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Unlocking Infrastructure's Full Potential Through Co-Investing

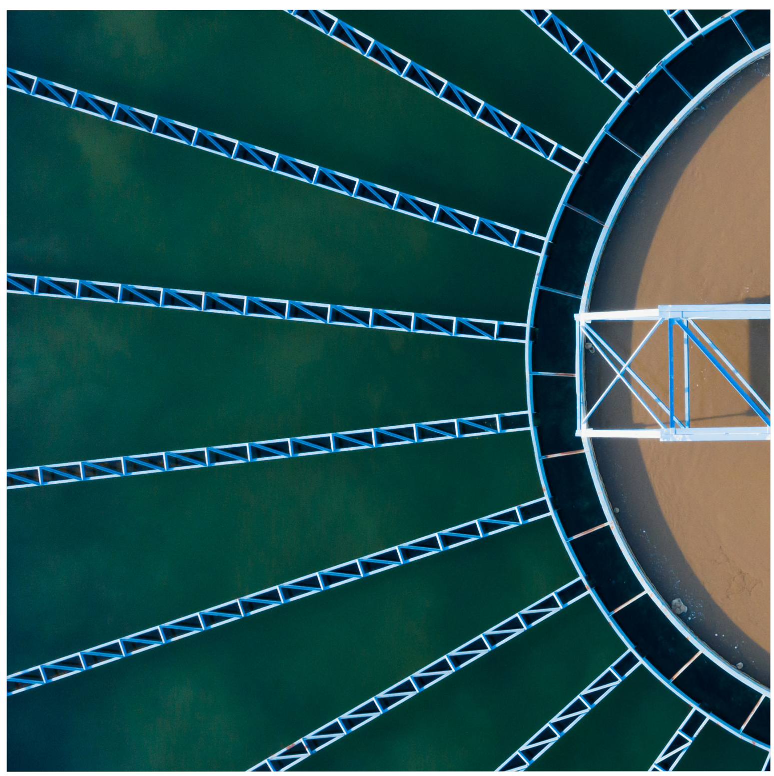
Introduction

Infrastructure investments remain a key priority for institutional investors in Europe, where demand for digital connectivity, renewable energy, and circular economy solutions is driving capital into essential assets. Co-investing provides a direct path to these high-quality assets while frequently maintaining control over strategy, fees, and capital deployment. However, executing these investments successfully requires deep market expertise, strong relationships, and a disciplined approach.

While institutional investors have traditionally relied on primary fund commitments, secondaries, or direct investments to access infrastructure, co-investing offers a compelling alternative, combining many of the strengths of those approaches while potentially minimizing common drawbacks. Co-investments can provide lower fees and carry, faster capital deployment, greater control over portfolio construction, and broad market access with strong execution certainty. In addition, co-invest portfolios often offer a higher degree of diversification by spanning multiple sectors, geographies, and sponsors.

In today's environment, where efficiency, transparency, and alignment matter more than ever, co-investing stands out as a flexible and cost-effective way for LPs to access high-quality infrastructure assets.

Through real-world case studies shared by GCM Grosvenor, a global alternative asset solutions provider, this article explores how co-investing is shaping infrastructure portfolios across Europe, providing long-term value in critical sectors.



Select risks include: *macroeconomic risk, sourcing risk, investment selection, portfolio diversification, management risk, execution of value creation plan, risks related to reliance on third parties, and risks related to the sale of investments .*

No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

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Advancing Energy Transition: Co-Investment in a European Renewable Energy Platform

Capitalizing on Onshore Wind Repowering Across Europe

As Europe continues to be a leader in global energy transition, onshore wind repowering has become a key focus for sustainable infrastructure investment. Many of the region's existing wind assets are aging, requiring capital for upgrades that enhance efficiency and extend asset life.

A co-investment in a European wind energy platform, developed by a renewable energy-focused private equity firm, provided an opportunity to participate in this transition. By leveraging government-backed subsidies, the investment mitigated risk while positioning investors to benefit from Europe's decarbonization policies.

Key Investment Considerations:

The deal was sourced through an exclusive relationship with a specialist sponsor, which had spent years developing the opportunity in the European market.

The investment was structured on a no-fee, no-carry basis, enhancing capital efficiency and increasing net returns for investors.

A structured investment approach reduced downside risk while aligning with the European Union's renewable energy targets.

By repowering existing infrastructure rather than developing greenfield projects, the investment strategy seeks to optimize returns while reducing environmental impact.

Takeaway

We believe this investment reflects how institutional investors can capitalize on Europe's commitment to net-zero emissions while maintaining a risk-adjusted profile.

Building a Digital Infrastructure Platform: Co-Investment in a Leading Data Center Operator

Gaining Exposure to High-Growth Digital Infrastructure

As Europe accelerates its digital transformation, institutional investors are seeking opportunities to participate in the growth of cloud computing, AI, and data-driven industries. A co-investment in a major data center platform—operating across North America, Europe, and the Asia-Pacific region—provided a structured way to gain exposure to this expansion.

By partnering with a specialized digital infrastructure sponsor, the investment aligned with the company's growth strategy, supporting capital-intensive initiatives such as sustainability enhancements and operational scaling. The investment was made before the sponsor had established a fund, which enabled enhanced governance and facilitated the deployment of capital into the data center platform as it expanded.

Key Investment Considerations:

- The investment provided exposure to the European data infrastructure market, which continues to see rapid expansion.
- Expertise in telecommunications and data infrastructure enabled efficient due diligence and execution.
- Governance participation, including board representation, ensured active oversight and alignment with investment objectives.

Takeaway

By thoughtfully structuring the investment, institutional investors gained access to an essential infrastructure asset while maintaining flexibility in capital deployment. Through GCM Grosvenor's deep relationships, institutional investors gained early access to an expanding platform of essential digital infrastructure assets, enabling exposure in a growing subsector with significant tailwinds.

Sustainable Waste Management: Co-Investment in a Leading European Waste Management and Recycling Company

Investing in Circular Economy Infrastructure

As European governments implement stricter sustainability regulations and circular economy policies, waste management and recycling infrastructure are becoming increasingly attractive investment opportunities. A co-investment in a leading waste management platform provided an opportunity to support critical infrastructure while benefiting from favorable regulatory shifts promoting recycling and waste reduction.

Key Investment Considerations:

- Partnered with an energy and environmental infrastructure-focused sponsor to acquire a major European waste management business.

- Identified early on that EU policy changes, such as extended producer responsibility (EPR) regulations, would drive investment in sustainable waste infrastructure.

- The investment was structured on a no-fee, no-carry basis, seeking to maximize capital efficiency and enhancing net returns.

- Applied sector expertise to conduct swift due diligence and structure the investment efficiently.

Takeaway

By aligning with Europe's circular economy initiatives, this co-investment provided exposure to an essential, recession-resilient sector that is benefited by regional sustainability priorities.

Strategic Gateway: Co-Investment in a Leading European Airport Platform

Participating in Europe's Transportation Backbone

A co-investment in one of the largest European airport platforms in a major European market provided GCM Grosvenor and its clients with access to essential infrastructure characterized by strong downside mitigation and long-term growth potential.

The platform controls several major airports and handles a significant portion of the market's air traffic. It also holds a dominant share in cargo throughput. The investment was made alongside an experienced European infrastructure sponsor with a track record of managing complex public-private partnerships.

Key Investment Considerations:

Provided access to a nationally significant infrastructure platform with strong market positioning and broad geographic reach.

Benefited from a stable regulatory framework offering downside mitigation and the potential for upside through commercial revenue streams.

Featured predictable cash flow generation and attractive yield characteristics, supported by long-term operating agreements.

Executed alongside a specialist infrastructure sponsor with relevant sector expertise and strong stakeholder relationships.

Structured to limit risk through governance rights, disciplined underwriting, and detailed due diligence on key performance drivers.

Takeaway

We believe this co-investment exemplifies how institutional investors can access critical European infrastructure with strong regulatory visibility, inflation-linked income, and limited development risk, while supporting the modernization of one of Europe's key transportation networks.

Why Choose a Co-Investment Fund

Compared to a traditional primary fund, a co-investment fund may offer structural advantages that appeal to institutional investors focused on capital efficiency and allocation flexibility. For example, co-investment funds often involve reduced management and performance fees, which can impact net returns and support cost-effective portfolio construction. Additionally, the structure allows for greater discretion in project selection, enabling alignment with portfolio objectives and targeted exposures.

Another characteristic is the potential for faster capital deployment, supported by a pipeline of opportunities developed through established industry relationships.

For these reasons, co-investments, whether direct or through a dedicated fund, can serve as a complementary approach to building infrastructure exposure, with potential benefits related to cost, control, and access.

The Evolution of Infrastructure Co-Investing in Europe

These case studies highlight broader trends institutional investors should look for in an infrastructure co-investment partner:

Exclusive Access: Long-term relationships with sector specialists that provide direct access to high-quality opportunities.

Structuring Expertise: Negotiating favorable terms and aligning interests with lead sponsors remains critical to successful execution.

Sector-Specific Insights: A deep understanding of regulatory dynamics to better inform sector-specific investment decisions.

Active Governance: Board participation and continuous portfolio monitoring help keep investments on track.

With demand for infrastructure investments at an all-time high globally, co-investing provides institutional investors with a way to deploy capital efficiently while seeking to maintain control over risk and exposure. As these examples illustrate, infrastructure co-investments are not just about providing capital - they require strategic partnerships, industry expertise, and disciplined execution to generate long-term value.

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About GCM Grosvenor

GCM Grosvenor (Nasdaq: GCMG) is a global alternative asset management solutions provider with approximately $80 billion in assets under management across private equity, infrastructure, real estate, credit, and absolute return investment strategies. The firm has specialized in alternatives for more than 50 years and is dedicated to delivering value for clients by leveraging its cross-asset class and flexible investment platform.

GCM Grosvenor's experienced team of approximately 550 professionals serves a global client base of institutional and high net worth investors. The firm is headquartered in Chicago, with offices in New York, Toronto, London, Frankfurt, Tokyo, Hong Kong, Seoul, and Sydney. For more information, visit: **www.gcmgrosvenor.com**.

Our Locations

Headquarters
Chicago
+1-312-506-6500

900 North Michigan Avenue, Suite 1100, Chicago, IL 60611

New York
+1-646-362-3700

Toronto
+1-647-417-7361

London
+44-0-20-3727-4450

Frankfurt
+49-69-5899-6526

Tokyo
+81-3-5573-8110

Hong Kong
+852-2452-9400

Seoul
+82-2-2158-8500

Sydney
+61-499-298-820

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