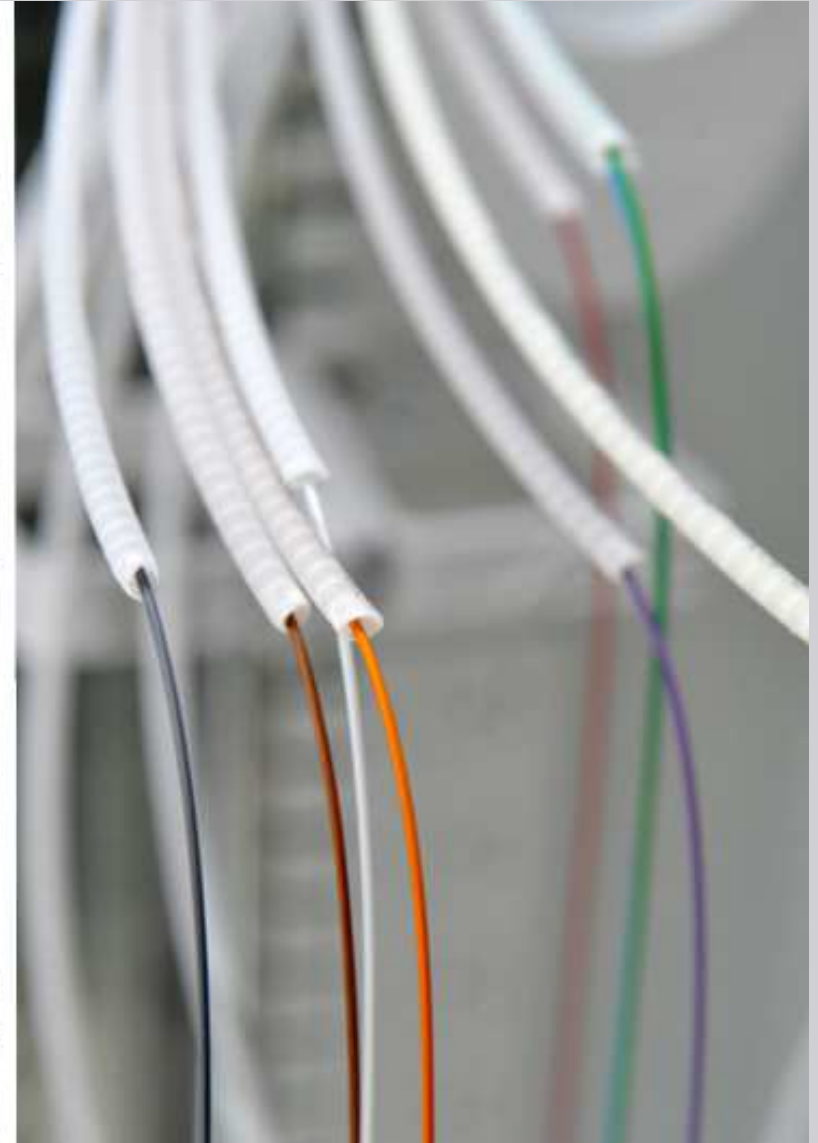
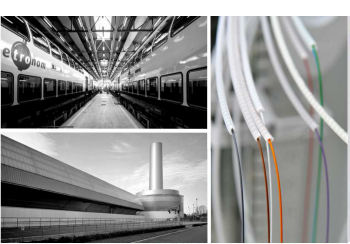


CUBE  
INFRASTRUCTURE  
MANAGERS

January, 2018



*EFSI Conference January 23, 2018*



## Cube IM is Managing Three Initiatives

*Strong Support from European Institutions*



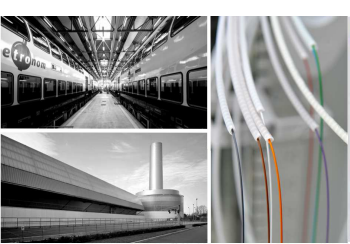
- **Fund size:** €1,080 million
- **Status:** Fully invested
- **Focus:** European brownfield regulated infrastructure
- **Sectors:** Energy Supply, Communication, Public Transport



- **Fund size:** €381 million
  - **Target fund size:** €1,200 million
  - **Status:** Fundraising
  - **Focus:** European brownfield regulated infrastructure, in sectors where significant capital expenditures are required
  - **Sectors:** Energy Supply, Communication, Public Transport
- ➔ **EIB, via the EFSI, has committed €100 million to Cube II**



- **Target fund size:** € 500-600 million
  - **Status:** Fundraising
  - **Focus:** European greenfield fiber optic projects
  - **Sectors:** Fiber Optic
- ➔ **EIB has committed €140 million to the CEBF, out of which €100 million from EFSI**  
**EC has committed €100 million to the CEBF**



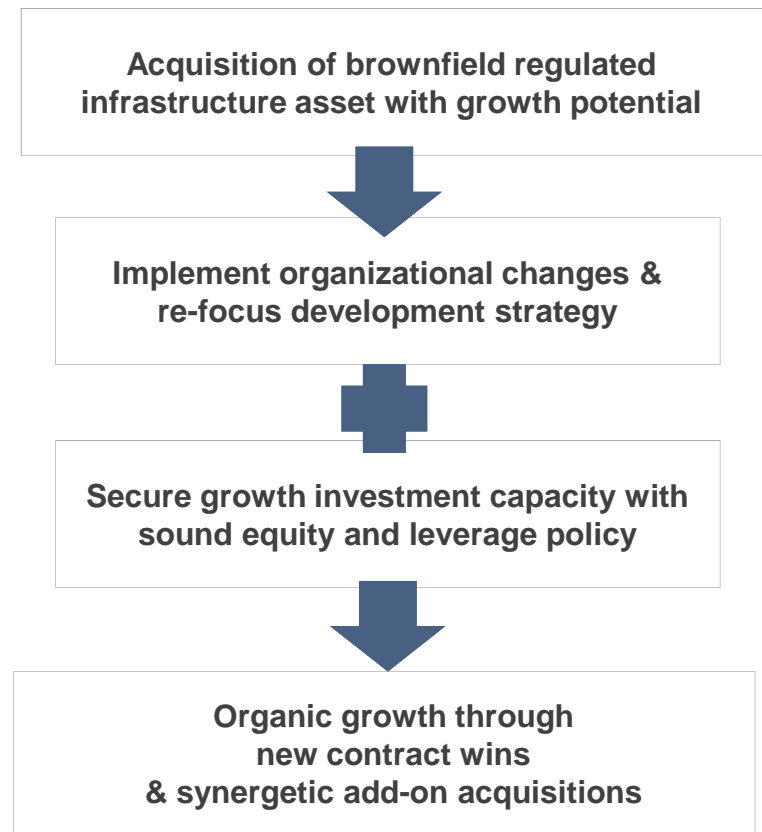
# Cube I & II: Manager's Objective and Investment Strategy

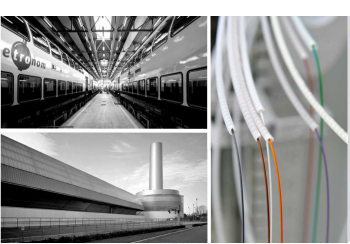
*Combining Regular Yield & Capital Appreciation*

Cube's objective is to generate a combination of regular yield and long-term capital appreciation, through the implementation of a "Buy-&-Grow" strategy

## Cube's Buy-&-Grow Strategy – Investment in Essential Local Infrastructure Assets

- Invest in "under the radar assets" (small- / mid-caps), with control or co-control equity positions
- **Core infrastructure asset characteristics :**  
Brownfield – Regulated – Local – Western Europe
- **Capture growth potential:**  
Invest in dynamic markets with *continuous investment* need  
Avoid acquisition- and excessive corporate leverage
- **Create "over the radar assets", and exit in the mid- / large-cap space**

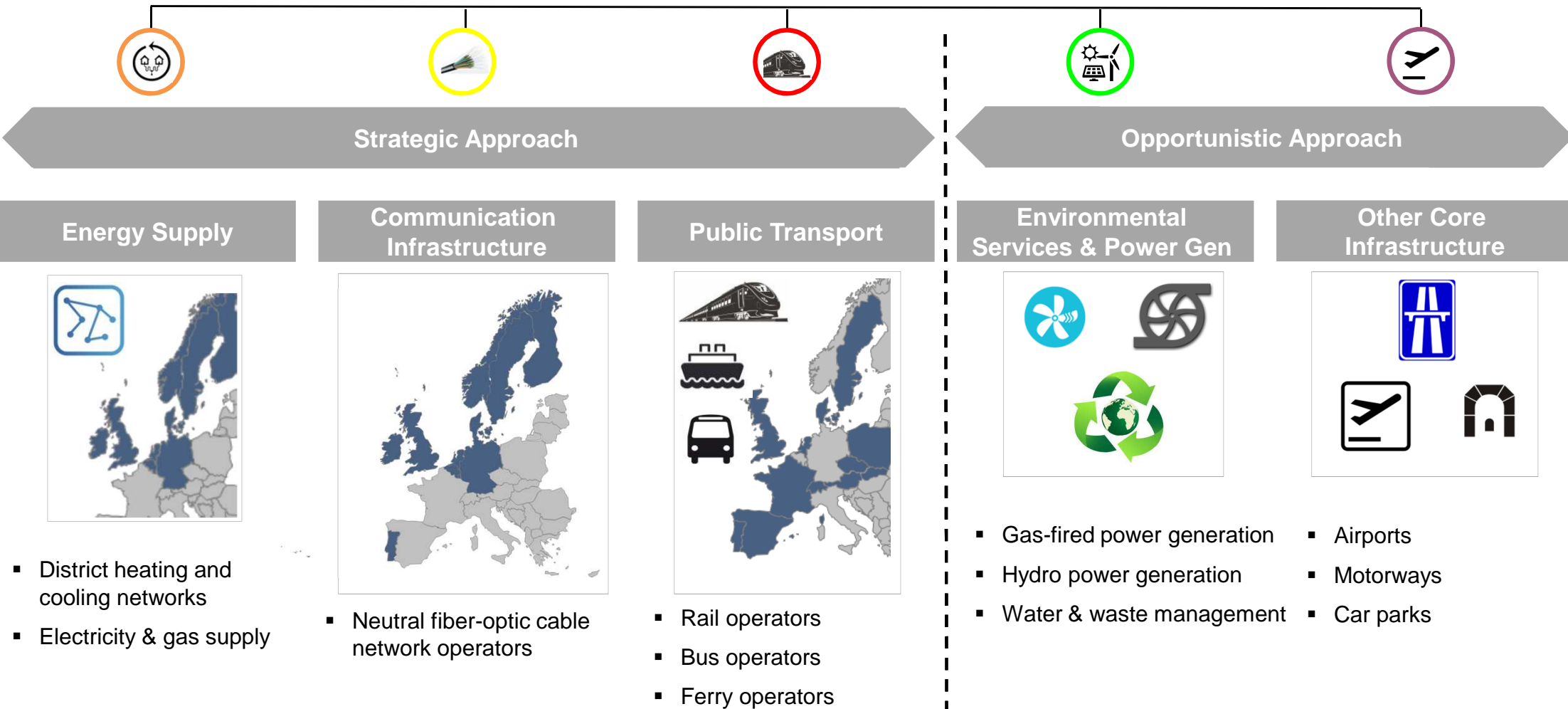




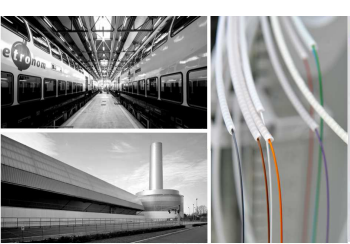
# Cube I & II : Platform Build-Up Across Essential Infrastructure Sectors

*Investing in Brownfield Assets with Strong Capex Requirements*

Essential infrastructure sectors show strong growth dynamics and continuous investment needs, underpinned notably by technological changes, environmental concerns and growing populations in urban areas



Essential public services refer to infrastructure assets which address the basic needs of the local community and therefore generally tend (i) to be monopolistic in nature, (ii) to be less exposed to demand or volume risk, (iii) to offer predictable cash flows, and (iv) to benefit from high barriers to entry.



## CEBF: Manager's Objective and Investment Strategy

*Specialized fund in broadband infrastructure leveraging Cube IM's sector expertise*

**Cube IM has been selected to manage a specialized €500-600 million investment platform, leveraging on its first mover experience investing profitably in communication infrastructure**

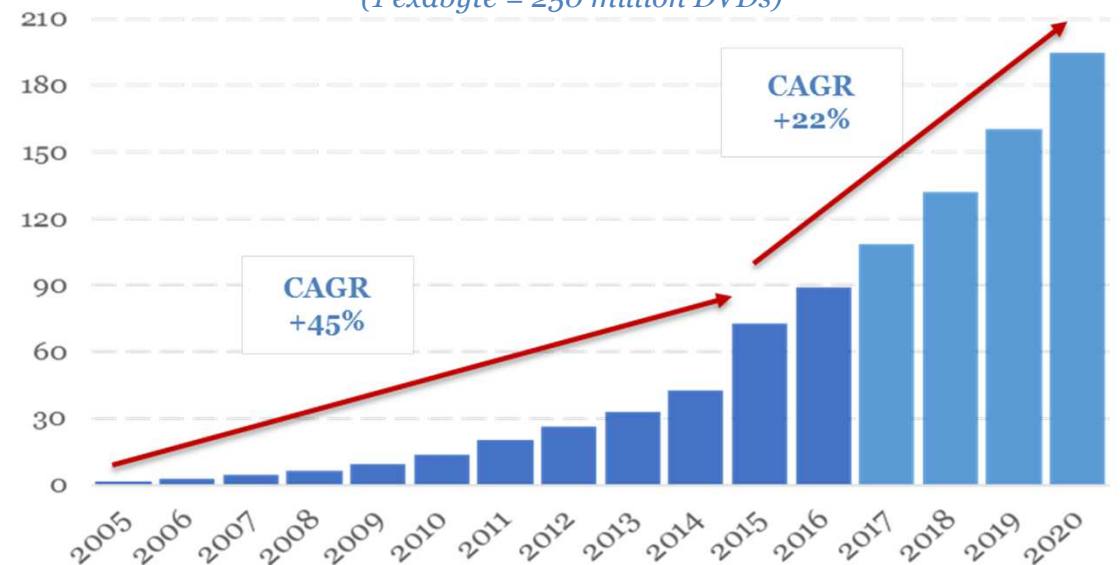
**An industry-focused vehicle offering an exposure to a high-growth sector across Europe by closing financing inefficiency gaps**

CEBF will target

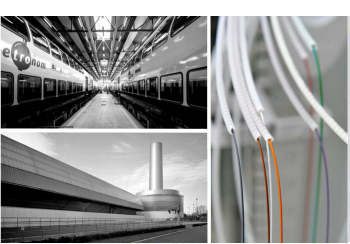
- **Technically sound** and **economically viable** broadband network infrastructure projects
- With a **preference** for **Open Access Networks** providing **ultra high-speed broadband** (>100Mb/s) for end users
- Located in **broadband-underserved areas** in the **EU, Norway** and **Iceland**
- Sponsored by **private sector** companies (focusing on mid-caps and SMEs) or **PPP**
- Through **Equity** and/or **Equity-like** (Mezzanine/Junior debt) **instruments**

### Global IP traffic (in exabytes per month)

*(1 exabyte = 250 million DVDs)*



Source: Cisco VNI (2016)



# Responsible Investment

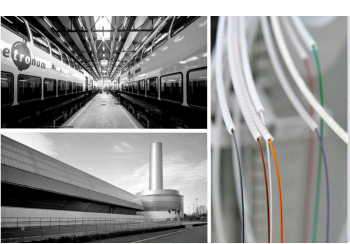
## *An Integrated Part of Cube's Business Model*



- **Environmental, Social and Governance aspects are an integrated part of Cube's business model and an improved ESG policy has been developed together with the European Investment Bank**
  - Assess in due diligence at time of investment
  - Establish and monitor KPI's an integrated part of the asset management
  - Cube's portfolio companies reviewed with the assistance external ESG expertise provider
- **The strategic sectors identified by Cube generally contribute to the shift towards a low-carbon economy and provide social benefits to the local communities:**
  - **Public Transport:** Efficient public transport systems provide citizens affordable means to commute and participate greatly to the avoidance of GHG emissions, as it represents a low-carbon alternative to traditional car usage.
  - **Energy:** District heating and cooling systems offer more efficient heating and cooling to households and businesses compared to individual systems, in particular when there is a simultaneous production of heat and electricity in combined heat and power generation plants. The technological change with increased use of renewable energy sources for district heating networks (waste-to-energy, geothermal...) further contributes to reducing the carbon emissions.
  - **Communication Infrastructure:** Open-access high-speed fiber networks rolled out in semi-dense and rural areas enables smooth communication over distance, reduces travel needs (teleworking, e-gov. services, video conferences...), hence saving time and energy and as such reducing carbon emissions and contributes to reducing the digital divide (i.e. economic and social inequality with regard to access to, use of, or impact of information and communication technologies).
- The Manager is a **signatory of the United Nations Principles of Responsible Investment (UNPRI)** and has received the **score A+ Strategy and Governance, and A+ Infrastructure**
- Cube has also joined the **GRESB Infrastructure initiative** in 2015 , the GRESB seeks to establish global standard for ESG reporting and benchmarking for infrastructure investments

Signatory of:









# Cube I Track Record

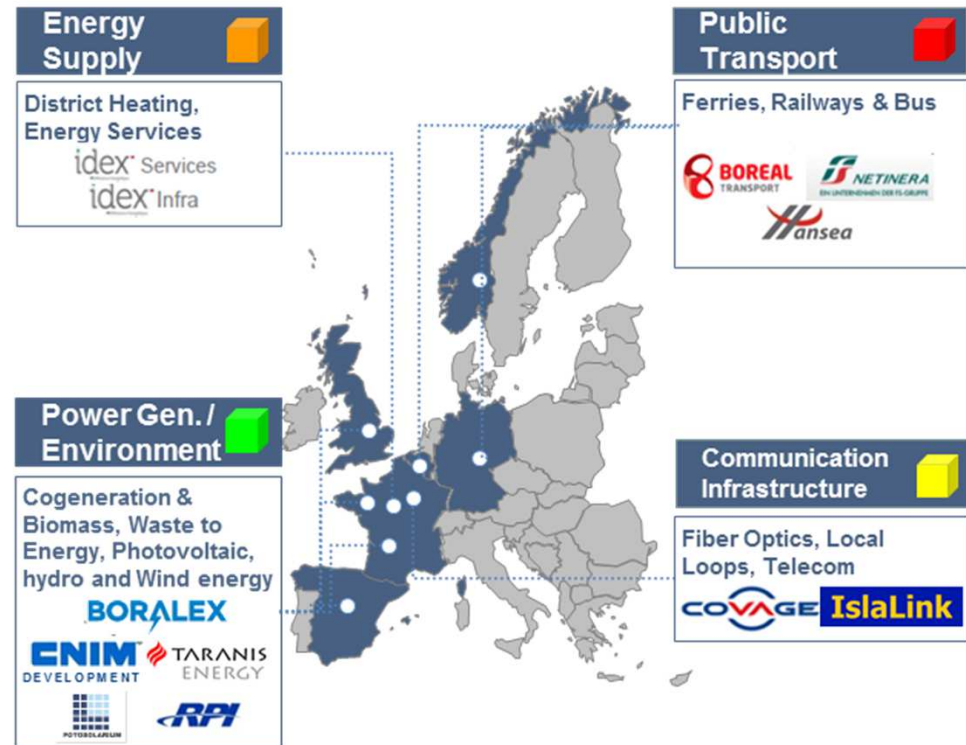
## Successful Build-Up of Platforms

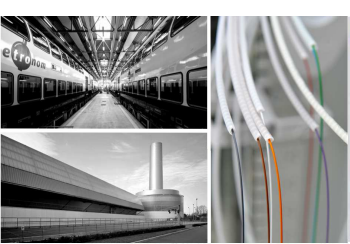
### Resilient portfolio diversified by sector and geography

- 15 investments completed to date across 4 industrial platforms, in small to mid-size companies
- Strong cash yield, distributing 4% to investors and growing, with strong cash growth outlook underpinned by the “Buy-&-Grow” strategy

### Cube I Portfolio

Platform	Key Achievements
 <b>Energy Supply</b>	Assembled the 3 <sup>rd</sup> largest French operator in district heating and energy services
 <b>Communication Infrastructure</b>	Leading open access fiber-optic network operator in France
 <b>Public Transport</b>	Created one of the largest privately-owned operators in Western Continental Europe
 <b>Environmental Services &amp; Power Generation</b>	Broad portfolio of power generation and waste-to-energy companies, diversified across energy sources, climatic regions & jurisdictions



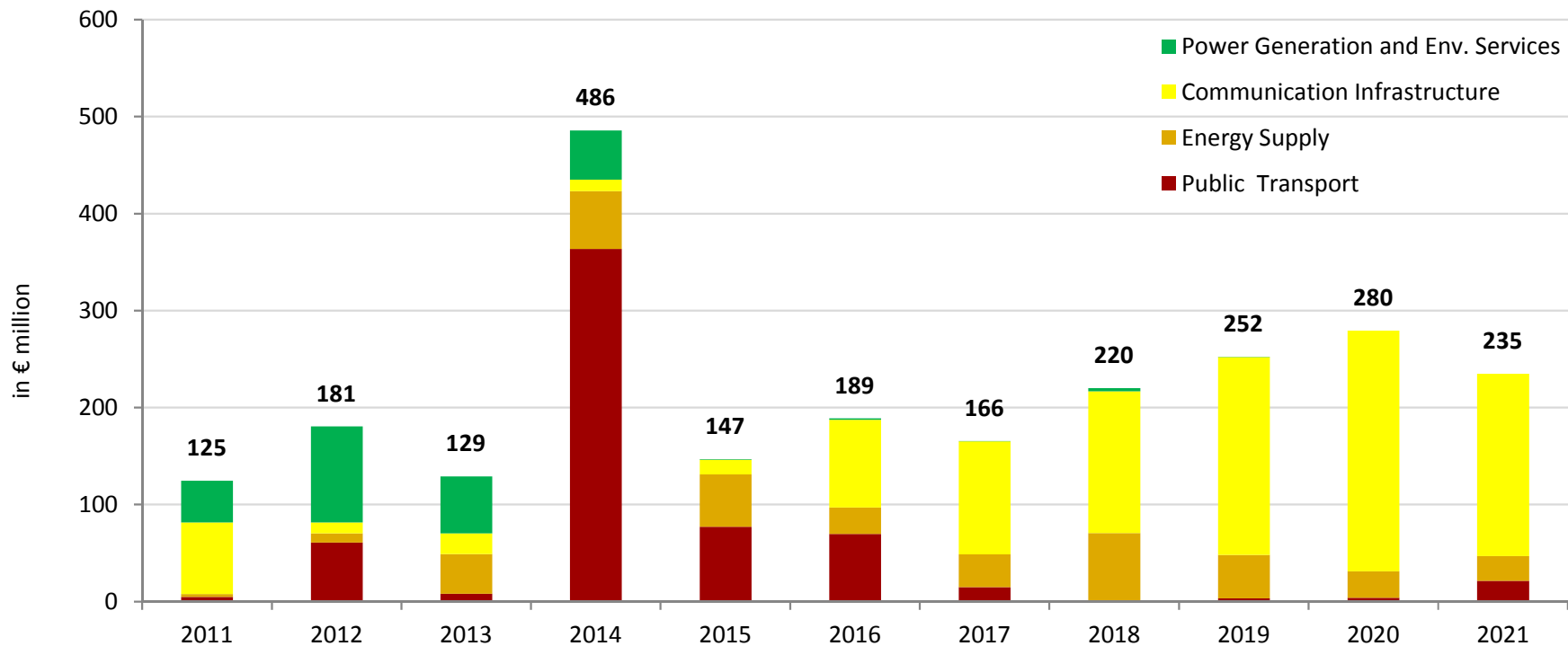


# Cube I Track Record

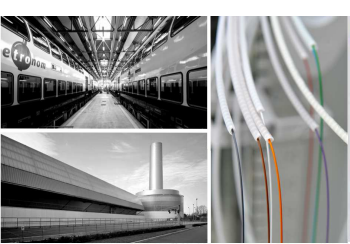
*Brownfield Investments to capture Greenfield Opportunities*

**Cube I Platforms' Capex for the period 2011-2021<sup>1</sup> estimated to €3.1 billion representing 3.1x the invested capital, whereof €2.4 billion Greenfield Capex**

**Cube I Estimated Greenfield Capex per Platform, 2011-2021**



1) Capex figures shown at 100%. Disposed portfolio companies' greenfield CAPEX included until date of disposal.



# Covage (France) – Communication Infrastructure (1/3)

*Combining Regular Yield & Capital Appreciation*



## Strategic Vision

*Build-up of a leading French open access fiber network player, active in rural and semi-dense areas*

Regulated, long-term concession based activity, supported by local authorities providing up-front subsidies (de-facto monopolies)

Growing market scope:

- › Global IP traffic +45 CAGR since 2005. and hence demand for high bandwidth connectivity is strongly growing
- › French regulation triggering growth opportunity via the “National Roadmap for Ultra Fast Broadband”
- › Full deployment of fiber networks in rural French areas, capex ~ €10 billion

## Active Asset Management

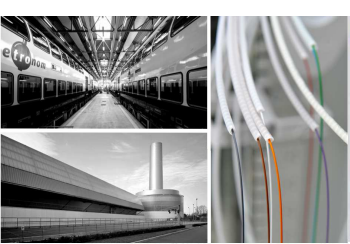
- › Front runner acquisition in 2011 thanks to strong market expertise
- › Build-up through active organic growth, from 15 to 32 concessions
- › Consolidation of market position with add-on acquisition of Tutor in 2016 (+ 30 concessions)
- › Actively assessing and approaching new markets - AMII zones (private deployments)
- › Proactively managing existing contract base with extensions and renewals
- › Strengthening of executive management team

## Attractive Exit Perspectives

Covage has today a unique position on the French market attracting both institutional and strategic investors

Continuous growth opportunities with fiber network deployment needed in both rural and semi-dense areas





# Covage (France) – Communication Infrastructure (2/3)

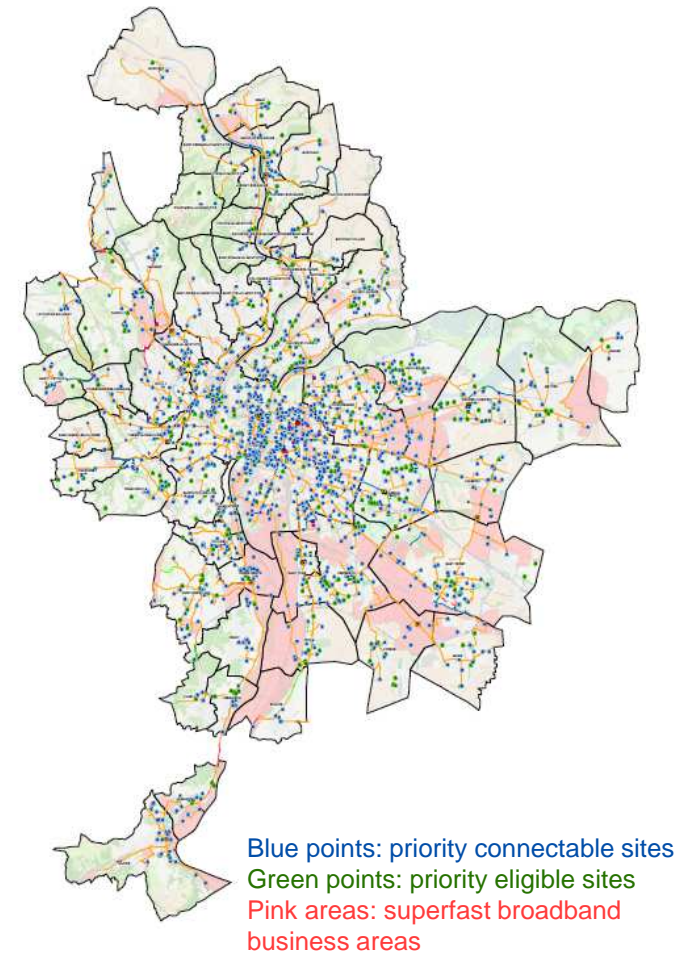
## Example of Organic Growth - Grand Lyon FttO PIN



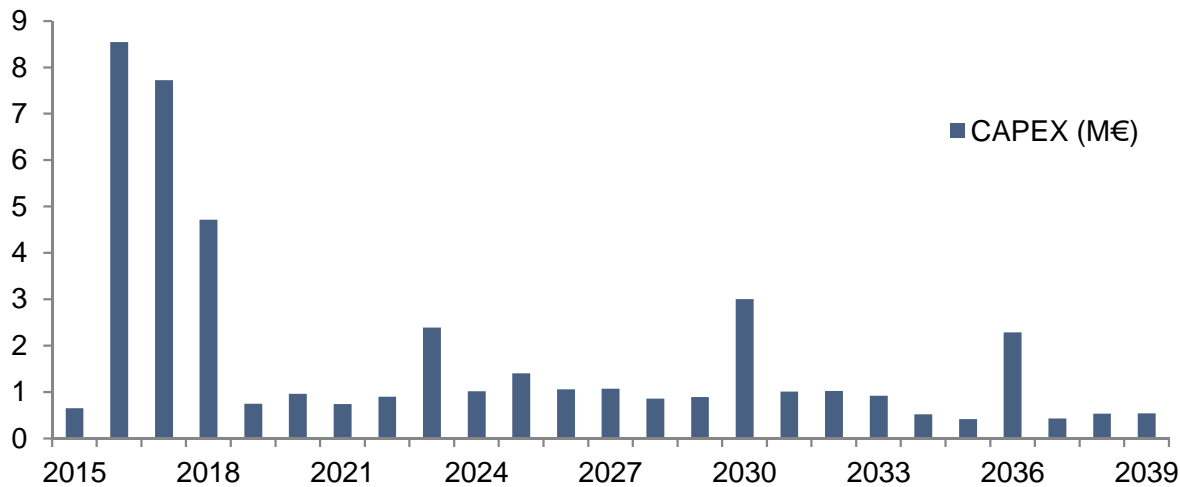
### Key Features of the Project

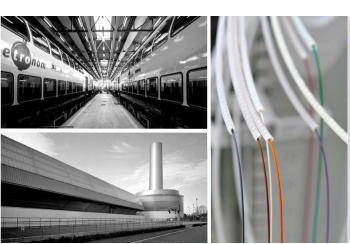
- Grand Lyon FttO Public Initiative Network (PIN) is the largest FttO PIN attributed so far – it covers 58 municipalities in the 2<sup>nd</sup> largest French metropolitan area
- Covage will receive €6 million grant upfront and will be responsible for building a backhaul and addressing 22k business sites, out of which 1,300 public sites, in 27 months
- Covage will operate the entire network over the next 25 years providing wholesale offers (active and passive) to all Internet Service Providers on a non discriminatory basis

### Grand Lyon PIN Map



### ~€45m Greenfield Gross Capex to be deployed





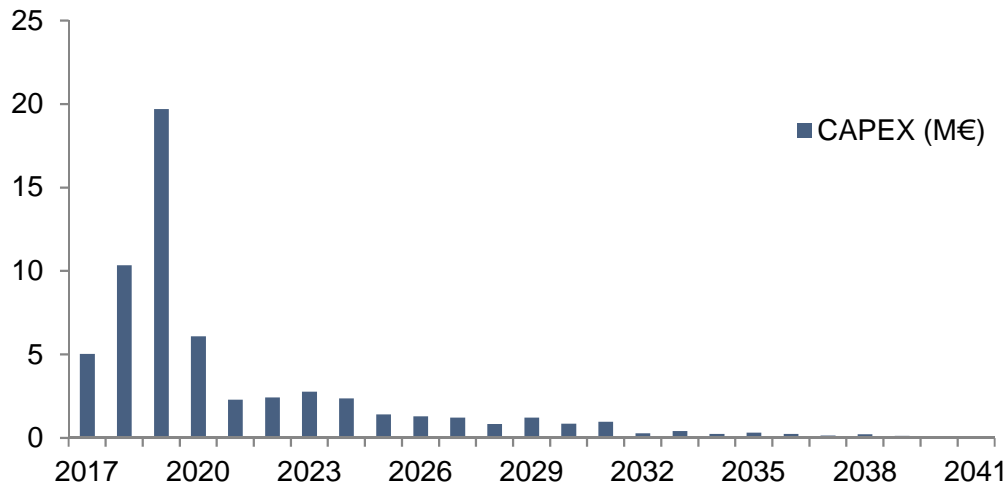
# Covage (France) – Communication Infrastructure (3/3)

## Example of Organic Growth - Lille AMII deployment

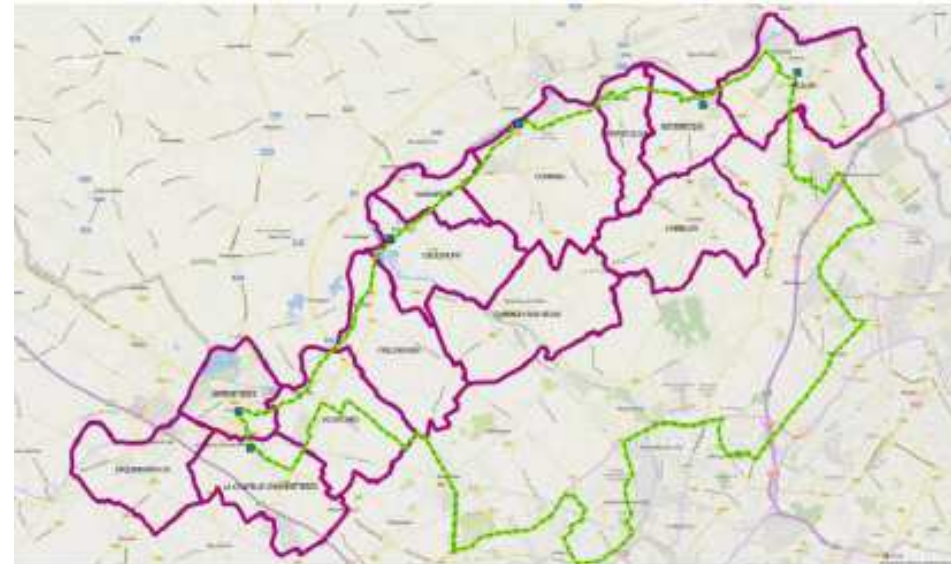
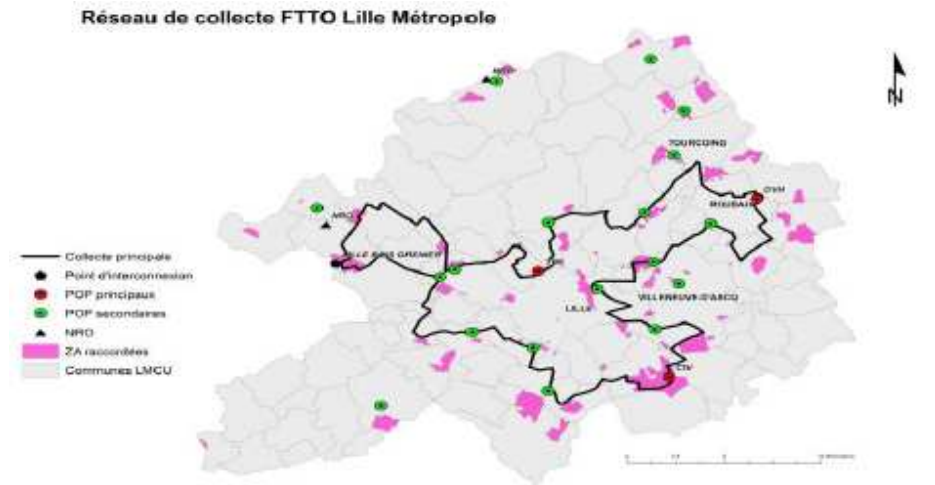
### Key Features of the Project

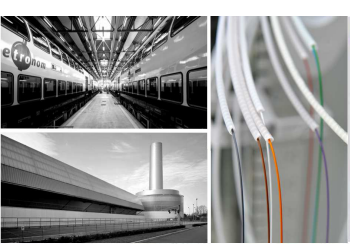
- **AMII designates semi-dense areas**, where only one fibre network is economically viable and where private operators (Orange and SFR) have declared their intention to co-invest. Today, SFR is not delivering on its promises, leaving 1 million homes without FttH connectivity.
- Lille metropolis terminated the convention it had with SFR and was eager to sign a convention with Covage to roll-out a FttO/FttH network.
- Contrary to the PINs, Covage receives **no subsidies** to deploy this network. But it has no obligation on the deployment schedule, allowing to phase deployment according to market appetite. **Covage will retain full ownership** of the network going forward, enhancing flexibility and long term value.

~€61m Greenfield Gross Capex to be deployed



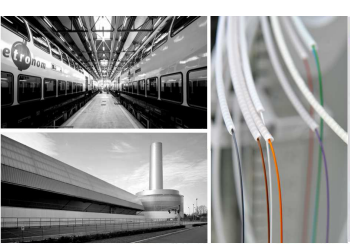
### Coverage (Step 1 and 2)





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## Key Contacts

### Cube Infrastructure Managers

41 Avenue de la Liberté  
L - 1931 Luxembourg  
Luxembourg

[www.cubeinfrastructure.com](http://www.cubeinfrastructure.com)