, Infrastructure, and Private Debt through multi-strategy funds, direct & co-investment funds and customized client solutions. As an early signatory of the UNPRI in 2008, the firm is fully committed to integrating Environmental, Social and Governance best practices into its investment strategies, acknowledging that a responsible investment approach partially mitigates investment risk and enhances long term returns.

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