
Recommendation for abrdn Global Sustainable Infrastructure IV LP

To: RISIC
Prepared: May 16, 2025
From: George Bumeder, Managing Director

The purpose of this memo is to provide the RISIC with a summary of Cliffwater's recommendation on abrdn Global Sustainable Infrastructure IV LP. Cliffwater has completed its investment due diligence and operational due diligence and recommends investments of up to \$30 million for ERSRI and \$2 million for OPEB as part of the respective portfolios' Infrastructure allocations.

Summary of abrdn Global Sustainable Infrastructure IV LP

Fund Overview: abrdn Global Sustainable Infrastructure IV LP ("Fund IV" or the "Fund") will develop and invest in infrastructure Private Public Partnerships ("PPP") in North America and other developed countries excluding Europe.

People and Organization: abrdn Investments Limited ("abrdn" or the "Firm") is a global investment management company listed on the London Stock Exchange that provides investment management services to both retail and institutional investors across multiple investment strategies. The Firm employs 4,800 people worldwide including more than 650 investment professionals. The original company, The Life Insurance Company of Scotland, was founded in 1825. The Firm, and members of the team while at other employers (including Lloyds and Scottish Widows) have been investing in infrastructure for more than 20 years. abrdn and certain team members were responsible for investing in some of the first social PPPs beginning in 1997. abrdn has over 200 investment professionals dedicated to real assets (real estate and infrastructure) across 20 offices globally and manages over \$4 billion in concession infrastructure investments across thirteen unlisted, closed end funds (plus a further seven co-investment vehicles). The abrdn concession infrastructure platform is a dedicated team of 29 investment professionals based in London, Edinburgh, Paris, Madrid, Amsterdam, Bogota, Denver and Sydney. The team receives market competitive compensation including salary and a variable element tied to their individual performance. Furthermore, the long-term performance incentive of the Fund seeks to align the team with investors, while also serving as a tool to attract and retain team members who perform. Carried interest is shared among funds and the team. For GSIP IV, 75% of the carried interest is allocated to the infrastructure team with the remaining 25% allocated to the Firm.

Investment Strategy and Process: The investment objective of the Fund is to build a diversified portfolio of investments in social and economic infrastructure projects which have a positive impact on the environment and society, focusing on public services, social mobility and decarbonization which are underpinned by secure, long term government contracts or secure long term offtake arrangements (PPP like) and/or where the revenues are characterized by stable, predictable and partially inflation linked cash flows domiciled in the approved countries. The Firm will develop a balanced portfolio of 8 to 10 infrastructure assets appropriately diversified by sector, geography and vintage year. The Fund will invest \$25 to \$300 million per investment. GSIP IV is targeting net IRRs ranging from 13% to 15%.

Performance: Including the three prior funds, abrdn Global Infrastructure Partners I ("GIP I"), a 2013 vintage, abrdn Global Infrastructure Partners II ("GIP II"), a 2014 vintage, and abrdn Global Infrastructure Partners III ("GIP III"), a 2021 vintage, have invested \$468 million into PPPs and PPP Style projects

Cliffwater clients, including Cliffwater advised commingled funds, may have co-invested with funds referenced in this memo in the past or may co-invest with these funds in the future. Cliffwater has recommended multiple prior funds of this manager. Multiple discretionary and non-discretionary clients may have invested in some or all of these opportunities. Certain clients have also made co-investments with these funds. This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

generating a net return of 1.97 times invested capital and a net IRR of 21.8%. The Dow Jones Brookfield Global Infrastructure Total Return index returned 7.4% during the same period, resulting in an abrdn outperformance of 14.4% over the index. The Firm's two first global funds rank in the first decile on an IRR, TVPI, and DPI basis, as of September 30, 2024, when comparing to the Cambridge Associates Infrastructure Index. As GIP III is a vintage year 2021 fund, there are not enough observations in the Cambridge Associates Infrastructure Index to generate meaningful comparisons.

Investment Terms: Cliffwater finds the Fund's investment terms, taken as a whole, to be in accordance with industry standards. The Fund has a 4-year investment period, 10-year term, and 2 one-year extensions. The management fee during the investment period is 1.10% on invested capital and thereafter 0.90% on invested capital. The management fee will be offset by 100% of all directors', agency, monitoring, management, and other similar fees (excluding work, arrangement, origination, syndication, and other transaction fees). The Firm will receive 15% of fund profits subject to an 8% hurdle rate. The partnership agreement does not contain a GP clawback provision (unchanged from prior fund). However, carried interest that is otherwise distributable to the General Partner will be held in a reserve account until limited partners have received an amount equal to the sum of (i) a return of all capital contributions (ii) the preferred return, and (iii) unfunded commitments.

Cliffwater Recommendation

Cliffwater recommends a commitment of up to \$30 million to the Fund as part of ERSRI's Infrastructure allocation. Cliffwater also recommends a commitment of up to \$2 million to the Fund as part of OPEB's Infrastructure allocation.