

FUNDTRACKER TRENDWATCH

Q2/16 first look

Infrastructure waiting for the behemoths to close

Early numbers are in for infrastructure investment funds closing in second quarter 2016 — and it appears that the mega-mega-funds waiting in the wings to close have vacuumed up nearly all the available capital in the market.

Seven funds held final closings in the second quarter, which is the same number closing in first quarter 2016, and close to the number closing second quarter 2015 (nine). The amount of capital raised, however, fell significantly.

Second quarter 2015 saw funds closing with an aggregate total of \$17.2 billion. First quarter 2016 saw a bit less raised — \$16.2 billion — but still in the ballpark. Preliminary data on

second quarter 2016, however, indicates that only \$5.9 billion in capital was raised by funds closing in that time frame.

When comparing the first half totals for 2015 and 2016, we find that 17 funds were closed in first half 2015, while 14 closed during first half 2016. These funds raised an aggregate of \$34.3 billion and \$22.1 billion, respectively.

Although it is still early, and activity could pick up as the year goes along (we already know that Brookfield has closed a \$14 billion fund), right now it appears the market is slowing.

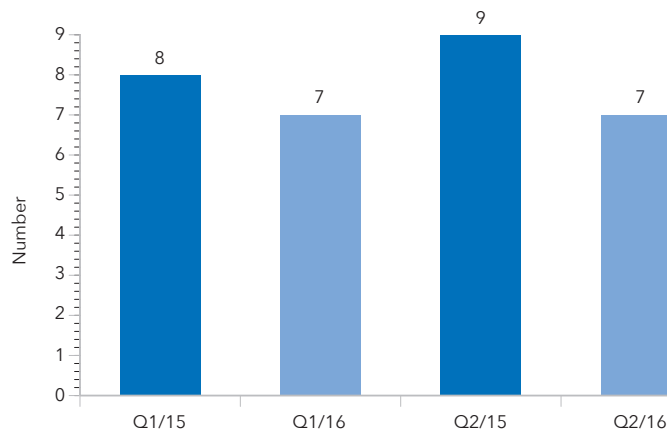
When looking at the first halves of 2013–2015, we see that between 56 percent and 62 percent of their annual fundraising came in the first half of the year. Using these percentages to extrapolate a total for 2016, we end up with a forecast of \$35.6 billion and \$38.8 billion raised by year-end 2016. This is way off the \$55.4 billion raised in 2015, as well as off the \$48.7 billion accumulated in 2014, which was considered a down year.

In addition, fewer funds have been launched YTD 2016 compared with the number launched during the same period in 2015 — 27 versus 35, respectively. Infrastructure looks to be an asset class that is quickly consolidating around a few behemoth funds that are able to raise enough capital to invest in a diversified portfolio of large, expensive assets.

When looking at favored regions, Europe is surprisingly strong. In the first half of 2016, five Europe-focused funds have closed, accounting for \$5.7 billion in capital raised. This Europe focus looks to continue, as 16 Europe-focused funds were launched during this period in 2015, and 12 have been launched YTD 2016.

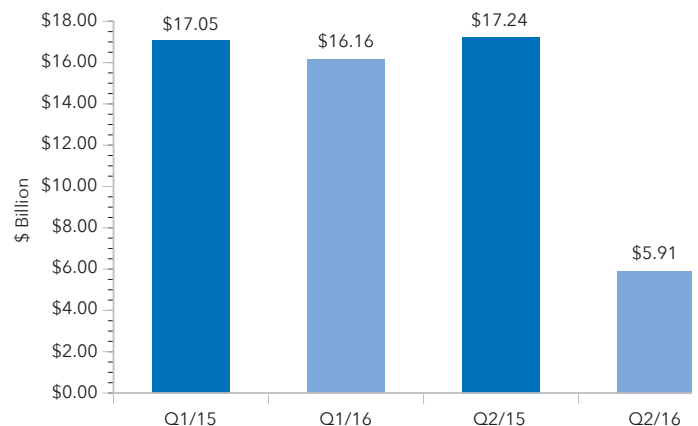
- \$5.9 billion raised by funds closing in Q2/16
- Q2/16 sees capital closed fall by 66 percent compared to Q2/15
- 27 funds launched in H1/16

Number of funds closed by quarter



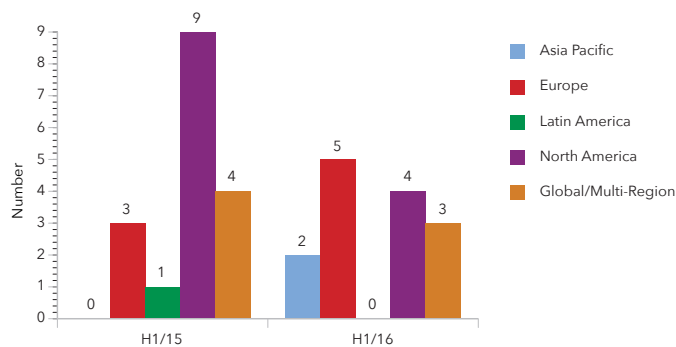
Source: IREI FundTracker

Capital raised at final closing by quarter (\$B)



Source: IREI FundTracker

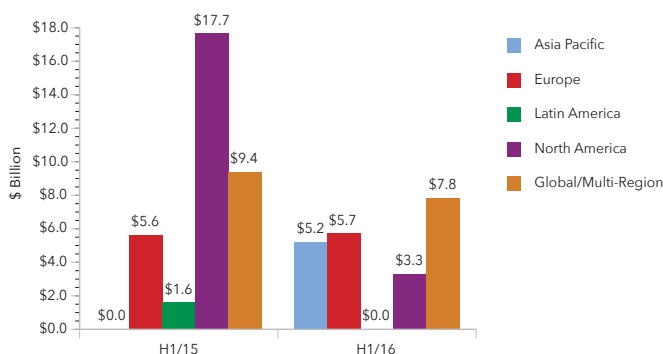
Funds closed by region — H1/15 and H1/16



Source: IREI FundTracker

Funds closed H1/15 or H1/16

Capital raised by region — H1/15 and H1/16



Source: IREI FundTracker

Funds closed H1/15 or H1/16

Largest infrastructure funds closed Q2/16

Fund Name	Total Raised	Region
Carlyle Power Partners II	\$1.50 billion	N. America
Meridiam Infrastructure European III	\$1.47 billion	Europe
Lime Rock Resources Fund IV	\$754 million	N. America
Waterton Mining Parallel Fund	\$750 million	Global
BCP Energy Services Fund, LP	\$750 million	N. America

Source: IREI FundTracker

Funds closed April 1–June 30, 2016

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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- [Alceda](#) has partnered with CBRE Clarion Securities to launch a new infrastructure fund, CBRE Clarion Funds SICAV - Global Listed Infrastructure Fund, to invest in a globally diversified portfolio of listed companies that derive a majority of their revenues or profits from the ownership, management, development or operation of long-term infrastructure assets.
- [Brookfield Asset Management](#) has announced the final close on Brookfield Infrastructure Fund III, raising \$14 billion of equity commitments.
- [Pensions Infrastructure Platform \(PiP\)](#), an infrastructure investment manager established for pension schemes to facilitate long-term investment into U.K. infrastructure, has made its first debt investment, providing £27.5 million (\$36.1 million) of inflation-linked debt financing to refinance a portfolio of 2,366 rooftop solar assets being arranged by Novatio Capital..
- [Legg Mason](#) has launched a global infrastructure income fund, Legg Mason IF RARE Global Infrastructure Income, to be managed by its Sydney-based specialist subsidiary RARE Infrastructure.
- [Natixis' SRI boutique Mirova](#) has raised €350 million (\$460 million) for its third renewable energy strategy, Mirova-Eurofideme 3, exceeding its initial target of €200 million (\$263 million).

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