Infrastructure:
Asset Realisation Strategy

DWS | Investors for a new now

Crystallising investor returns through realisations across the economic cycle

DWS' infrastructure business seeks to provide investors with attractive investment returns, through capital appreciation and regular cash yield, by investing in a diversified portfolio of infrastructure businesses. To do so, the team seeks exposure to assets whose market position and underlying macroeconomic trends, both provide a resilient business profile and create an opportunity to build platforms for growth, for example, through geographic expansion, market share growth, or expansion into adjacent businesses[1].

Scaling portfolio companies from mid-cap to large-cap and continuous risk mitigation are the two pillars of our strategy to transition our assets from mid-cap core plus infrastructure to large-cap core infrastructure businesses with the aim of securing attractive premium on exit.

DWS develops its realisation strategy during the due diligence of an asset, as part of the "equity story". To invest, the team must have strong conviction in the asset's potential over the long term, underpinned by solid market, demographic, and regulatory tail winds. During the due diligence phase, the team develop an acquisition business plan that sets out the steps to maximise value during the holding period.

Following acquisition, the DWS team maps the main risks and opportunities for the asset, which inform an action plan to seek to deliver on **growth** and **value creation**. The team focuses on portfolio company management teams, ensuring they are equipped with the right skill set and experience and properly incentivised to deliver the plan. This alignment with shareholder objectives creates a framework that supports:

- operational excellence,
- ESG enhancements (with a particular focus on health and safety, environmental, diversity, and governance considerations), and
- a robust control environment,
- overall value creation.

Risk reduction is fundamental to the team's asset management approach.

The DWS infrastructure team identifies and addresses potential risks across a company's operations through reviewing contractual structures, operational processes, and further diversifying client and business mix. The team typically seeks to refinance acquisition funding to secure long-term infrastructure debt to fund growth through capex projects, bolt-on acquisitions, and geographical expansion, while supporting regular distributions to investors.

Exit strategies for portfolio companies are reviewed on a regular basis, taking into account both the business achievements compared to the equity plan, and the market environment.

Portfolio companies that, under DWS ownership, can demonstrate strong growth and risk reduction, are well positioned for exit to a competitive group of buyers benefitting from a lower cost of capital: large-cap infrastructure funds, direct institutional investors, strategic players and sovereign funds.

[1] There is no assurance that investment objectives can be achieved.

Case Study 1 – Akiem: how did we deliver?[2]

Equity Story

The team identified Akiem as an attractive investment target in 2015: the company had an ambitious growth plan supported by solid sectoral tailwinds, strong market positioning, and demonstrable infrastructure characteristics. The business was also positioned to leverage the SNCF – the French state-owned rail operator, its parent company – operational experience and relationships with Akiem's client base, freight rail operators across Europe. At the time of acquisition in 2016, locomotive leasing required significant investment to support market growth, achieve higher leasing penetration, and replace an ageing fleet. DWS recognised the underlying resilience of the business model – based in part on research and a deep understanding of the UK rolling stock sector – and predicted that, through the development of our asset management plan, the business could over time be positioned for sale to a long-term investor.

Focus on Management

DWS reinforced the senior management team, including the recruitment of a new CFO, a new head of leasing, a new maintenance organisation and solid support functions. A long-term management incentive plan with an element of equity participation was put in place, which aligned shareholders' and management's interests.

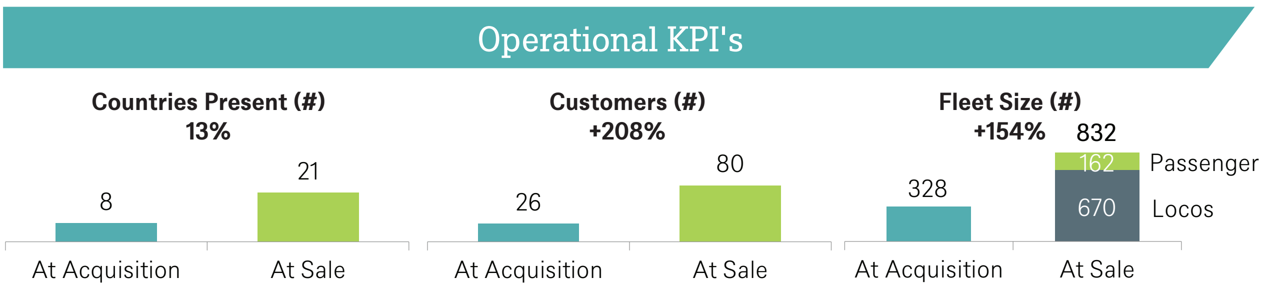
Focus on Risk Reduction

The DWS team drove the internationalisation of Akiem, transitioning the business from one that generated 70% of revenues in the domestic market to one that generated 70% of its revenues outside France. The team supported management in the diversification beyond rail freight by entering the maintenance services and passenger train leasing markets. The asset management team supported the professionalisation of the business, putting in new policies and procedures as well as a new company-wide IT system. ESG was a key focus area: the DWS team helped develop a 3-year roadmap which addressed CSR strategic guidelines and sustainability with a focus on the environment (for example, CO_2 emission reduction), while also reviewing and enhancing health & safety policies and procedures.

Focus on Growth

DWS identified and realised numerous organic and external growth initiatives. Bolt-on M&A acquisitions included mgw (now Akiem Technik), the NS fleet, Macquarie European Rail, and the SMBCL fleet; these transactions, coupled with procurements, more than doubled the Akiem fleet size while increasing its geographic footprint.

Furthermore, the original acquisition financing debt and capex facility were successfully refinanced and a diversified long-term portable investment grade financing platform was put in place to fund this and future growth.



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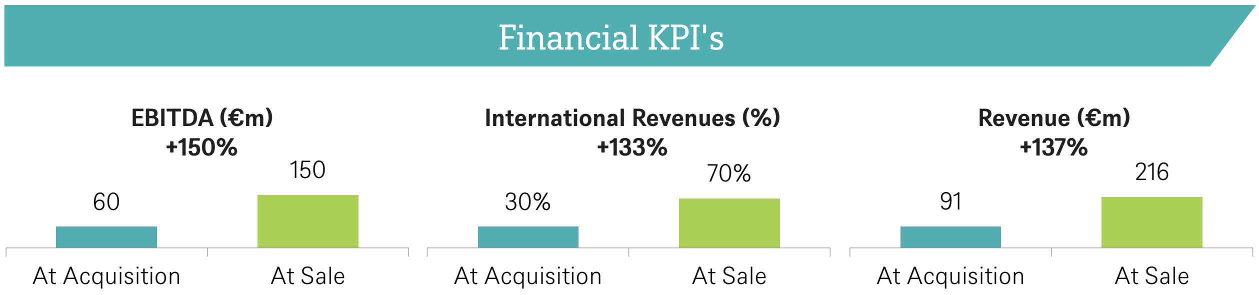
[2] Case study is for illustrative purposes only and is representative of current realisations in the Pan European Infrastructure Fund II. Information has been provided to demonstrate the types of transactions entered into by the team previously. It does not represent all the transactions and is not representative of the team's investment experience as a whole nor is it representative of the transactions that may be available in the current market.

Exit

Following the successful delivery of the Akiem growth plan and its repositioning as a core, large-cap asset, as well as the entry of investors with a lower cost of capital in the locomotive leasing market, the DWS team concluded that 2022 was the optimum time for a sale to allow another investor to undertake the next stage of the company's development. The auction process was met with a strong demand from investors. The DWS team selected CDPQ as the best steward for the Akiem business on the next phase of its growth journey.

Throughout its hold period, Akiem delivered an average cash yield of 6.3% per annum. The December 2022 exit generated a Net IRR of 24.4%, with a multiple on invested capital of 3.0x, far in excess of the underwriting case and at a ~60% premium to holding NAV[3].



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[3] Source: DWS Alternatives Global Limited as at 31 December 2022. Net of Management Fees. Past performance is not a reliable indicator of future returns. PEIF II is closed to new investors. No assurance can be given that investment objectives will be achieved. There is no guarantee that target yields will materialise. Forecasts are based on assumptions, estimates, opinions and hypothetical models or analysis which may prove to be incorrect. Totals may slightly differ due to rounding. This information is intended for informational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation

Case Study 2 – TCR: how did we deliver?[4]

Equity Story

DWS's infrastructure business completed the acquisition of TCR from Chequers Capital and Florac in July 2016, working in joint-venture with 3i Infrastructure. TCR is the world's largest ground support equipment rental and services provider, offering clients tailored comprehensive leasing solutions and maintenance contracts. Following the due diligence process, the deal team was attracted by TCR's dominant position in a niche market underpinned by attractive sector fundamentals and contractual agreements that provided significant cash flow stability.

Focus on Management

Following the acquisition, the DWS asset management team focused on reorganising the senior management team – including CEO succession and the appointment of a new CFO – and implementing an attractive incentive program to align shareholder and management interests. A new governance and control framework was established, with processes and reporting enhanced to meet best-in-class standards.

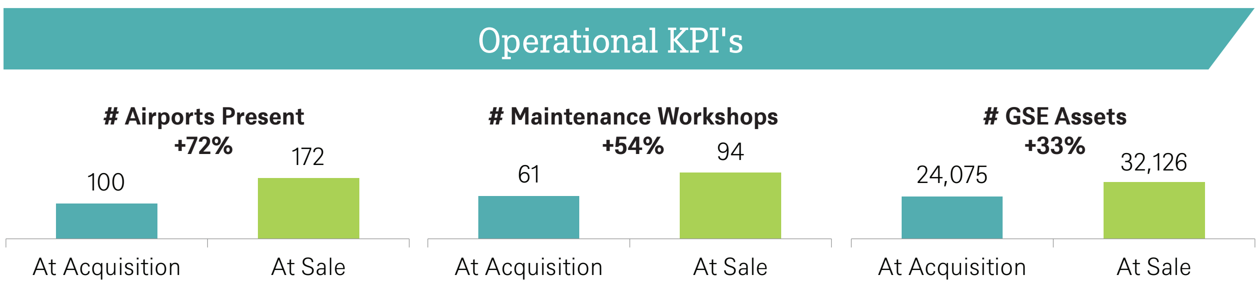
Focus on Risk Reduction

The team undertook a complete overhaul of the company's health & safety and compliance culture, as well as developing a clear sustainability strategy that supported the achievement of both airports' and airlines' decarbonisation targets. A long-term investment grade financing platform was also put in place.

TCR remained exceptionally resilient throughout the Covid-19 pandemic. In the peak of the crisis – when air traffic movements dropped by c.80% versus pre-pandemic levels – there was limited impact on TCR's EBITDA. This outperformance was made possible by TCR's medium to long-term contracts, which insulated the company from volume risk given the high proportion of availability-based revenues.

Focus on Growth

Throughout its ownership, the DWS asset management team actively supported growth initiatives. These included TCR's geographic expansion in Australasia with the acquisition of Emerge (an Australian company) and subsequent roll-out of its rental business model in New Zealand. In Europe, TCR consolidated its market leading position in the French market through the acquisition of Aerolima, a key local competitor. TCR also expanded its operations organically, establishing successful new platforms in the US, the Middle East, and across APAC.



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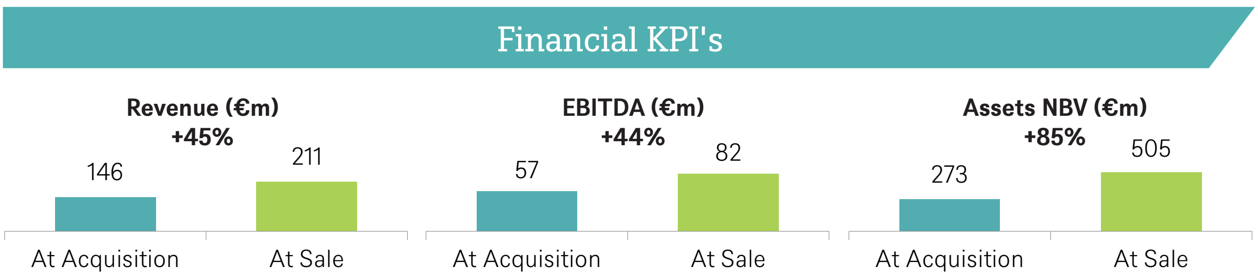
Focus on ESG

TCR embodied strong ESG characteristics which were highlighted during DWS's ownership period. Focus was placed on further electrifying TCR's motorised GSE fleet and a specific contract-pricing mechanism was added to internal procedures to consider for this. More broadly, through TCR's pooling services at airports, unnecessary emissions from overlapping fleets are removed.

Exit

TCR enjoyed strong market interest throughout the holding period, with potential buyers attracted by the defensive business model and strong potential for growth globally. The company's resilience throughout the pandemic reinforced buyer interest, including from DWS's joint-venture partner. DWS engaged an investment bank to initiate a dual track process, sounding the market and preparing for a broader auction process while also engaging with 3i Infrastructure, creating competitive tension. As a result, the team secured a significant price premium from 3i Infrastructure, resulting in a valuation materially above what we would have expected via an auction process.

The October 2022 exit generated a Net IRR of 14.7%, a 2.6% cash yield, a multiple on invested capital of 2.2x and a 20% premium to holding NAV[5].



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Case Study 3 – Rimorchiatori Mediterranei (RM): how did we deliver?[6]

Equity Story

DWS's infrastructure business identified harbour towage as an attractive segment of the infrastructure market after previous investments in seaports. In 2017, PEIF II acquired a 35% stake in Rimorchiatori Mediterranei ("RM"), the leading harbour towage operator in Italy, making DWS the first financial investor to enter in this sector in Europe. The DWS team, in partnership with RM's majority shareholder Rimorchiatori Riuniti (RR), aimed to support the growth ambitions of RM to become a global leader in the harbour towage sector.

Focus on Management

Following investment, DWS employed an active asset management approach to drive growth and resilience in the business. Key initiatives included the carve out of RM from RR, as well as the reorganisation of the senior management team, with the appointment of new independent CEO and CFO.

Focus on Risk Reduction

The DWS asset management team secured the extension of the Malta concession until 2035, as well as the renewal of the Genoa concession in 2022 for an additional 15 years and in line with previous economic conditions. As Malta and Genoa represent the two largest contracts in RM's European portfolio, their extension significantly increased the average remaining life of RM's concession relative to acquisition.

The team also overhauled the company's ESG, health & safety and compliance culture, and aligned them to DWS' standards.

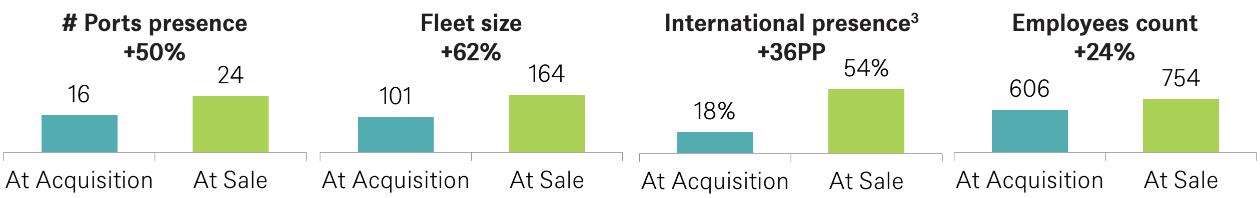
Finally, the business was successfully refinanced following the renewal of the Genoa concession and in conjunction with the acquisition of Keppel Smit Towage (KST), with €190 million financing put in place, including capex and working capital facilities to support RM's growth.

Focus on Growth

DWS identified and effectively implemented the acquisition expansion strategy with successful add-on acquisitions both in Italy and internationally, with transactions in Greece and Colombia in addition to the transformative acquisitions of KST and Maju Maritime in Singapore and Malaysia.

Over a 5-year ownership period, the business transitioned from a family-owned, Mediterranean-based company, into an independent global leader in harbour towage, with a diversified geographic presence, a long-term portfolio of concessions and a structured organisation supporting the business growth.

Operational KPI's



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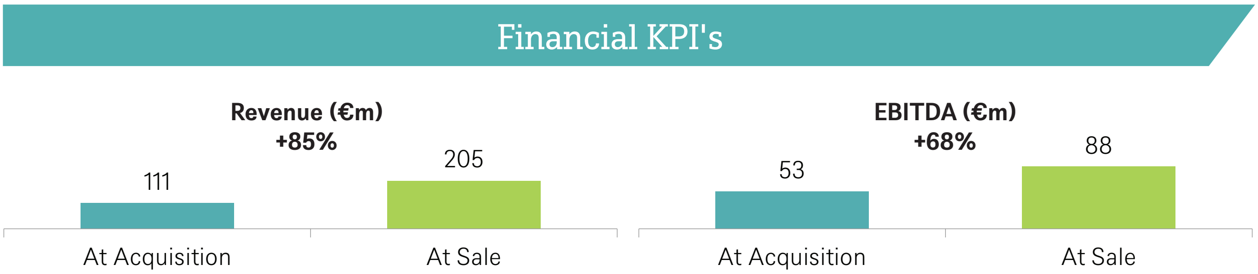
Exit

The market has always demonstrated a strong interest in RM, due to its attractive business model and potential for further international expansion. Following the DWS decision to launch a sale process for its stake, RM's co-shareholders agreed to launch a joint process for a 100% sale, demonstrating the strong relationship and alignment with the industrial partner. This combined sale enhanced the attractiveness of the process and enlarged the universe of potential buyers.

The DWS team began to prepare RM for sale via a formal auction process in 2022, at which point MSC, one of the leading global shipping companies, submitted an unsolicited offer. This approach increased the competitive tension and resulted in a significant price premium from MSC relative to their initial offer.

The realisation of our investment in RM –which completed in April 2023 –generated a Net IRR of c.19%, with a multiple on invested capital of 2.1x, having delivered an average cash yield of 4.2% per annum during the hold period[7].



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Case Study 4 – Attero: how did we deliver?[8]

Equity story

The team identified Attero as an attractive investment target in 2017, given its positioning within an essential sector poised to benefit from secular tailwinds from circular economy trends and the increase in policy support for recycling and recovery of resources from waste. Attero – with its market leading position in the Netherlands and European reach –offered a diversified portfolio of asset based waste treatment services to its municipal, commercial and import clients, covering most of the non-hazardous waste streams, while delivering high operating profit margins bolstered by a quasi-oligopolistic regional market environment. With its scale and innovative approach to storage, Attero accepts waste throughout the calendar year, enabling the business to build its reputation as a reliable partner for its clients, as well as enabling it to optimise the 'gate fees' it receives to treat a wide variety of waste streams.

Focus on management

DWS agreed a management incentive plan with the CEO and Chairman of the board, ensuring retention and alignment with the realisation of returns for PEIF II; senior leadership was reinforced by a new CFO in 2022. Through its ownership, DWS worked extensively with management to re-align the organizational structure of the business to drive efficiency and deliver growth, empowering newly appointed business unit heads (e.g. EfW & Recycling, Organics and Landfill), and resulting in an external hire to lead the new EfW & Plastics unit, bringing the company additional technical and operational experience. This lean and flexible management team was well structured to support efficient decision making, with clear accountability and delegation of responsibility across reporting lines.

Focus on Risk Reduction

DWS repositioned Attero from a business highly reliant on UK waste (c. 80% of imports) to a pan-European operator treating waste from Italy, Germany, Ireland, and Belgium, amongst others. This diversification enabled the business to tap into markets with excess waste generation relative to treatment capacity, de-risking Attero's long-term waste supply strategy and improving its gate fee profile.

Attero successfully re-contracted its domestic commercial and industrial ("C&I") and municipal waste supply portfolio at very attractive gate fees, significantly de-risking the achievability of the business plan. In 2021 and 2022, Attero successfully renegotiated contracts with its 7 largest C&I suppliers and in 2023 the company re-won its largest municipal waste contract with the Limburg province, resulting in nearly all waste supply contractually secured in the long term.

DWS led the refinancing of the acquisition debt financing package a year post-acquisition with a long-term investment grade fixed rate portable debt package, which removed any refinancing risk from its investment in the company and provided the business with a common terms, multi-creditor debt platform with the flexibility to raise additional term debt to provide further liquidity to finance the capital expenditure program.

Finally, DWS supported the company's negotiations with the relevant local authorities with respect to its legacy landfill sites, to optimise its balance sheet liabilities once these landfills reverted to public ownership post-closure, providing greater certainty for the next owner.

Focus on growth

DWS identified and executed investments in both Attero's existing treatment plants and new growth projects, investing c. EUR 340 million of capex to establish a state-of-the-art asset base, significantly enhancing the EfW plants' availability and reliability performance while expanding margins by c. 15%. It also enabled the construction of a new separation facility at EfW Wijster – which sorts plastics from household waste into valuable monostreams – as well as the redesign of the plastic recycling plant to improve operational capacity and output quality.

Under DWS's ownership, Attero solidified its position as a leader in the organic waste treatment market in the Netherlands. DWS approved construction of a new organic waste treatment and composting hall at the Wijster site in 2020 that resulted in an increase of 90 KTons of organic waste treatment capacity. DWS also supported Attero's efforts to expand into biomethane production, aligned with the EU's decarbonisation and energy security priorities; together, DWS and the management team

[8] Source: DWS Alternatives Global Limited as at 31 December 2023.PEIF II is closed for new investors. Past performance is not a reliable indicator of future returns.

developed a roadmap to triple the company's biomethane production on existing sites in the Netherlands, as well as expanding into new feedstocks and adjacent markets.

As a result of the value creation initiatives during DWS' ownership, Attero's EBITDA generation almost doubled.

Focus on ESG

Carbon neutrality is key to Attero's long term business model. DWS collaborated with Attero to develop plans for two carbon capture and storage facilities to collect a combined 700 kilotons of carbon/year, allowing Attero to become fossil carbon neutral. Plans for the first of these facilities were sufficiently advanced that Attero applied for a 15-year long carbon offtake subsidy to support the construction.

DWS also worked with Attero to improve its carbon profile by developing solar photovoltaic panels on its closed landfill sites, with 70MW of combined renewable energy generation capacity now under construction and a further c. 100MW of capacity planned in the near term.

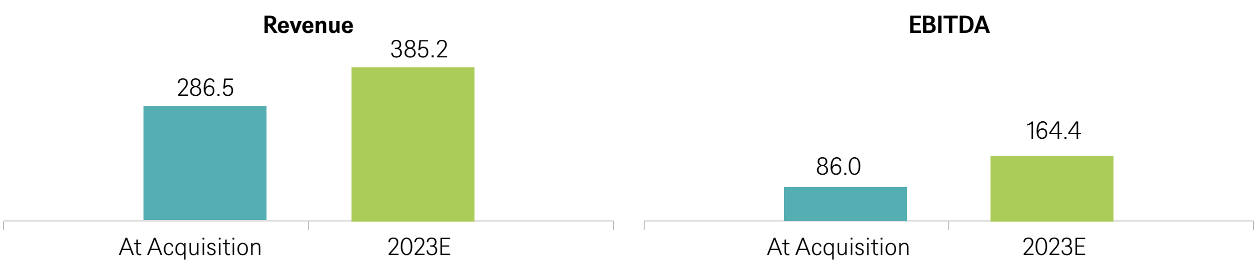
Exit

The waste sector makes a fundamental contribution to the transition to a European circular economy; this was underpinned by Attero's strong financial performance and demonstrated resilience during the Covid-19 pandemic. With significant inbound buyer interest, DWS and 3i decided to launch a joint sale process for Attero at the beginning of Q2 2023. There was strong interest from a range of financial and strategic buyers, resulting in a two-stage auction process in which Ardian was ultimately selected as the best party to deliver an exit for PEIF II and 3i and to support Attero's growth ambitions going forward.

The realisation of Attero delivered returns substantially in excess of the Fund's target. The Transaction generated a Gross IRR of 22.5% with a gross multiple on invested capital of 2.7x; under DWS stewardship Attero generated €110 million in distributions for the Fund, resulting in an average cash yield of 10.1%.

Following the Transaction, over 115% of total capital has been returned to PEIF II investors with four assets remaining in the portfolio.

Financial KPI's



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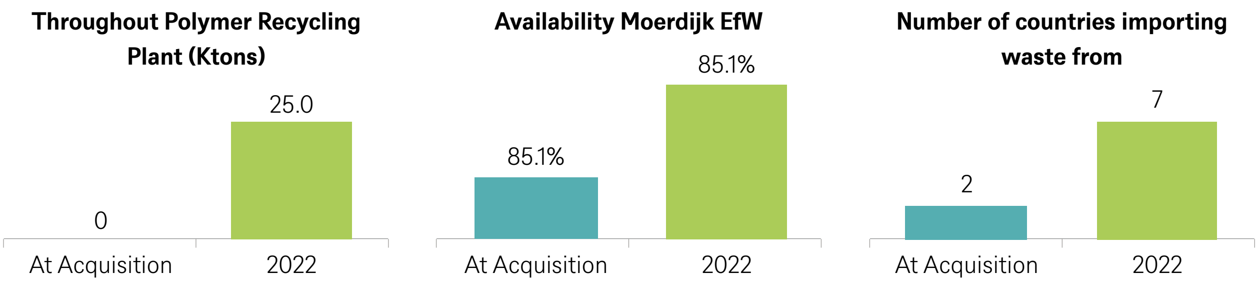
Operational KPIs



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Contributors

Harold d'Hauteville
Partner, Head of Infrastructure Equity, Europe

Pablo Morales-Sola
Investment Manager, Infrastructure

Scott Auty
Partner, Infrastructure

Pelayo Canosa
Investment Manager, Infrastructure

Walter Manara
Partner, Infrastructure

Miguel Costa
Partner, Infrastructure

Isabelle Caumette
Senior Principal, Infrastructure

Marco Masiero
Investment Associate, Infrastructure

Disclaimer

Disclaimer Risk Warning - Infrastructure

An investment in infrastructure involves a high degree of risk, including possible loss of principal amount invested, and is suitable only for sophisticated investor who can bear such losses. Infrastructure investments will be susceptible to adverse economic, business, regulatory or other occurrences affecting infrastructure assets.

Investments are subject to various risks, including market fluctuations, regulatory change, possible delays in repayment and loss of income and principal invested.

The value of investments can fall as well as rise and you may not recover the amount originally invested at any point in time. Furthermore, substantial fluctuations of the value of the investment are possible even over short periods of time.

The operation and cash flows of infrastructure debt obligors may depend, in some cases to a significant extent, upon prevailing market prices for commodities such as oil, gas, coal, electricity, steel or concrete. Investments in commodities are subject to risk, including possible loss of invested capital. The price of commodities (e.g. raw industrial materials such as gold, copper and aluminium) may be subject to substantial fluctuations over short periods of time and may be affected by unpredictable international monetary and political policies. Additionally, valuations of commodities may be susceptible to such adverse global economic, political or regulatory movements, regulatory changes, economic changes and adverse political or financial factors could have a significant impact on performance.

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Past performance is not a prediction of future performance but is included to demonstrate the track record of DWS's infrastructure team in. The return information is subject to a number of risks and uncertainties, many of which are beyond the control of DWS, including, but not limited to, the acts and conduct of third parties and general economic, financial, and political events and conditions.

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