

Fundraising report

Fundraising sees drop-off from Q2/2021

by Sheila Hopkins

Following a significant uptick in the second quarter, private equity infrastructure fundraising activity fell back to a more normal level in Q3/2021, according to the i3 fundraising database. Despite trailing Q2/2021, the third quarter still came in well ahead of Q3/2020. By the end of Q3/2021, 12 funds had raised more than \$22.5 billion in equity capital. This is about 37 percent less than the \$35.6 billion raised through 16 fund closings in the second quarter, but 41 percent more than the \$15.9 billion raised a year ago in Q3/2020.

The funds closed in Q3/21 were relatively small when compared to the surge in megafunds we have become accustomed to. Just four of the 12 reached \$2 billion or more. Only one, the \$6.9 billion Macquarie Infrastructure Partners V (MIP V), raised more than \$3 billion. The MIP V is a global fund with a wide-ranging strategy focused on communications, telecoms, energy, ports, transportation, utilities, waste and water.

FUNDRAISING ACTIVITY		
Period	No. of Funds	Volume (\$B)
Q1/19	10	\$24.5
Q2/19	10	\$17.2
Q3/19	9	\$9.0
Q4/19	10	\$43.0
2019 Totals	39	\$93.7
Q1/20	14	\$40.1
Q2/20	9	\$14.0
Q3/20	7	\$15.9
Q4/20	13	\$16.2
2020 Totals	43	\$86.2
Q1/21	10	\$14.6
Q2/21	16	\$35.6
Q3/21	12	\$22.5
2021 Totals	38	\$72.7

Source: Institutional Real Estate, Inc.

The other three large funds include Vauban Infrastructure Partners' \$3.0 billion Core Infrastructure Fund III, which has a focus on brownfields, energy, IT and social infrastructure in Europe; the \$2.8 billion Stonepeak Global Renewables Fund, which has a name that tells you everything you need to know; and the \$2.7 billion Meridian Sustainable Infrastructure European IV fund, which is a diversified fund focused on energy, greenfields, social infrastructure and transportation in Europe.

Of the 12 funds that closed in Q3/21, seven are focused on Europe, three are global, one has a mandate to invest in Africa and one is investing in both Europe and Asia. None are focused on the United States. This lack of interest in the United States might change in the future, however. The recently enacted \$1 trillion Infrastructure Investment and Jobs Act includes provisions that encourage public-private partnerships, which could make all the difference when it comes to piquing investment managers' interest. For example, the legislation doubles private activity bond (PAB) volume for surface transportation projects to \$30 billion from \$15 billion, a central financing tool for P3 projects that lowers the cost of financing and encourages private interest. The bill also allows the use of PABs for broadband and carbon-capture projects. In addition, the Act requires value-for-money analysis of certain projects, which could theoretically show that P3s are a better deal than full public financing. If the United States becomes more welcoming to P3s, we'll undoubtedly see more funds looking to take advantage of the opportunity.

Despite a drop-off in Q3/2021 fundraising when compared with the second quarter, 2021 is well on its way to exceeding 2020's total, and could conceivably outpace 2019, when more than \$93 billion was raised. Every year since at least 2018 has had a \$40 billion-plus quarter. We have not yet seen that level in 2021, but fund closings for Q4/2021 are just beginning to be captured by the i3 fundraising database. If Q4/2021 breaches the \$40 billion mark, our next fundraising report will be examining a record year. ❖

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Closed funds

FIRM PRODUCT	CLOSE DATE	INVESTMENT STYLE/ FUND STRUCTURE	PROPERTY TYPE FOCUS	MARKET FOCUS	SIZE (M)
Cube Infrastructure Managers Connecting Europe Broadband Fund	7/6/21	Core Closed-end fund	Communications, telecoms	Europe	\$658
Foresight Group Foresight Energy Infrastructure Partners (FEIP)	9/16/21	Closed-end fund	Energy, renewable	Europe	\$1,004
Macquarie Infrastructure and Real Assets Macquarie Infrastructure Partners V	7/28/21	Closed-end fund	Communications, energy, ports, telecoms, transportation, utilities, waste, water	Global	\$6,900
Meridiam Infrastructure Managers Meridiam Sustainable Infrastructure European IV	9/16/21	Closed-end fund	Diversified, energy, greenfield, social infrastructure, transportation	Europe	\$2,714
Meridiam Infrastructure Managers Meridiam Infrastructure Africa Fund II	9/16/21	Closed-end fund	Energy, renewable, social infrastructure, transportation	Africa	\$590
Mirova Land Degradation Neutrality Fund	7/2/21	Closed-end fund	Agriculture, social infrastructure	Asia, Europe	\$208
Northleaf Capital Partners Northleaf Infrastructure Capital Partners III	7/20/21	Closed-end fund	Brownfield	Global	\$1,400
Qualitas Equity Q-Energy IV	7/21/21	Closed-end fund	Energy, renewable	Europe	\$1,298
RGreen Invest InfraGreen IV	7/8/21	Closed-end fund	Brownfield, debt, energy, greenfield	Europe	\$790
Schroders Schroder Euro Enhanced Infrastructure Debt Fund II (Julie II)	7/20/21	Closed-end fund	Brownfield, debt, energy, renewable, transportation, water	Europe	\$1,180
Stonepeak Infrastructure Partners Stonepeak Global Renewables Fund	7/14/21	Closed-end fund	Renewable	Global	\$2,750
Vauban Infrastructure Partners Core Infrastructure Fund III	7/1/21	Core Closed-end fund	Brownfield, energy, IT, social infrastructure	Europe	\$2,982

Source: Institutional Real Estate, Inc.

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