

FUNDTRACKER TRENDWATCH

H1/18 first look

Infra funds closed Q2/18 take H1/18 past previous years

Quick now. Everyone send a wish to the infrastructure spirits that the fundraising seen in the first half of 2018 continues on pace. If it does, we could be looking at a record-breaking year. At

the very least, we should be seeing one of the best years in many.

Infrastructure funds closing in the first half of 2018 raised \$34.8 billion. This is just a bit more than the \$34.1 billion raised in the first half of 2017. The real difference, however, is not so much in the total raised, but in how it was raised. In 2017, one fund — the \$15.8 billion Global Infrastructure Partners III — accounted for 46 percent of all capital raised in the first half. In 2018, it took four

funds, or 21 percent of the 19 funds that closed, to reach that 47 percent. Twenty funds closed in the first half of 2017, so that one fund represents only 5 percent of that total.

The second quarters of 2015 and 2016 saw a significant fall off of capital raising when compared to the first quarters of each year. The second quarter of 2018, however, saw more

than twice the amount of capital closed in the second quarter than the first— \$24.2 billion versus \$10.6 billion.

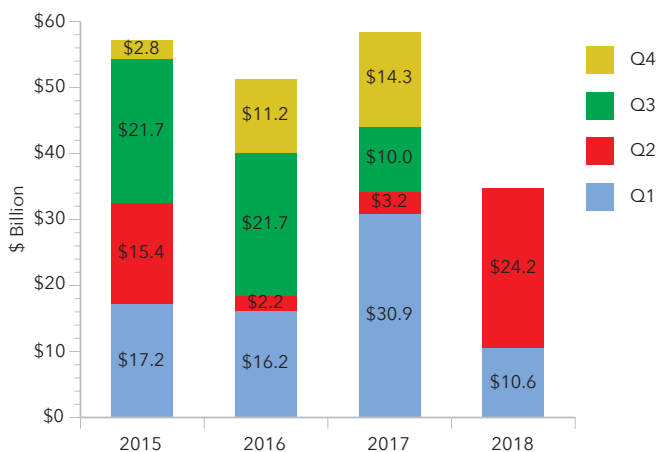
During the past few years, we have seen a high of 58 percent (2017) and a low of 36 percent (2016) of the year's total raised in the first half. If we use those two percentages to extrapolate how much capital could be raised by the end of 2018, we come up with a prediction of \$59.7 billion to \$96.8 billion. However, 2016, which gave us the top number of our range, was really an outlier when it comes to the amount of capital closed in the first half, so it is likely the total will be closer to \$60 billion than \$97 billion. But we can dream, can't we?

Whether 2018 reaches or surpasses the totals of previous years will depend on the mega-funds — those funds that raise \$2 billion or more. So far in 2018, 72 percent of the capital raised by closed funds was committed to one of these mega funds. In 2016 and 2017, 82 percent and 71 percent of the total year capital raised, respectively, was by mega-funds.

The first half 2018 data will likely change as additional fund closings are announced, but it is safe to say that mega-funds are getting ever more mega, and ever more dominant. How go the mega-funds, so goes the industry.

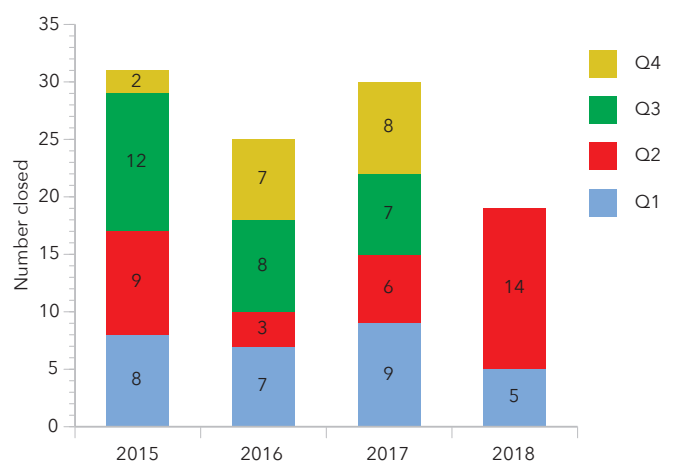
- 70% of infra capital closed in H1/18 closed in second quarter
- Five funds account for 60% of total H1/18
- Infra funds closed in H1/18 were on offer an average of 19.4 months

Capital raised by funds closing each quarter (\$B)



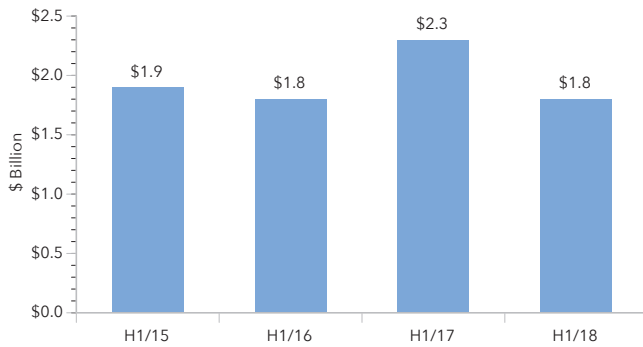
Source: IREI FundTracker

Number of funds closed each quarter



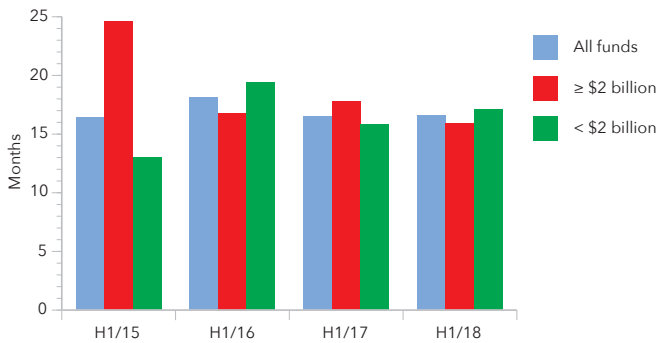
Source: IREI FundTracker

Average size of funds closed in first half



Source: IREI FundTracker

Time in market for funds closing first half



Source: IREI FundTracker

Largest funds closed H1/18

Fund Name	Total Raised	Region
ISQ Global Infrastructure Fund II	\$6.50 billion	Global
Copenhagen Infrastructure III	\$4.33 billion	Global
Partners Group Direct Infrastructure 2016	\$3.70 billion	Global
Macquarie Asia Infrastructure Fund 2	\$3.30 billion	Asia Pacific
Infracapital Partners III	\$2.50 billion	Europe

Source: IREI FundTracker

Information in this report has been drawn from IREI's proprietary FundTracker database. Online subscriptions are available. Click [here](#) for more information.

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IREI Infrastructure News

- [ArcLight Capital Partners](#) has launched ArcLight Energy Partners Fund VII, which will invest across the energy industry with a focus on energy and infrastructure assets throughout North America, specifically ones with substantial growth potential, significant current income and meaningful downside protection.
- [Macquarie Infrastructure and Real Assets](#) has announced a final close of Macquarie Super Core Infrastructure Fund Series 1, with €2.5 billion (\$2.9 billion) of investor commitments, exceeding its initial minimum target of €1.5 billion (\$1.8 billion).
- [Starwood Energy Group Global](#) has held a final closing for its latest fund, Starwood Energy Infrastructure Fund III (SEIF III), with total capital commitments of more than \$1.2 billion.
- [Manulife](#) announced the closing of approximately \$2 billion in capital commitments to the John Hancock Infrastructure Fund, which provides third-party investors the opportunity to invest alongside Manulife's General Account in direct private equity investments and co-investments in the infrastructure sector in the United States.
- [Harrison Street](#) has launched the Harrison Street Social Infrastructure Fund, an open-ended fund that will invest in social infrastructure assets throughout the United States.

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