



2018
MID-YEAR
ENERGY FORUM

Monday, Oct. 29 – Tuesday, Oct. 30

Renaissance Downtown Hotel
999 Ninth Street, NW Washington, DC

Trends in Energy Financing

October 30, 2018, 2:00 -3:30 pm

SESSION OVERVIEW: Fund managers and investment firms could be facing competitive headwinds from heavyweight money managers in the coming years, as some of the largest retirement systems in the United States have begun studying a direct investment model for the asset class. Canadians have employed the direct model for a long time, and successfully so. What does the direct investment model trend mean for the financing of energy projects in North America from LNG terminals, to utility scale & distributed energy renewable and gas projects to battery storage? A panel of highly credentialed, seasoned experts in energy financing will lead us through this discussion aiming to ascertain what the future holds in an era of both distributed energy and a distributed equity investment framework.

Moderator: Frederic Brassard, Alma Global Infrastructure

Speakers:

Noi Spyrtatos, Vice President, Infrastructure, CBRE Caledon Capital Management

Jonathan Melmed, Partner, King & Spalding, Co-Chair of Private Equity Practice, Chair US Power & Infrastructure Practice, King & Spalding LLP

Sarah Fitts, Partner, Schiff Hardin LLP

Meghan Comiskey, Director, Diode Ventures



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Trends in Energy Financing: Direct Investment and What it Means for Investors & Developers

MODERATOR

Frederic Brassard, President, Alma Global Infrastructure

PANELISTS

Noi Spyrtatos, Vice President, Infrastructure, CBRE Caledon Capital Management

Meghan Comiskey, Director, Diode Ventures, a Black & Veatch Company

Jonathan Melmed, Partner, King & Spalding, Co-Chair of Private Equity Practice and
Chair of US Power & Infrastructure Practice

Sarah Fitts, Partner, Schiff Hardin

Fierce Competition For Assets Makes Getting Sufficient Return Challenging

- \$173bn of dry powder was held by infrastructure firms as of July 2018*

Ample Capital
Available



Shortage of Projects
with Attractive
Risk Profile



Downward
Pressure on
Expected Returns

- Increased appetite for development and construction risk to boost investment returns
- Infrastructure funds are expanding from core to core-plus and core-plus-plus
 - Definition of infrastructure investment is getting stretched to include investments traditionally covered by private equity

*Meketa Investment Group – Semi-Annual Infrastructure Performance Review – June 30, 2018

Access to Proprietary Project Pipeline and Development Expertise : Key to Successful Investments

- Capitalize on long-standing relationships to partner with best-in-class developers and secure proprietary project pipeline to ensure deal flow self-generation
 - Specialized subsector investment platforms covering notably:

Water &
Waste

Telecom
Towers

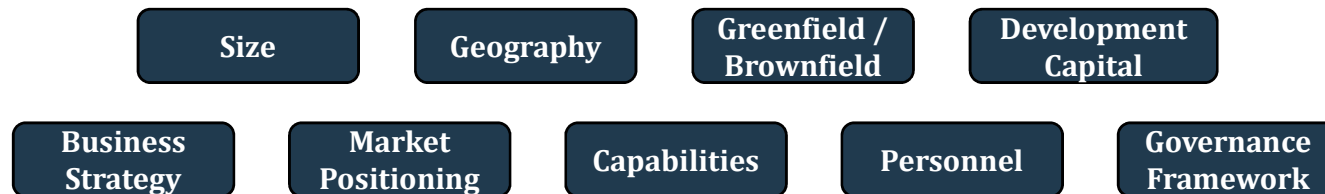
Oil & Gas /
Distributed
Generation

Small Hydro

- Offer side-by-side execution “embedded” within the developers’ project development teams
 - Maintain required independence to exercise function in best interests of platform investors

Access to Proprietary Project Pipeline and Development Expertise : Key to Successful Investments

- Each relationship is formalized as a partnership aiming to establish a private investment platform tailored to meet characteristics of developers and their pipeline:

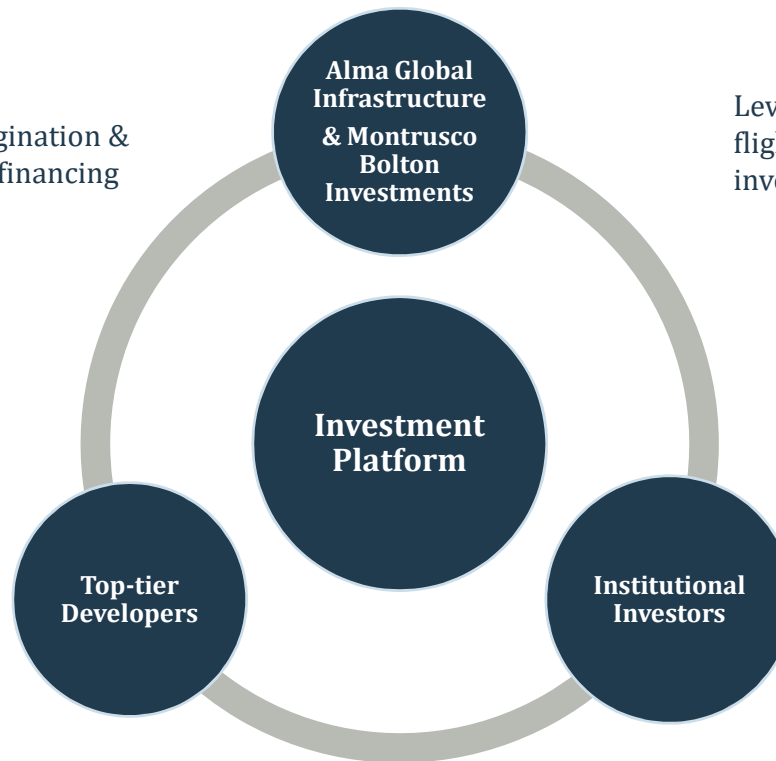


- Direct investment opportunities offered to institutional investors
 - Impact on platform management through strong governance rights
 - Long-term pipeline exclusivity
 - Benefit from sharing resources / team staff with other sophisticated investors

Investment Platforms: Win-Win-Win Long-Term Relationships

Contribute extensive fund raising/structuring, deal origination & execution and M&A/project financing experience

Gain (i) access to flexible, reliable and competitive capital (ii) deal origination & execution capabilities to complement their sector expertise



Leverage strong relationships with top-flight developers and institutional investors

Gain (i) access to high-quality proprietary project pipeline and development expertise (ii) permanent capital investment with significant governance rights

Mid-Market Investment Approach for Superior Risk-Adjusted Returns

- Mid-market has historically outperformed the large-cap market

Infrastructure funds < \$1 billion
Median IRR 11.1% *

VS.

Infrastructure funds > \$1 billion
Median IRR 9.1% *

- Larger volume of potential mid-market investment opportunities often results in less intense competition compared to large-scale projects.
 - According to Preqin, almost half of all infrastructure deals by number were for an aggregate value of less than \$100 million in 2017**

* Preqin, net of fees, all infrastructure funds in database as of May 10, 2018 (vintage of the funds range from 1994-2017)

** Preqin, Q1 2018 Infrastructure Deals Report, April 4, 2018

Mid-Market Investment Approach for Superior Risk-Adjusted Returns

- Less competition from investors with low costs of capital such as sovereign wealth funds and direct pension funds
- Smaller asset size often leads to innovative deal structuring
 - Higher probability of growth through:

Value Added
Active
Management

Efficient
Portfolio
Aggregation

Effective
Synergy
Realization

- With growing popularity of Distributed Generation, power sector-related investments are likely to be in the form of small-scale investments
 - Premium put on managers operating under a cost effective framework and who can efficiently aggregate clusters of smaller DG investments

Compelling Solution for Increasingly Competitive Infrastructure Investment Landscape



MBI and AGI Partnership Providing Unique Infrastructure Investment Opportunities to Institutional Investors

MONTRUSCO BOLTON INVESTMENTS

- Privately-owned and independent Canadian boutique investment firm with over 100 institutional clients, both Canadian and foreign
- Founded in 1946, privatized in 2000 and member of Affiliated Managers Group (NYSE: AMG)
- Over C\$5 billion of assets under management

ALMA GLOBAL INFRASTRUCTURE

- Independent infrastructure investment management firm headquartered in New York
- Specialized in establishing investment platforms with infrastructure developers
- Management team with decades of combined experience in infrastructure investment & fund raising/structuring, project finance, M&A, project development, construction and operations