

Mega Funds Dominate Unlisted Infrastructure Fundraising

Largest funds account for three-quarters of total global fundraising in 2016 and 2017 YTD

The recent launch of Blackstone Infrastructure I demonstrates the long-term trend towards capital concentration in the unlisted infrastructure market. Investors have looked to commit more capital to fewer fund managers, meaning that while fundraising as a whole is at record levels, the majority of it is secured by a small coterie of firms. Funds closing with \$1.5bn or more in investor commitments have accounted for three-quarters of the total capital raised in 2016 and 2017 so far – mega* funds alone account for half of 2017 YTD fundraising. Furthermore, the record for the largest-ever infrastructure fund has been broken twice in the past 12 months, by Brookfield Infrastructure Fund III in July 2016 and Global Infrastructure Partners III in January 2017.

For more information and analysis, see the *Infrastructure Mega Funds* factsheet below:

<https://www.preqin.com/docs/reports/Preqin-The-Rise-of-Infrastructure-Mega-Funds-May-2017.pdf>

Key Mega Infrastructure Fund Facts:

- **Blackstone Infrastructure I is targeting \$40bn for global infrastructure investments**, more than twice as much as any previous vehicle. The anchor commitment of \$20bn from Saudi Arabia's Public Investment Fund is the **largest single contribution of any investor to an infrastructure fund**.
- Large and mega unlisted infrastructure funds closed in 2016 secured \$47bn collectively, 74% of the global annual total. **Four funds have closed on more than \$1.5bn in 2017 YTD**, securing \$25bn – 76% of the industry total.
- By contrast, large and mega funds accounted for 56% of fundraising in 2015, and just 35% in 2012 and 2011.
- **The three largest unlisted infrastructure funds currently in market are targeting a combined \$50bn**, 34% of the total capital sought for the industry, and more than twice the amount targeted by small funds.
- **Preqin tracks 86 large or mega unlisted infrastructure funds that have closed historically**. Collectively, these vehicles have raised \$279bn from investors.
- Macquarie Infrastructure and Real Assets has raised nine large or mega infrastructure funds, the largest number, while ArcLight Capital Partners has closed five.

Tom Carr, Head of Real Assets Products:

"The unlisted infrastructure market is seeing an unprecedented boom in fundraising, with record annual fundraising seen in 2016, and 2017 on course to set a new record. This is being driven in large part by the closure of mega funds such as Global Infrastructure Partners III and the forthcoming Blackstone Infrastructure I. Investors are tending to commit more capital to fewer managers, so mega funds represent a greater proportion of overall fundraising activity. Investors may be attracted to the ability of the largest fund managers to procure attractive deal opportunities, as well as their proven track record in the asset class.

Infrastructure investments appeal to investors due to their ability to offer strong risk-adjusted returns, downside protection, and low correlation to other asset classes. The long-term nature of infrastructure projects aligns them with the investment objectives and horizons of large public-owned institutions such as sovereign wealth funds and public pension funds, while the scale of many modern infrastructure projects allows investors to deploy significant amounts of capital, as evidenced by PIF's record contribution."

***Preqin fund size classifications: Small ≤ \$500mn; Mid \$501-1,500mn; Large \$1,501-4,500mn; Mega ≥\$4,500mn**

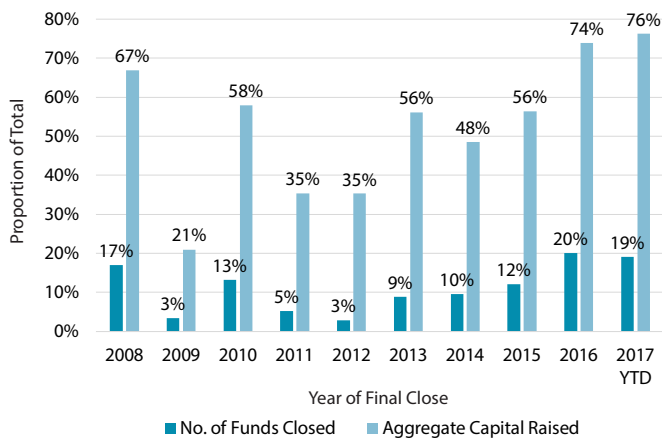
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THE RISE OF INFRASTRUCTURE MEGA FUNDS

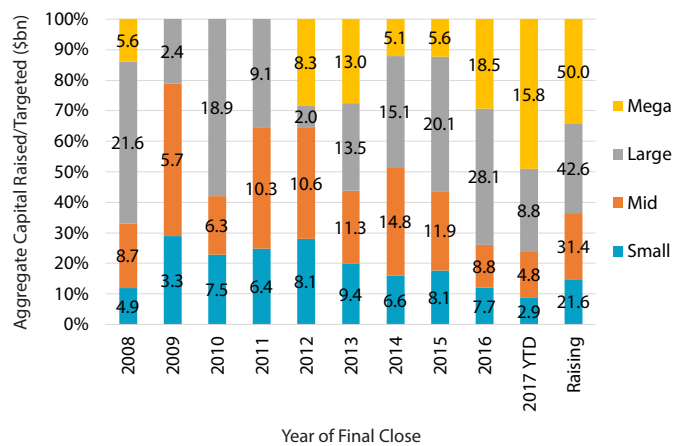
With alternative assets trending towards fewer, larger commitments to fund managers, capital concentration has increased, with the average size of funds reaching a final close rising year on year. As a result, large and mega funds* are now dominating the landscape, and with Blackstone entering the market with a \$40bn fund, this shows no signs of abating.

Fig. 1: Large- and Mega-Sized Infrastructure Fundraising as a Proportion of All Unlisted Infrastructure Fundraising, 2008 - 2017 YTD (As at May 2017)



Source: Preqin Infrastructure Online

Fig. 2: Capital Raised by Unlisted Infrastructure Funds by Size*, 2008 - 2017 YTD/Raising (As at May 2017)



Source: Preqin Infrastructure Online

Fig. 3: Five Largest Large- and Mega-Sized Unlisted Infrastructure Funds Closed, 2016 - 2017 YTD (As at May 2017)

Fund	Firm	Firm Headquarters	Final Size (mn)	Geographic Focus	Final Close Date
Global Infrastructure Partners III	Global Infrastructure Partners	US	15,800 USD	Global	Jan-17
Brookfield Infrastructure Fund III	Brookfield Asset Management	Canada	14,000 USD	Global	Jul-16
Macquarie European Infrastructure Fund V	Macquarie Infrastructure and Real Assets (MIRA)	UK	4,000 EUR	Europe	Sep-16
EQT Infrastructure III	EQT Funds Management	UK	4,000 EUR	Europe, North America	Feb-17
Antin Infrastructure Partners III	Antin Infrastructure Partners	France	3,600 EUR	Europe	Dec-16

Source: Preqin Infrastructure Online

Fig. 4: Five Largest Large- and Mega-Sized Unlisted Infrastructure Funds in Market (As at May 2017)

Fund	Firm	Firm Headquarters	Target Size (mn)	Geographic Focus
Blackstone Infrastructure I	Blackstone Group	US	40,000 USD	North America
Alinda Infrastructure Fund III	Alinda Capital Partners	US	5,000 USD	Europe, North America
MCPP Infrastructure	IFC Asset Management Company	US	5,000 USD	Emerging Markets
Macquarie Infrastructure Partners IV	Macquarie Infrastructure and Real Assets (MIRA)	UK	3,500 USD	North America
Copenhagen Infrastructure III	Copenhagen Infrastructure Partners	Denmark	3,000 EUR	Europe, North America

Source: Preqin Infrastructure Online

*Fund Size:
Vintage 1992 - 1996: Small ≤ \$200mn, Mid \$201-500mn, Large > \$500mn
Vintage 1997 - 2004: Small ≤ \$300mn, Mid \$301-750mn, Large \$751mn - \$2bn, Mega > \$2bn
Vintage 2005 - 2017: Small ≤ \$500mn, Mid \$501-1,500mn, Large \$1,501mn - \$4.5bn, Mega > \$4.5bn

For more information and analysis on unlisted infrastructure fundraising, or to request any other data, please email press@preqin.com or call +44 20 3207 0265.