European Infrastructure Parallel Fund (EIPF)

European digital and energy transition strategy, seeded with a portfolio of co-investments with specific growth funding needs, with additional pipeline opportunities.

Investment Capabilities

Senior team with deep expertise and long-standing experience on small/mid-market deal-flow, with a particular focus on digital infrastructure and energy transition.

Investment opportunity

Fund seeded with a portfolio of co-investments where investors gain immediate exposure to two well performing investments from two of our existing infrastructure equity funds (AIIF III & GVC). Fund will seek to provide access to additional pipeline opportunities.

Investment rationale

Investments are focused on small-to mid-market businesses that strategically align with secular trends in the digital & energy transition sector. Assets promote Article 8 and offer strong sustainability credentials.

Investment opportunity

We have identified the following two assets from two of our existing infrastructure equity funds to seed the EIPF fund:

Altitude (AITHD)

Large minority stake in the #1 independent fiber (FTTH) player in low density areas in France

- Increase current market share of leading French FTTH business via acquisition and development of new or existing networks
- Acquisition of further shares in existing networks

Northern Fibre Holdings (NFH)

Independent fiber infrastructure operator focusing on rural and suburban German regions with ~50k Homes Passed

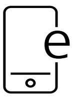
- ~€400m capital to be invested over next 5yrs
- Low FTTH penetration in Germany and land-grab dynamics offer growth opportunities

The investment rationale for the strategy

The identified assets are supported by secular trends which are further underpinned by strong sustainability credentials. Fiber assets enable digital equality, while renewable energy reduces the reliance on fossil fuel.

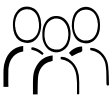
Decarbonization:

- 70 countries (covering 78% of emissions) have net zero targets and >1,000 corporate have signed up to science-based targets
- Focus on build back greener
- Continuing fall in price of low carbon technology



Digitalization:

- Exponential growth in data
- Distributed and reliable network needed for home working
- Growth in cloud applications requires better connectivity & data centers close to end users



Demographics:

- Urbanization
- Increased focus and connectivity
- Rising population resulting in greater energy needs

Investment Capabilities

➢ Deep sector expertise providing access to small/mid-market deal-flow

- Senior investment team with over 20 years of industry experience
- Highly diversified team with sector expertise in local markets
- Unique access to small/mid-market deal-flow through proprietary / relationship-led transactions in less competitive markets

➢ Value creation through active asset management strategy

- opportunity to add value to small businesses with growth perspective
- proprietary sustainability strategy designed to improve assets from an ESG perspective
- Successfully deployed and built-out over 1bn USD capital in the digital infrastructure sector over the past 5 years

➢ Ability to leverage the strength of the broader UBS platform

- Access to research, sustainability, and investment specialists, as well as experts advising on legal and tax matters, supporting the broader Infrastructure franchise
- Launch of other new sustainable real asset strategies across the REPM platform has potential to create deal-flow synergies (e.g. Cold Storage, Energy Storage)
- Ability to leverage industry knowledge of Senior Advisors and insights from top global IB equity research team

Senior team to lead on the strategy

Lead

Tommaso Albanese
Head & CIO of Infrastructure
London

Experience of +35 yrs

Board member of: Emerald (renewables)

Andrew Morris
Head of Infrastructure Equity
London

Experience of +23 yrs

Board member of: Datum (data center)

Europe

Borja de Luis de Blas
Executive Director
Madrid

Experience of +16 yrs

Board member of:
Emerald (renewables), Gascan (energy), AdC (transport)

Thibault Contat Desfontaines
Executive Director
London

Experience of +17 yrs

Board member of:
Altitude Infra (fiber) & Datum (data center)

Americas

Martin Lanternier
Executive Director
New York
Experience of +21 yrs

Board member of:
Tillman Infrastructure (towers) & Owner reprensative at Phoenix Wind (renewables)

Danny Mills
Executive Director
New York

Experience of +22 yrs

Board member of:
Accelecom (fiber) & Fiberlight (Post close – fiber)

Value creation

Arpad Cseh
Executive Director – Portfolio & Asset Mgm.
London
Experience of +22 yrs

Research

Declan O'Brian
Director - Research
London

Experience of +18 yrs

We have identified a pipeline of opportunities for EIPF

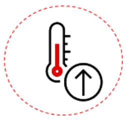
Renewable-based heating solutions Sector
France

Overview:

- Techno-agnostic supplier of low-temperature renewable heat, serving large consumers in France
- Energy service company platform with revenues coming from long-term, inflation-protected, Heat Power Agreements (HPA) with credit-worthy counterparts (large industrials and municipalities/ district heating operators)

Investment Details:

- Investment Stake: 20-25% stake
- Investment Size: €15m
- Target IRR: 12 – 14%
- Sourcing: narrow process



Energy Efficiency Sector
Spain

Overview:

- Opportunity to provide multi-service offering including streetlighting, district heating and other EES
- Develop a partnership with a renowned industrial service player to invest in different energy efficient projects
- Increase EIPF's capacity to continue deploying capital pipeline through participating in new auctions

Investment Details:

- Investment Stake: 80% stake
- Investment Size: €20m
- Target IRR: 11 – 13%
- Sourcing: bilateral

Data Centre Sector
France

Overview:

- Enterprise collocation platform in Paris/ South of France area
- Sector and value creation expertise through portfolio company, Datum Data Centers (UK)
- Potential to growth platform in France and develop additional revenue opportunities with the existing large cross-connect network

Investment Details:

- Investment Stake: 50% stake
- Investment Size: €20-30m
- Target IRR: 12 – 13%
- Sourcing: bilateral

Key terms[1]

Sector focus	Focus on digital / telecommunications and energy transition assets, across existing investments and pipeline opportunities
Geographic focus	Eurozone focus with a dominance in France and Germany
Expected portfolio	5-6 investments
Fund structure / manager	Luxembourg Fund / UBS Asset Management Fund Management Luxembourg
Seed capital	EUR 80m anchor investor, UBS 2% co-invest
Target fund size	EUR 300m
Target return	Net IRR of 10-12%
Sustainability	Article 8 Fund ("ESG Promotion") under the EU SFDR promoting: - digital equality and the reduction of digital divide in rural areas - energy transition by excluding investments linked to the extraction, transport, storage or generation of fossil fuel-based energy "Beat the benchmark" approach will apply to the GRESB Infrastructure Assessment on an annual basis
Investment period	4 year investment period, 15 year term from first close

Source: UBS Asset Management, Real Estate & Private Markets (REPM), September 2023. **1** This does not constitute a guarantee by UBS AG, Asset Management. Target returns presented herein do not constitute a forecast of future returns. There is no assurance that the strategy will achieve its target performance

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Infrastructure Investment Risks

Regulatory
As they often operate as franchised monopolies or are considered to have market power or other attributes that make regulation necessary, the rates, terms and conditions of infrastructure assets are very often regulated by government, either through a regime administered by a regulator, through long-term concession agreements or, in some cases, by long-term private contracts. The two main approaches to complying with government regulation involve either providing a reasonable opportunity to earn a certain return for Investors or setting price caps on the services provided along with a range of quality-related output requirements. Under some regulatory regimes, rates may be subject to uncertainty and refund obligations for extended periods, while in other regimes an approved rate may be subject to review and revision. In some cases, regulators will allow entities to charge market-based rates if specified conditions are met. The independence and stability (that is, consistency over time) of the regulatory system is a key issue, as is the ability of other entities to enter into the regulated markets and the terms under which such entry is allowed. Regulation and concession agreements need to be able to adapt to changed circumstances, which may expose Investors to regulatory and contractual risk. Failure of portfolio companies, or their affiliates, to comply with government regulations or contractual obligations could subject the Fund or its Investments to increased regulatory scrutiny, monetary penalties and refund obligations, reduced rates, or the loss of the right to operate the underlying infrastructure assets.

Sovereignty and political risk
Investments in infrastructure assets are exposed to the risk of unexpected changes in government and government policies which could negatively impact the potential of the Fund to retain the Investment or to gain a return on its Investment. The concessions of certain Investments are granted by government bodies and are subject to special risks, including the risk that the relevant government bodies will exercise sovereign rights and take actions contrary to the rights of the Fund or the relevant portfolio company under the relevant concession agreement. There can be no assurance that governmental bodies will not legislate, impose regulations, change applicable laws or act contrary to the law in a way that materially affects the Investments.

Environment liability
Infrastructure assets may be subject to numerous laws, rules and regulations relating to environmental protection. Under these statutes, rules and regulations, a current or previous owner or operator of the infrastructure asset may be liable for non-compliance with applicable environmental and health and safety requirements. As a result, the Fund or its portfolio companies may be liable for the costs of removal or remediation of hazardous or toxic substances located on or in an Investment. The costs of any required remediation or removal of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Fund's ability to sell or operate the relevant Investment.

Interest groups and legal risk
Infrastructure assets, businesses and projects often involve a significant impact on local communities and the surrounding environment. It is not uncommon for infrastructure assets to be exposed to a variety of legal risks including, but not limited to, legal action from special interest groups. For example, interest groups may use legal processes to seek to impede particular projects to which they are opposed.

Development Assets
The Fund may invest in Development Assets. Development Assets are subject to a number of additional risks, including, risks of construction delays or cost overruns, risks that the asset will not achieve anticipated patronage levels or sustain anticipated income levels. In addition, a portion of new development and acquisition activity may be financed under lines of credit or other forms of secured or unsecured financing which carry associated risks.

Credit
The Fund may invest in certain infrastructure assets that are exposed to credit risk associated with contractual commitments with a single or small number of counterparties.

Global Economic Uncertainty
Geopolitical concerns and other global events, including, without limitation, national and international political circumstances (including wars, terrorist acts or security operations), trade conflict and pandemics and other severe public health events, have contributed and may continue to contribute to volatility in global equity and debt markets. The impact of the ongoing geopolitical tensions, such as a decline of the bilateral relationship between the United States of America and China or the ongoing conflict between Russia and Ukraine, including the export controls, resulting sanctions or other restrictive actions that have been imposed by the United States of America and/or other countries against governmental or other entities in, for example, Russia, have led to and will continue to lead to disruption, unpredictability and instability in the global markets, which may have an impact on our investments across negatively impacted sectors or geographies.

In late February 2022, Russian military forces launched substantial military action against Ukraine, and continued conflict and disruption in the region is likely. The impact to Ukraine, as well as actions taken by other countries, including new and stricter sanctions, inter alios, the United Kingdom and the European Union against officials, individuals, regions, and industries in Russia, Ukraine and Belarus, and each country's potential response to such sanctions, tensions, and military actions could have a material adverse effect on the Fund's operations. Such sanctions include asset freezes, trade embargoes, travel restrictions, prohibitions on the provision of equity and debt financing and sectorial sanctions, including in relation to arms and the oil and gas sectors. These sanctions in connection with the Ukrainian crisis have so far had an adverse effect on the Russian economy, prompting revisions to the credit ratings of the Russian Federation and a number of major Russian companies that are ultimately controlled by the Russian Federation, the weakening of the rouble and extensive capital outflows from Russia. Furthermore, the governments of the US and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions should tensions in Ukraine continue.

Valuation Risk
The Fund will rely upon the Manager for valuation of its assets and determination of its net asset value. The Manager may rely upon the Portfolio Manager for the provision of information and reports in connection with such valuation functions. The Manager may also engage qualified valuation professionals to assist in this determination, however, it is not required to do so other than as expressly provided by the Partnership Agreement. Given the nature of the proposed Investments, valuation may be difficult. There may be a relative scarcity of market comparables on which to base the value of the Fund's assets.

Unforeseen events
Use of infrastructure assets may be interrupted or otherwise affected by a variety of events outside of the control of the Fund, the General Partner, the Portfolio Manager or the Manager, including serious traffic accidents, natural disasters (including fire, floods, earthquakes and typhoons), man-made disaster (including terrorism and acts of war), defective design, construction and maintenance, slope failure, bridge and tunnel collapse, road subsidence, fuel prices, environmental legislation or regulation, general economic conditions, labor disputes and other unforeseen circumstances and incidents. Certain of these events have affected toll roads, bridges, tunnels and other infrastructure assets in the past, and if the use of the infrastructure asset is interrupted in whole or in part for any period as a result of such events the relevant Investment could experience a reduction in revenues, increased costs of maintenance or restoration and loss or reduction of overall public confidence. There can be no assurance that such Investments' insurance would cover liabilities resulting from claims relating to the design, construction, maintenance or operation of the toll roads, bridges, tunnels or other infrastructure assets, lost toll revenues or increased expenses resulting from such damage. In some cases, project agreements could be terminated if the events described above were so catastrophic that they could not be remedied within a reasonable period or at all.

Operation of Investments
The profitability of Investments will, at least in part, be dependent upon the efficient operation and maintenance of the Investments by operating companies. Risks related to operation and maintenance of the Investments by the operating companies, such as the risks of operational or organizational inefficiencies or technology failures, may adversely affect the return on the Investment and the Fund.

Inflation risks
Depending on the inflation assumptions relating to anticipated cash flows from an Investment, as well as the manner in which asset revenue is determined with respect to such Investment, returns from an Investment may vary from those projected by the Portfolio Manager as a result of changes in the rate of inflation.

Additional risks

Fund characteristics or objectives:
• Any decision to invest should take into account all the characteristics or objectives of the fund as described in its prospectus, or similar legal documentation. Investors are acquiring units or shares in a fund, and not in a given underlying asset such as building or shares of a company.
Costs or currency
• If all or part of the total costs to be paid is different from your reference currency, the costs may increase or decrease as a result of currency and exchange rate fluctuations. Commissions and costs have a negative impact on the investment and on the expected returns. If the currency of a financial product or financial service is different from your reference currency, the return can increase or decrease as a result of currency and exchange rate fluctuations
Future performance
• Future performance is subject to taxation which depends on the personal situation of each investor and which may change in the future.

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Country disclaimer

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This document has been approved for **AT, BE, DE, DK, ES, FI, FR, IT, LU, NL, NO, PT, SE, UK**

Source for all data and charts (if not indicated otherwise): UBS-AM or one of the Fund's portfolio companies.