



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
QUARTERLY GLOBAL INFRASTRUCTURE
MARKET UPDATE**

(AS OF JUNE 30, 2012)

November 12, 2012

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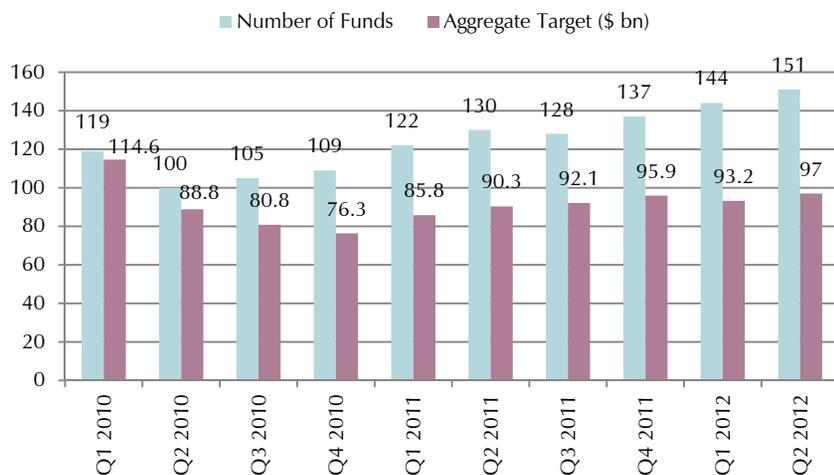
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California Public Employees' Retirement System

Infrastructure Fundraising

Fundraising – Marketing



Source: Preqin

Fundraising – By Region

Funds in The Market	North America	Europe	Asia	Rest of World
Number	34	56	27	30
Target Value (\$ bn)	28.7	39.7	13.4	15.2
Average Size (\$ mn)	844	709	496	507

Source: Preqin

Fundraising is one indicator of investor interest in the infrastructure asset class. According to data from Preqin, infrastructure fundraising activity during the second quarter lagged on a year over year basis. Six unlisted infrastructure funds reached financial close during the quarter, raising an aggregate \$2.7 billion, compared with 12 funds raising \$7.6 billion during the same period in 2011. On a positive note, 17 funds held an interim close on \$10.5 billion during the period, representing a significant increase over the \$3.1 billion in interim closes in Q1. In the second quarter of 2012, 151 funds were in the market, which represents a continued increase in the number of offerings.

When viewed by region, Europe was most prominent in terms of both the number of funds in the market and aggregate fundraising targets in June. Examples of recent European infrastructure transactions are presented on the following page.

California Public Employees' Retirement System**Global Transactions**

Many of the key infrastructure transactions during 2Q 2012 occurred in Europe.

- In May, British Telecom Pension Scheme announced it would acquire a 13% stake in Thames Water. The terms of the deal were not disclosed. This transaction follows the sale of a 9.9% stake in Kemble, Thames Water's holding company, to the Abu Dhabi Investment Authority in December 2011, and an 8.68% stake to China Investment Corporation in January 2012. Through these transactions, nearly one third of the company has changed hands.
- Also in May, German utility E.ON AG announced it would be selling its gas-transmission network, known as Open Grid Europe, for approximately €3.2 billion (\$4.14 billion) to a consortium consisting of Macquarie Group, Abu Dhabi Investment Authority, British Columbia Investment Management Corporation, and Munich Ergo Asset Management. The deal is expected to close by the end of 2012.
- In June, Global Infrastructure Partners completed its acquisition of Edinburgh Airport from BAA, in a deal for a cash price of £807.2 million (approximately US\$1.3 billion). The airport was the busiest in Scotland in 2011.
- Also in June, Veolia agreed to sell its UK regulated water activities of Veolia Environment SA to Infracapital Partners and Morgan Stanley for a total transaction value of £1,236 million (approximately \$1.94 billion). Veolia will retain a 10% equity interest in the regulated business through for at least five years.

California Public Employees' Retirement System**US Transactions**

Below are examples of US transactions that occurred during 2Q 2012.

- In April, EverPower Wind Holdings Inc., a portfolio company of Terra Firma, acquired the Alta VI wind farm, a 150MW project near Tehachapi (California) from Terra-Gen Power, an affiliate of ArcLight Capital Partners and Global Infrastructure Partners. The details of the transaction have not been disclosed. The project has a 24-year fixed price Power Purchase Agreement in place for 100% of its expected output of energy. The project is expected to be fully operational in the second half of 2012.
- In June, Ohio State University ("OSU") accepted a bid of \$483 million in exchange for a 50-year lease to operate campus parking facilities. The winning bid came from a consortium led by Queensland Investment Corporation Global Infrastructure, based in Australia, and LAZ Parking, based in Hartford, CT.
- Also in June, TKT Midstream Partners received equity commitments from Kiewit Corporation and Tiger Infrastructure Partners to support a strategy to invest up to \$500 million in the midstream energy sector. It is expected that TKT will design, build, own and operate midstream assets and networks for exploration and production companies.

California Public Employees' Retirement System**Recent Transaction Activity**

Transaction activity since the end of 2Q includes the following:

- In July, Highstar Capital agreed to acquire Veolia Environnement SA's U.S. waste-management business for about \$1.9 billion. Veolia ES Solid Waste Inc. has more than 300 locations in the U.S. that provide hazardous and non-hazardous waste management and industrial cleaning services.
- Also in July, Cheung Kong Infrastructure Holdings acquired Wales & West Utilities, the U.K. gas distribution business, for £645 million (\$999 million).
- In September, Goldman Sachs sold its North Carolina-based Cogentrix Energy LLC, a power plant development unit, to Carlyle Infrastructure Partners. Financial terms of the deal have not been disclosed but it is expected to close by the end of 2012.
- In November, EDP Renováveis S.A. reached an agreement to sell 49% of the Class A shares in a portfolio of wind farm assets located in the United States to Borealis Infrastructure for \$230 million. The wind farms have 599 megawatts in combined installed capacity and long-term power purchase agreements.

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