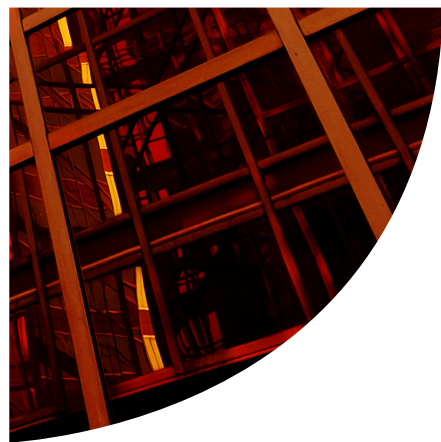
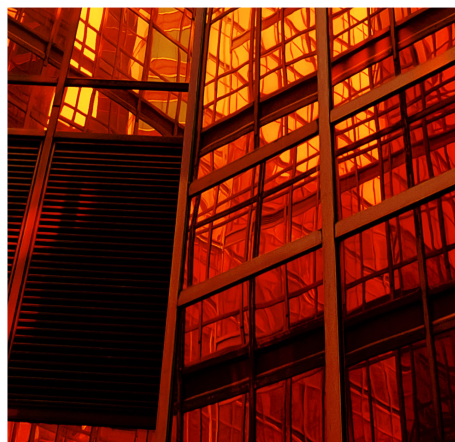


# Funds & Investors Report H1 2018



# Fundraising overview - H1 2018

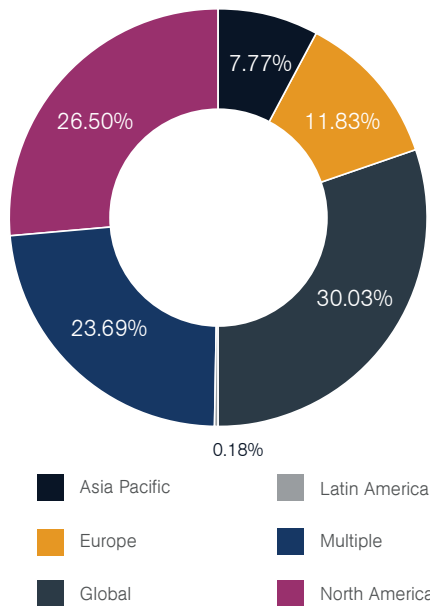
A total of 31 unlisted funds reached final close in the first half of 2018, raising \$44.3 billion to be invested across the global energy and infrastructure sectors through equity and debt, according to the IJInvestor database.

Analysis of the market shows that H1 2018 almost exactly mirrors activity in the corresponding half for 2017 when \$44.6 billion was raised.

Excluding the spike halves of H2 2016 and H1 2015 – when \$52 billion and \$50.6 billion was raised, respectively – this half shows a return to form, demonstrating continued confidence in, and appetite for, the asset class.

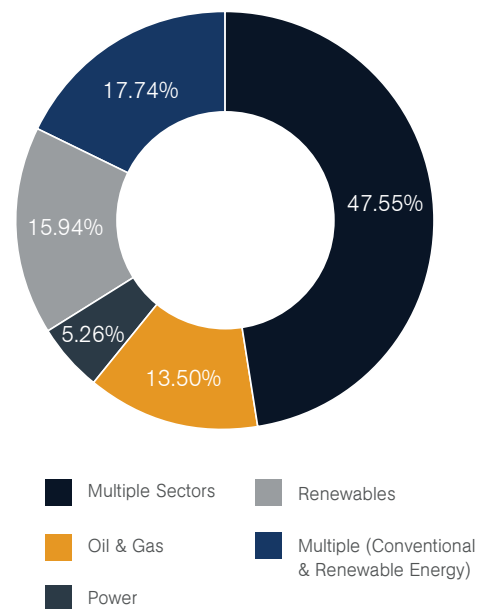
Taking a view across the table for funds raised around the globe from the start of 2015 to the mid-point of 2018, the average amount raised each half settles at \$39.6 billion.

## UNLISTED FUNDRAISING (USDm) H1 2018 GEOGRAPHIC TARGETS



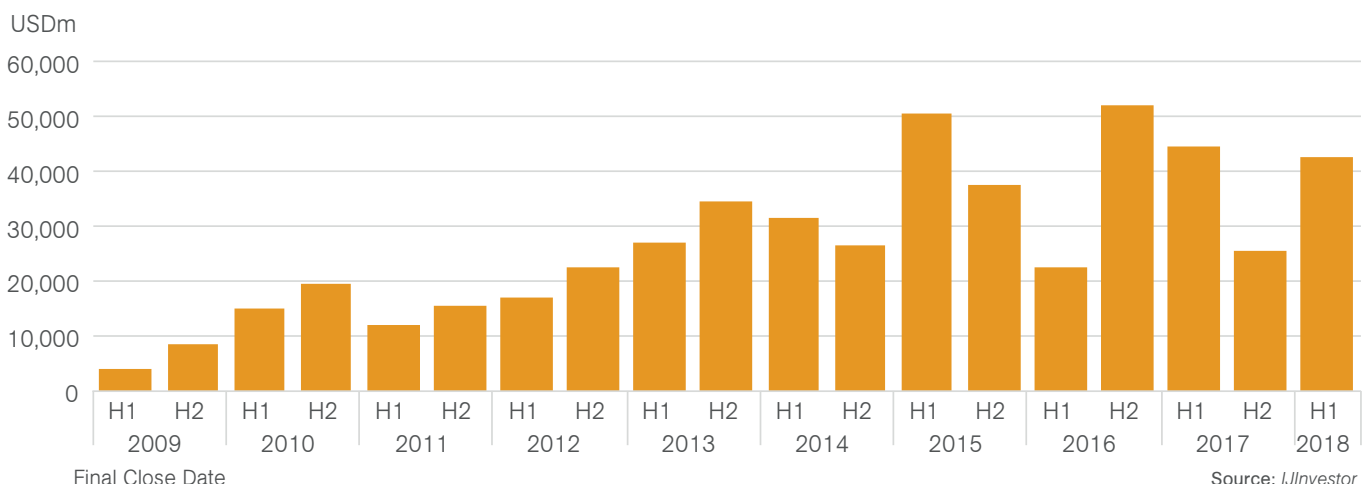
Source: IJInvestor

## UNLISTED FUNDRAISING (USDm) H1 2018 SECTOR TARGETS



Source: IJInvestor

## UNLISTED INFRASTRUCTURE FUNDRAISING GLOBALLY (USDm) 2009 - H1 2018



Source: IJInvestor

Drilling down into the data on a quarterly basis, Q2 2018 logs a slight increase on Q1 having seen final closes of \$22.5 billion against \$21.7 billion, with 17 funds closed against 14 earlier this year.

The stand-out fundraise for Q2 is I Squared Capital's second infra fund that closed on \$6.5 billion targeting equity investments purely in the renewable energy space, on a global basis. This underlines a market shift that was identified in the launch issue of the *IJInvestor: Funds & Investor Report* – a significant increase in focus on clean energy and carbon efficiency.

Of the 31 funds to hit final close in H1 2018, four of them have a remit to target only renewable energy, while a further 20 have the capacity to invest in this sector.

The largest vehicle to hit final close in Q1 2018 was Copenhagen Infrastructure Partners' third fund at \$4.3 billion. Again this fund has the capacity to act in the renewable energy space alongside conventional power.

Ten of the 31 funds to close in H1 have a specific focus on North America, bolstered by a further 11 that have options to target multiple geographic locations. Of the 11

funds with multiple geographic focus, all that are in USD focus on equity only. As to fund strategy, 25 of the funds to have logged a final close this first half will be targeting purely equity; while four have a mixed approach that incorporates both equity and debt; one is exclusively focused on debt investments; and one – by Rivage Investment – is seeking only mezzanine debt positions.

No mega fund reached final close this half, with a resulting spike that tends to skew data analysis – like the \$15 billion GIP III in H1 2017. This points to a wider spread of funds targeting smaller tickets

## UNLISTED INFRASTRUCTURE FUNDS TO REACH FINAL CLOSE - Q2 2018

Fund Name	Fund Manager	Fund Currency	Fund Strategy	Target Size (USDm)	Final Size (USDm)	Final Close Date	Asset Stage Target	Geographic Targets	Sector Targets
Starwood Energy Infrastructure Fund III	Starwood Energy Group	USD	Equity	1,500	1,200	30/06/2018	Greenfield, Brownfield	North America	Multiple (Conventional & Renewable Energy)
Waterous Energy Fund	Waterous Energy Fund	CAD	Equity	764	1,070	28/06/2018	Brownfield	North America	Oil & Gas
BaltCap Infrastructure Fund	BaltCap	EUR	Equity	94	117	27/06/2018	Greenfield	Europe	Multiple Sectors
SUSI Energy Storage Fund I	SUSI Partners	EUR	Equity	204	294	26/06/2018	Greenfield, Brownfield	Global	Multiple (Conventional & Renewable Energy)
Stafford Infrastructure Secondaries Fund II	Stafford Capital Partners	EUR	Equity	293	469	25/06/2018	Brownfield	Multiple	Multiple Sectors
ISQ Global Infrastructure Fund II	I Squared Capital	USD	Equity	5,000	6,500	19/06/2018	Greenfield, Brownfield	Global	Renewables
Grey Rock Energy Fund III	Grey Rock Energy Partners	USD	Equity		233	18/06/2018	Greenfield, Brownfield	North America	Oil & Gas
YIELCO Special Situations USA	YIELCO Investments	USD	Mixed		260	15/06/2018	Greenfield, Brownfield	North America	Multiple Sectors
Swiss Life (LUX) Global Infrastructure Opportunities II	Swiss Life Asset Managers	EUR	Equity	1,172	1,393	31/05/2018	Brownfield	Multiple	Multiple Sectors
Impax New Energy Investors III	Impax Asset Management	EUR	Mixed	587	419	31/05/2018	Greenfield, Brownfield	Europe	Renewables
Dalmore Capital Fund 3	Dalmore Capital	GBP	Equity	657	1,214	17/05/2018	Greenfield, Brownfield	Europe	Multiple Sectors
DIF Infrastructure V	Dutch Infrastructure Fund	EUR	Mixed	1,761	2,231	15/05/2018	Greenfield, Brownfield	Multiple	Multiple Sectors
Ardian Americas Infrastructure Fund IV	Ardian	USD	Equity	500	800	15/05/2018	Greenfield, Brownfield	Multiple	Multiple Sectors
Infracapital Partners III	Infracapital Partners	GBP	Equity	1,993	2,459	01/05/2018	Brownfield	Europe	Multiple Sectors
LS Power Equity Partners IV	LS Power	USD	Equity	2,000	2,250	30/04/2018	Brownfield	North America	Power
Macquarie Infrastructure Global Solutions	Macquarie Infrastructure and Real Assets	USD	Equity	1,000	1,040	21/04/2018	Greenfield, Brownfield	Global	Multiple Sectors
3i European Operational Projects Fund	3i Infrastructure	EUR	Equity	495	564	11/04/2018	Brownfield	Europe	Multiple Sectors
<b>Total</b>				<b>18,020</b>	<b>22,512</b>				

across a wider array of transaction types and geographies.

### Relentless rise of renewables

One market reality remains constant across all fundraising and deployment of capital in recent years – the continued enthusiasm for renewable energy. This market dynamic is underlined again in H1 2018 acquisitions.

In a direct correlation to oil majors switching from black to green energy – with the likes of DONG rebranding to Orsted and Statoil becoming Equinor, metamorphosing into renewables

developers – funds have increasingly moved to alternative energy.

Even tracking the market back to the start of 2009, renewable energy has since made up a significant percentage of asset acquisitions (by number of deals closed), accounting over that period for 45% of deal flow. In H1 2018, renewables dominated the market once again, responsible for 57% of all transactions.

Acquisitions in the social infra and defence sector has picked up – rising from a 2009-18 average of 24% to 27% as at the end of H1 2018 – showing continued appetite for

assets in this space, despite limited activity in greenfield.

Transport over the nine-and-a-half years from the start of 2009 accounted for an average of 15% and this first half registered 10% of acquisitions.

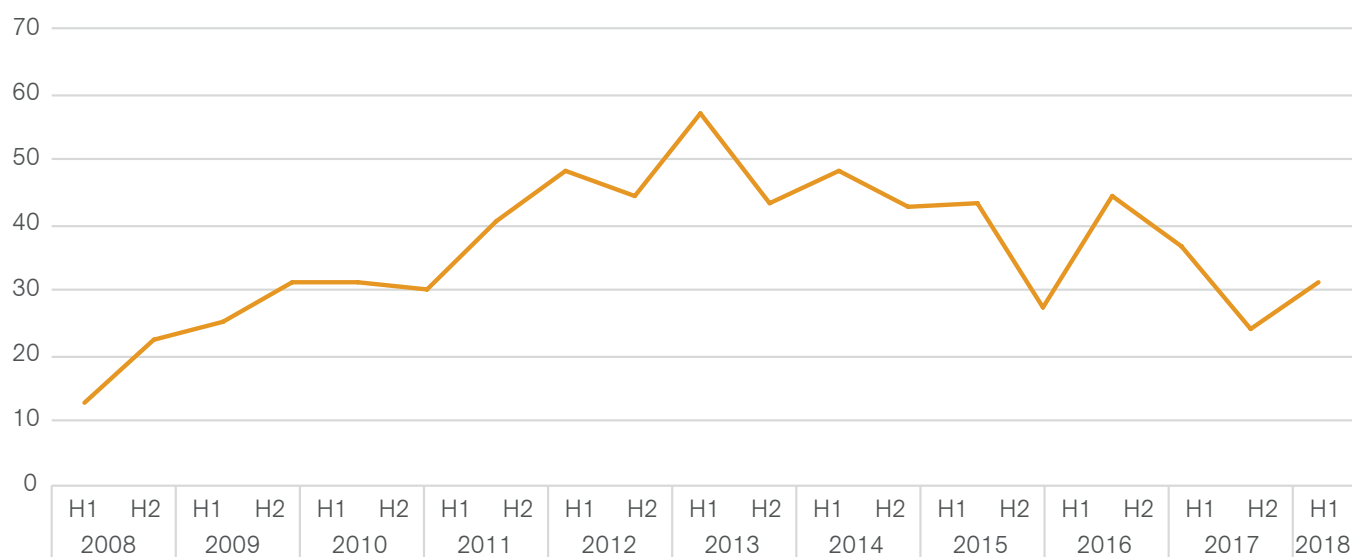
IJInvestor anticipates that renewables will continue to dominate this table for many years to come as the global greenfield market flourishes and projects grow in scale with offshore wind now a mature sector, and new technologies (take energy storage for example) that rocket from pathfinder to maturity in a matter of months.

## UNLISTED INFRASTRUCTURE FUNDS TO REACH FINAL CLOSE - Q1 2018

Fund Name	Fund Manager	Fund Currency	Fund Strategy	Target Size (USDm)	Final Size (USDm)	Final Close Date	Asset Stage Target	Geographic Targets	Sector Targets
Macquarie Asia Infrastructure Fund 2	Macquarie Infrastructure and Real Assets	USD	Equity	2,500	3,300	30/03/2018	Greenfield, Brownfield	Asia Pacific	Multiple Sectors
Rivage Euro Debt Infrastructure High Return	Rivage Investment	EUR	Mezzanine	465	465	30/03/2018	Greenfield, Brownfield	Europe	Multiple Sectors
Five Point Energy Fund II	Five Point Energy	USD	Equity	650	750	29/03/2018	Greenfield, Brownfield	North America	Oil & Gas
Copenhagen Infrastructure III	Copenhagen Infrastructure Partners	EUR	Mixed	3,699	4,315	23/03/2018	Greenfield	Multiple	Multiple (Conventional & Renewable Energy)
Strategic Partners Real Assets II	Strategic Partners Fund Solutions	USD	Equity		1,750	23/03/2018	Greenfield, Brownfield	Global	Multiple Sectors
Juniper Capital III	Juniper Capital Advisors	USD	Equity		678	07/03/2018	Brownfield	North America	Oil & Gas
Helios III Energy Fund	Helios Energy Investments	EUR	Equity			01/03/2018	Brownfield	Multiple	Renewables
Partners Group Direct Infrastructure 2015/2016	Partners Group	EUR	Equity		3,713	22/02/2018	Greenfield, Brownfield	Global	Multiple Sectors
Orion Energy Credit Opportunities Fund II	Orion Energy Partners	USD	Debt	750	816	12/02/2018	Greenfield, Brownfield	North America	Multiple (Conventional & Renewable Energy)
Basalt Infrastructure Partners II	Basalt Infrastructure Partners	USD	Equity	1,000	1,285	08/02/2018	Greenfield, Brownfield	Multiple	Multiple Sectors
Toesca Infraestructura GV FI	Toesca Administradora General de Fondos	USD	Equity		80	02/02/2018	Brownfield	Latin America	Power
Capital Dynamics North American Fund	Capital Dynamics	USD	Equity	1,000	1,230	01/02/2018	Greenfield, Brownfield	North America	Multiple (Conventional & Renewable Energy)
Pacifico Energy Solar Fund	Pacifico Energy	JPY	Equity		141	31/01/2018	Greenfield, Brownfield	Asia Pacific	Renewables
EnCap Flatrock Midstream Fund IV	EnCap Flatrock Midstream	USD	Equity	3,000	3,250	18/01/2018	Greenfield, Brownfield	North America	Oil & Gas
<b>Total</b>				<b>13,063</b>	<b>21,772</b>				

## UNLISTED INFRASTRUCTURE FUNDRAISING GLOBALLY (BY NUMBER) 2008 - H1 2018

Number of Funds

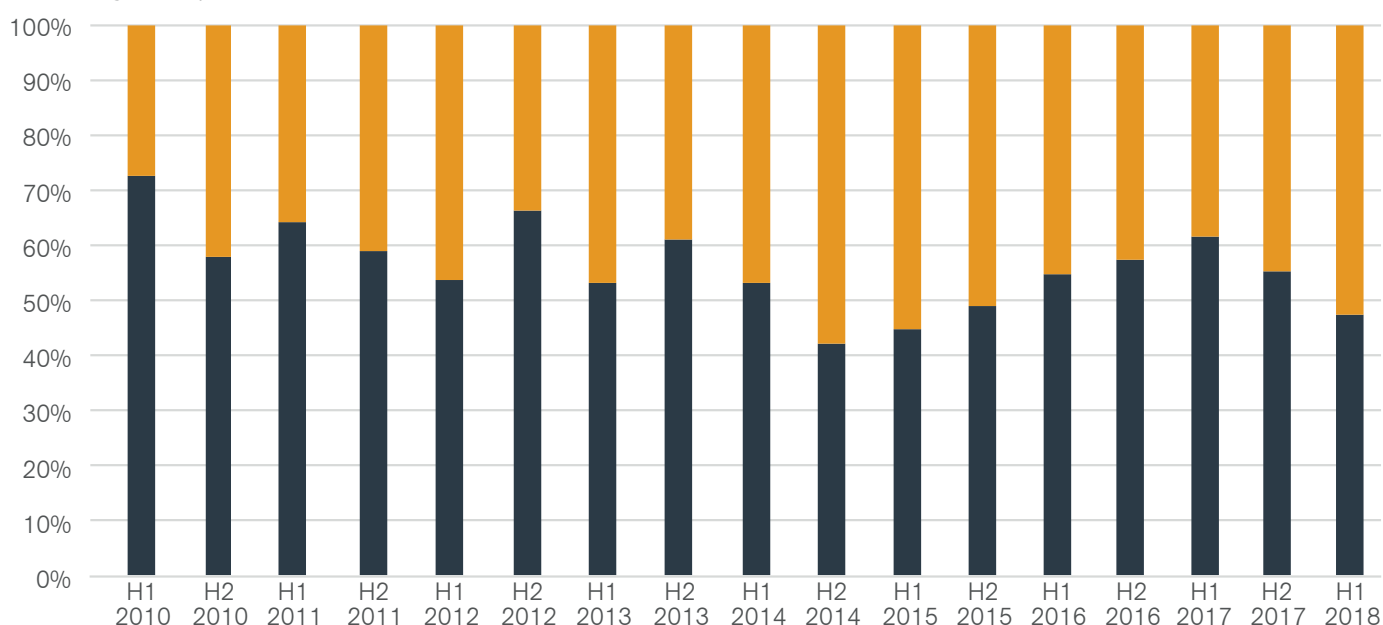


Year of Final Close

Source: IJInvestor

## FUNDRAISING CONCENTRATION (%) 2010 - H1 2018

Percentage of capital raised



Year of Final Close

Source: IJInvestor

■ Five Largest Funds ■ All other Funds



## Regional Focus

Global data for H1 2018 shows that almost three quarters (74%) of asset acquisitions by unlisted infrastructure funds were in Europe, continuing a trend that historically – from the start of 2009 to mid-point this year – has been the accepted norm.

The acquisition of Cory Riverside Energy in the first half was a trophy deal that closed at the very end of the first half – 28 June. A Dalmore Capital-led consortium (alongside Semperian Capital Management, Fiera Infrastructure and Swiss Life Asset Managers) acquired the UK-based energy-from-waste group for \$1.85 billion from a team led by Strategic Value Partners.

Another stand-out deal for the first half was IFM's \$1.25 billion acquisition – through the IFM Global Infrastructure Fund – of a 49% stake in Spanish water utility Aqualia from FCC. This was the Australian fund manager's first foray into the water sector.

In July 2018, 3i Infrastructure and DWS (formerly Deutsche Asset Management) valued Dutch waste treatment specialist Attero at €740 million, deploying around €200 million equity each.

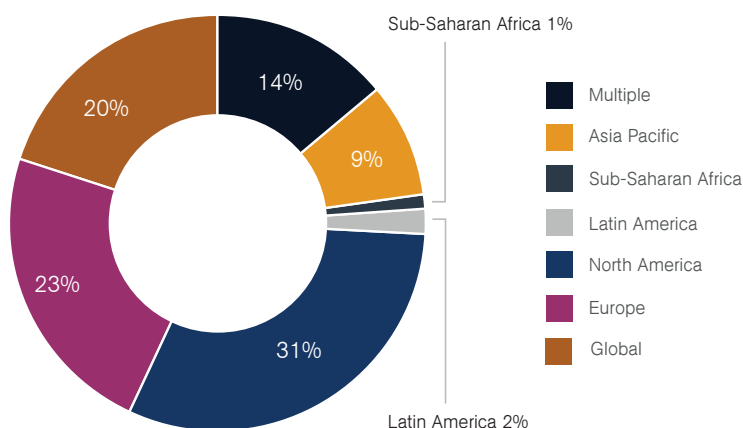
North America was the most active region for acquisitions after Europe, maintaining the two markets' leading positions for number of deals closed that dates back to 2009. Sub Saharan Africa accounts for 3% of the H1 pie chart (by number of deals closed), a figure that will rise in coming years.

## PPP – a shrinking sector

The growing trend for funds to exclude PPP from their strategies continues unabated, according to data drawn from the IJInvestor database

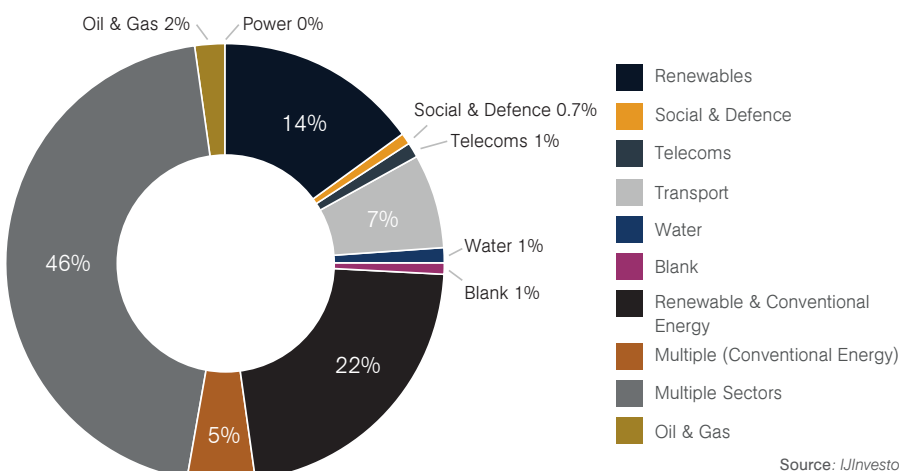
Analysis of the data identifies just five infrastructure funds with a final close in H1 2018 that will target PPP assets in some capacity, considerably down on the sectoral highs of H2 2010, H1 2013 and H2 2015 when 13 newly-raised funds had their targets set on this sector.

## FUNDS IN MARKET BY GEOGRAPHIC TARGET AS OF 30 JUNE 2018



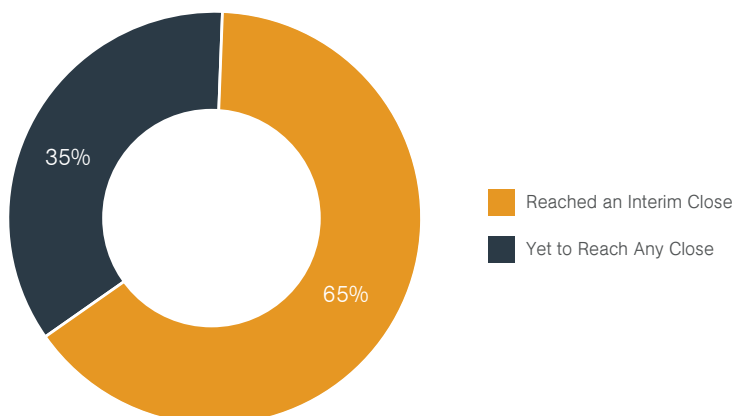
Source: IJInvestor

## FUNDS IN MARKET BY SECTOR TARGET AS OF 30 JUNE 2018



Source: IJInvestor

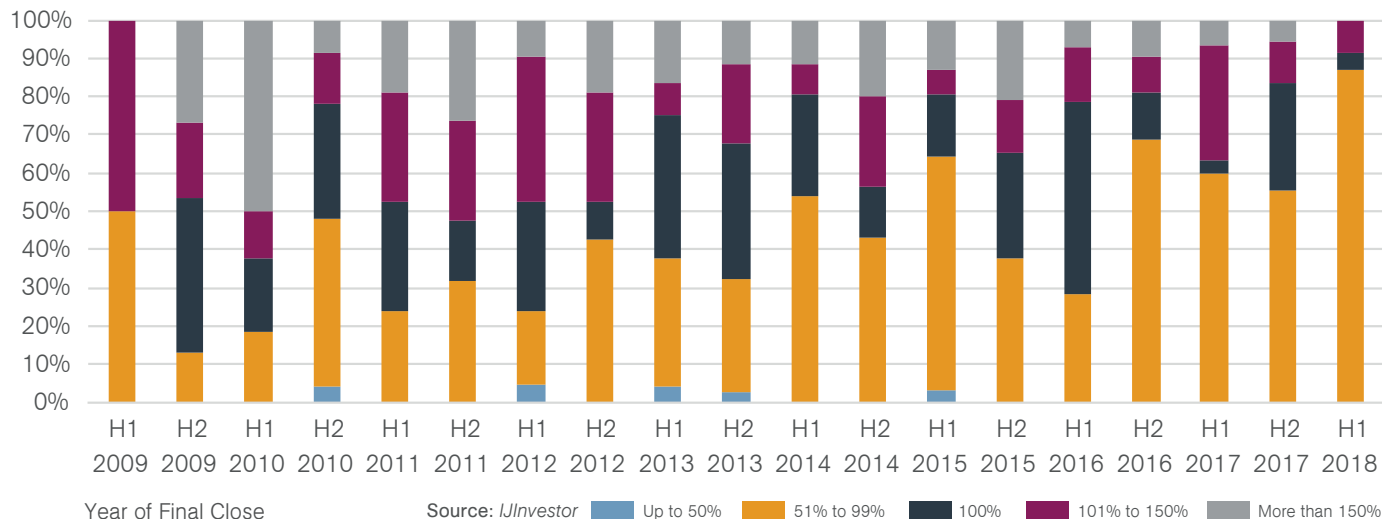
## FUNDS IN MARKET - INTERIM CLOSE PROPORTIONS AS OF 30 JUNE 2018



Source: IJInvestor

## PERCENTAGE OF TARGET SIZE REACHED BY FINAL CLOSE FUNDS 2009 - H1 2018

Percentage of Final Close Funds



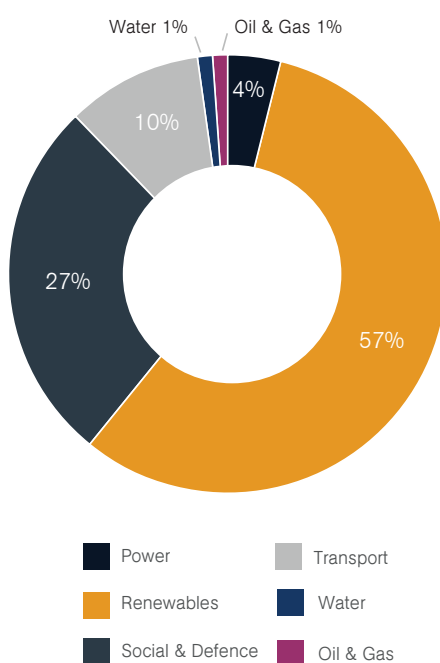
This marks a continued shift in the market away from the PPP asset class as infra funds broaden their focus, driven away from a popular sector by overwhelming competition and high prices being achieved.

As can be seen in IJInvestor data, the shift has been dramatic since the global financial crisis and is a frequent topic of discussion at conferences as the European greenfield PPP market remains fairly constrained and the flow of secondary opportunities continues to dwindle.

The market has logged a considerable shift in recent years as fund managers for whom PPP was staple fare switched strategies towards renewable energy and core plus, much the same as lenders did when greenfield PPP dried up.

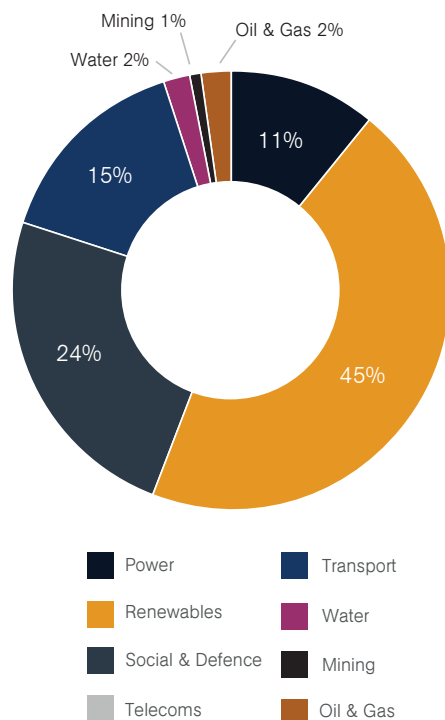
PPP appetite is further impacted by so many of these assets being located in the UK, a market that will increasingly be impacted by the unknown implications of Brexit and reputational damage from the collapse of developer Carillion, which was heavily invested in British social infra and transport projects.

### ASSET ACQUISITIONS BY UNLISTED INFRASTRUCTURE FUNDS H1 2018



Source: IJInvestor

### ASSET ACQUISITIONS BY UNLISTED INFRASTRUCTURE FUNDS 2009 - H1 2018



Source: IJInvestor

However, the PPP asset class remains popular among certain fund managers, as shown by the July 2018 offer by Dalmore and Equitix to acquire all shares in London-listed John Laing Infrastructure Fund (JLIF), which has recently been trading at a discount.

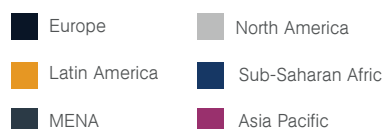
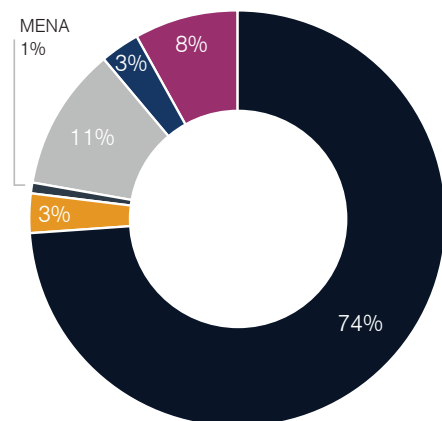
The possible offer price comes at a rough 20.6% premium to JLIF's closing share price of 118.2 pence as at 13 July and at a 16.9% premium to JLIF's latest published NAV per share of 121.9 pence as at 31 March. Including the dividend, the consideration represents a 23.6% premium to the closing share price and a 19.8% premium to the NAV per share price.

Based on a market capitalisation of roughly £1.17 billion, the valuation of JLIF for the offer would be around £1.45 billion.

#### Infra funds – quick to first post

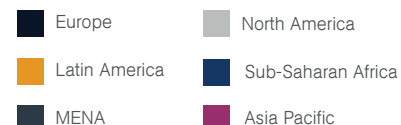
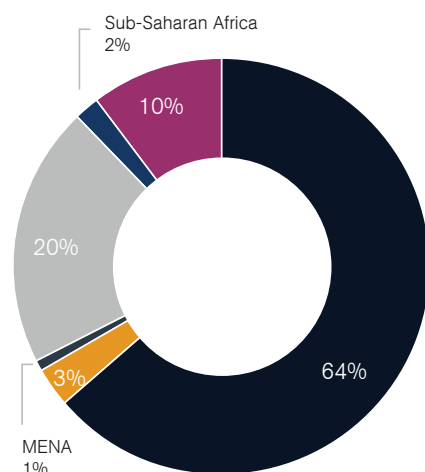
Strong demand for the infrastructure asset class is driving swift fundraising, speeding up the process for fund managers to reach first close in the first half of 2018, according to IJInvestor data.

#### ASSET ACQUISITIONS BY UNLISTED INFRASTRUCTURE FUNDS H1 2018



Source: IJInvestor

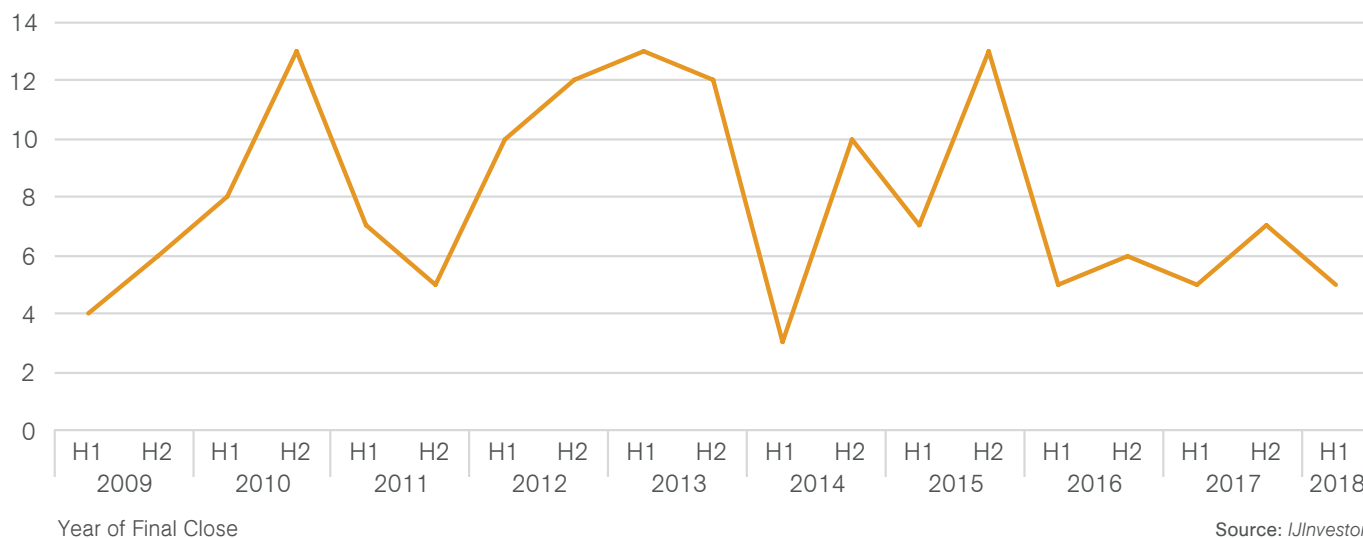
#### ASSET ACQUISITIONS BY UNLISTED INFRASTRUCTURE FUNDS 2009 - H1 2018



Source: IJInvestor

#### NUMBER OF FUNDS WITH PPP PREFERENCE 2009 - H1 2018

Number of Funds



Source: IJInvestor



Before taking a closer look at the underlying data, it should be noted that some funds announce launch and then reach first close suspiciously swiftly, clearly having been fundraising for some time before making it public that they were in the market.

The quickest off the mark with just two months taken to achieve first close were DIF, Infracapital and Basalt with, respectively: DIF Infrastructure V, Infracapital Partners III, and Basalt Infrastructure Partners II.

Slightly more realistic at six months were Macquarie, I Squared, Stafford Capital Partners and SUSI Partners with, respectively: Macquarie Asia Infrastructure Fund 2, ISQ Global Infrastructure Fund II, Stafford Infrastructure Secondaries Fund II, and SUSI Energy Storage Fund I.

At the other end of the scale, Impax Asset Management took 16 months on Impax New Energy Investors III, and Orion 15

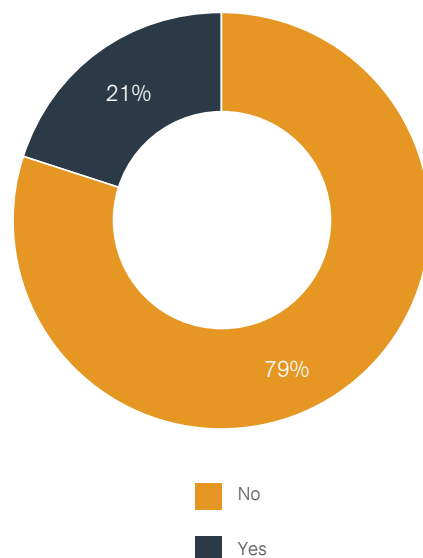
months to reach first base on Orion Energy Credit Opportunities Fund II. Historically – since the start of 2009 – the record was set in H2 2011 when first close was reached, on average, within four months (strongly suggesting that funds kept quiet about fundraise efforts until they were confident); while the following half (H1 2012) the average came out at 15 months.

#### Ever-growing infra funds

The average size of infrastructure funds being raised globally continues its upward spiral, though there was a particularly strong showing in H1 2018 by less established managers, according to IJInvestor data. IJInvestor has fundraising data that dates back to 1991, but tends to centre analysis on post-global financial crisis figures to reflect the market from a more stable start-point.

In H1 2018, the average value of funds to hit final close was \$1.48 billion, a considerable rise on the previous half

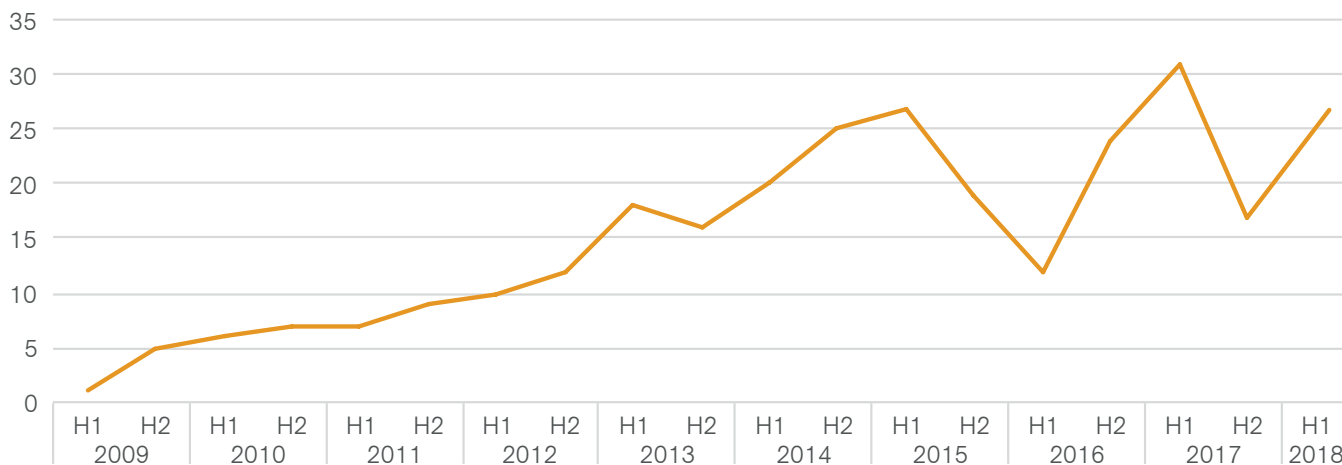
#### FUNDS IN MARKET - FUNDS BY PPP PREFERENCE (TARGET SIZE USDm) AS OF 30 JUNE 2018



Source: IJInvestor

#### NUMBER OF FUNDS WITH NO PPP PREFERENCE 2009 - H1 2018

Number of Funds



Source: IJInvestor

when it came in at \$1.08 billion – another indicator of the maturing asset class, that managers are launching more funds that have to be larger than the last one, all underpinning the importance of track record when out fundraising.

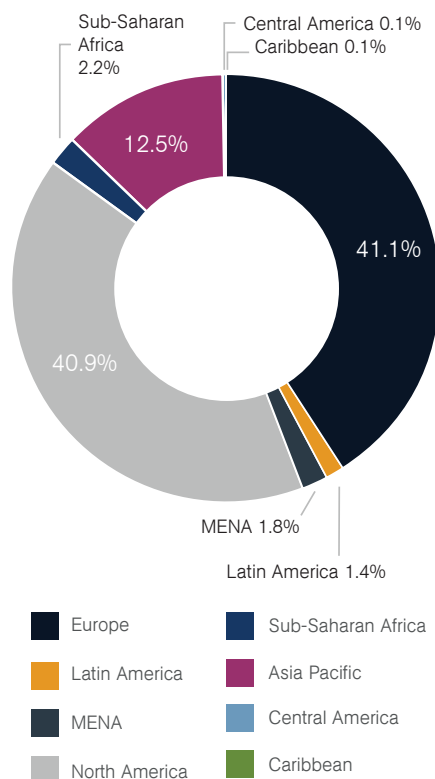
This half also overshadows the corresponding period last year (H1 2017) when the average came in at \$1.2 billion in spite of the \$15 billion Global Infrastructure Partners III final close at the start of that year.

The market low in recent years was marked in H1 2011 when the average fund size was \$421 million.

When it comes to fundraising activity, the top 10 largest infrastructure funds to reach final close in H1 2018 account for 70.37% of the total raised.

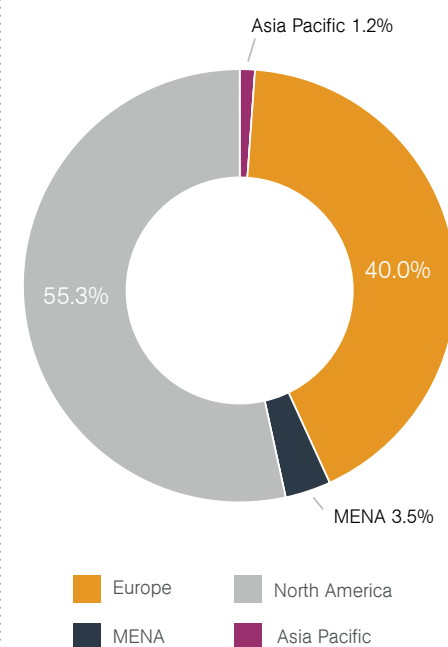
As for currency break-down by funds in market right now, much as expected USD leads the field considerably with 62.5% which amounts to \$182.3 billion, followed

### GLOBAL SOURCES OF LP CAPITAL 2009 - H1 2018



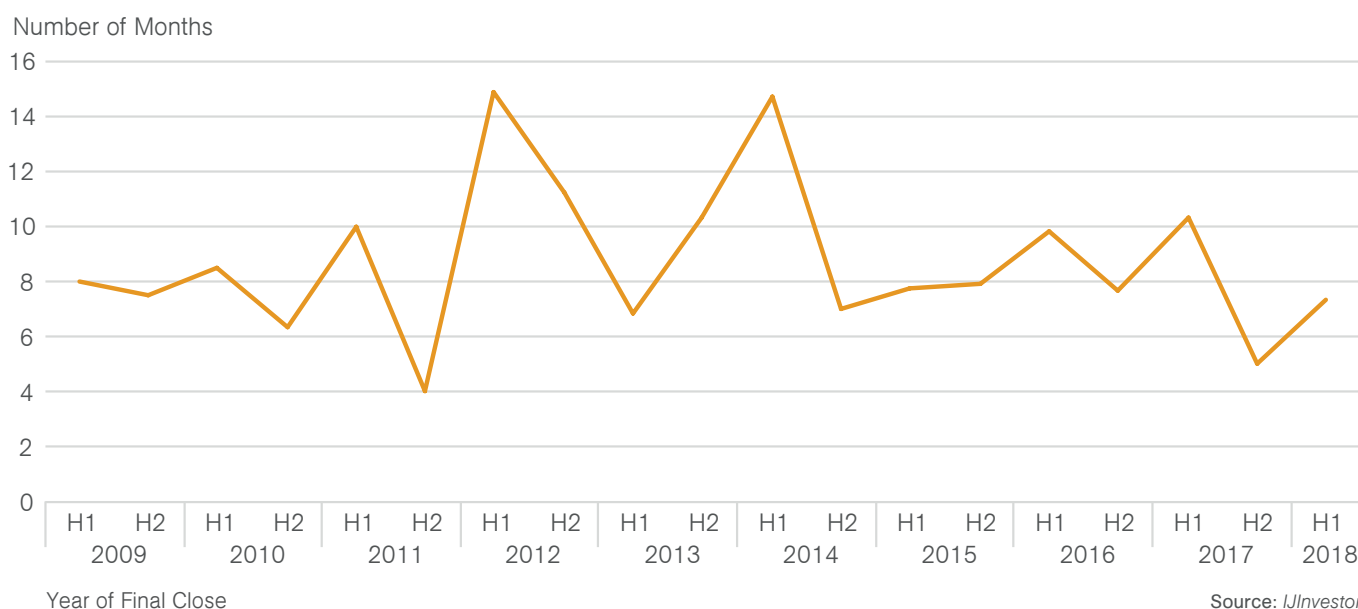
Source: IJInvestor

### GLOBAL SOURCES OF LP CAPITAL H1 2018



Source: IJInvestor

### AVERAGE NUMBER OF MONTHS TO FIRST CLOSE 2009 - H1 2018



Source: IJInvestor

at some distance by EUR (20.4%) and a value of \$59.7 billion. The next ones down – almost level-pegging – are CNY on 6.4% with \$18.5 billion and GBP at 6.1% on \$17.8 billion.

### Equity rules the market

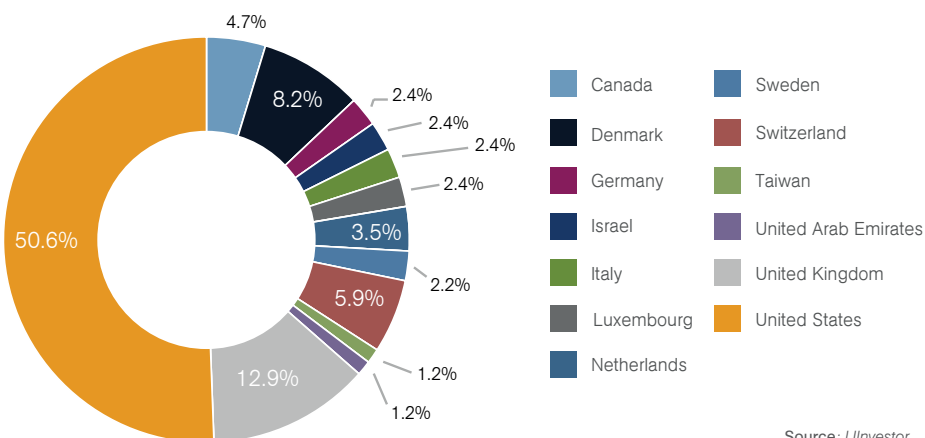
For all infrastructure funds currently in fundraising, as well as those that actually achieved a close during H1, there is a heavy weighting towards equity. There was \$542.9 billion raised in the first half of 2018, taking into account all closes. Meanwhile 68% of all vehicles seeking capital are competing in the equity space.

While 68% of all funds in market have a pure equity strategy, that rises to 81% when including the vehicles that allow a mixed strategy of equity and debt.

This throws up an interesting correlation when held against unlisted infrastructure funds that achieved final close in H1 2018 where 83% of all funds have a pure equity strategy, which rises even higher to 94% (\$615.1 billion) when including mixed strategy vehicles.

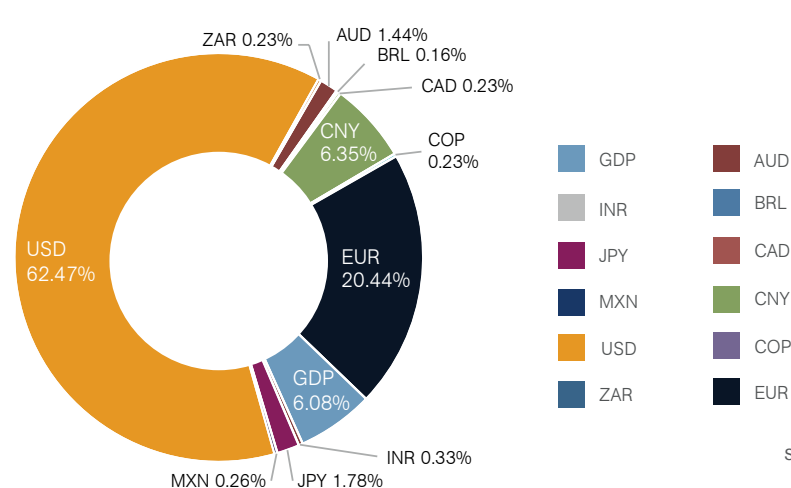
As to debt, 2% of all funds to have made it to final close in H1 2018 had a debt and mezzanine debt strategy as well as

### NATIONAL SOURCES OF LP CAPITAL H1 2018



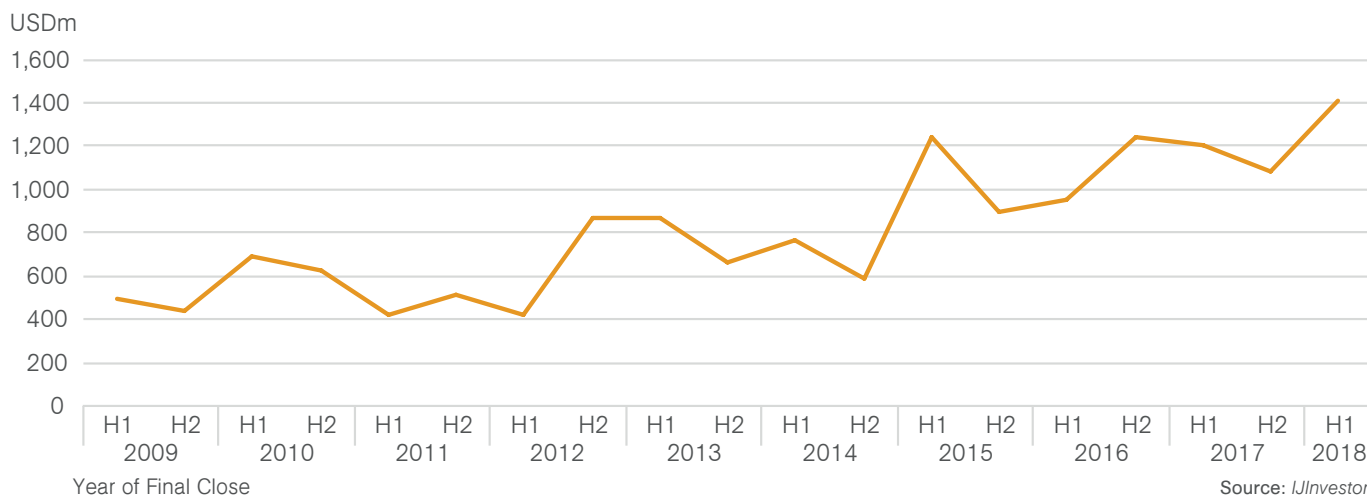
Source: IJInvestor

### FUNDS IN MARKET - CURRENCY BREAKDOWN AS OF 30 JUNE 2018



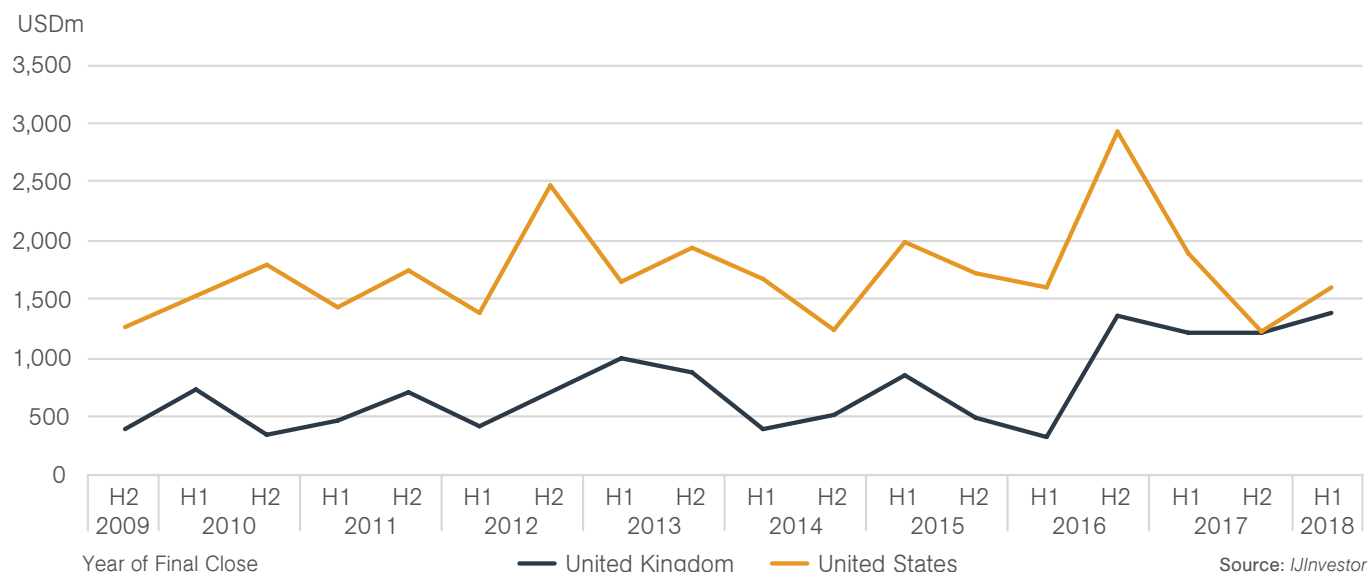
Source: IJInvestor

### AVERAGE SIZE OF UNLISTED INFRASTRUCTURE FUNDS (USDm) 2009 - H1 2018



Source: IJInvestor

## AVERAGE SIZE OF FUNDS: UK vs US 2009 - H1 2018



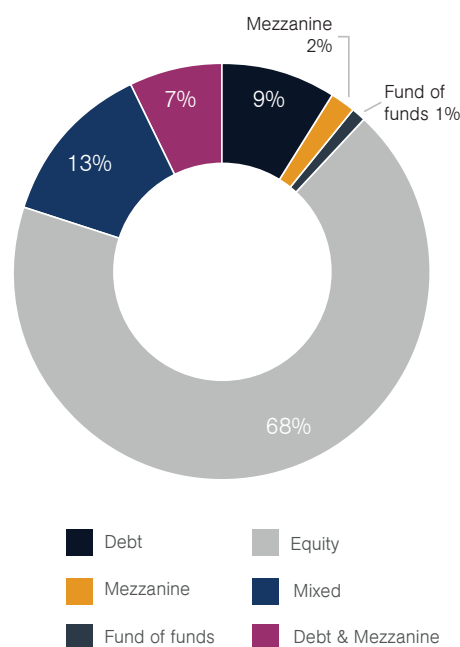
a pure senior debt focus. This figure, of course, rises considerably when including the mixed equity/debt segment that amounts to 11%, equating to \$72.2 billion.

Looking at the average size of funds to have closed in the US compared to those raised in the UK over the years from H2 2009 to H1 2018, the two markets are separated fairly evenly (chart above) until H2 2017.

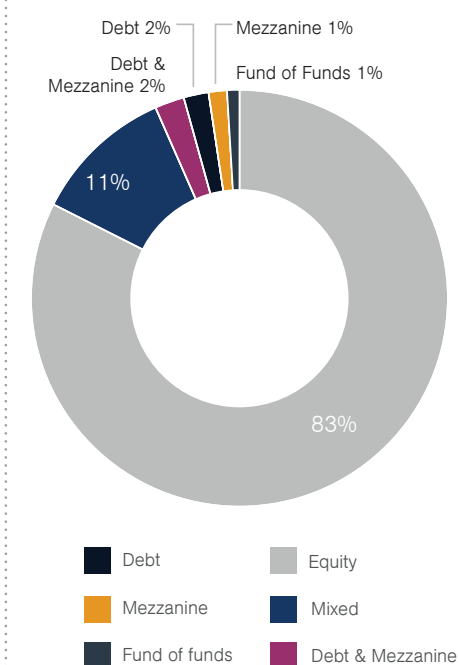
Having come close to matching performance in the previous half (H2 2017) – when the average unlisted infrastructure fund size for US funds came in at \$1.271 billion and UK at \$1.268 billion – they are now parting company again with US leading the way.

In the first half of 2018, the average size of unlisted infrastructure funds in the US came in at \$1.7 billion, against \$1.4 billion in the UK.

## FUNDS IN MARKET BY STRATEGY AS OF 30 JUNE 2018



## UNLISTED INFRASTRUCTURE FUND STRATEGY H1 2018



## TOP LEGAL ADVISERS FUND CAPITAL RAISING BY FINAL FUND SIZE - 12 MONTHS TO H1 2018

Rank	Company	Final fund size (USDm)
1	Kirkland & Ellis	8,568
2	Thompson & Knight	7,233
3	Gibson Dunn & Crutcher	6,500
4	Simpson Thacher & Bartlett	6,400
5	Clifford Chance	6,301
6	Bruun & Hjejle	4,865
7	Chiomenti	3,693
=	Cleary Gottlieb Steen & Hamilton	3,693
9	Hogan Lovells	3,691
10	Loyens & Loeff	3,161
11	Fried Frank Harris Shriver & Jacobson	3,118
12	Weil Gotshal & Manges	2,773
13	Latham & Watkins	1,494
14	Burness Paull	1,400
=	Debevoise & Plimpton	1,400
16	Linklaters	1,244
17	Carey Olsen	1,100
18	Stikeman Elliott	1,070
19	Ashurst	1,049
20	Willkie Farr & Gallagher	1,019

Source: IJInvestor

## TOP PLACEMENT AGENTS FUND CAPITAL RAISING BY FINAL FUND SIZE - 12 MONTHS TO H1 2018

Rank	Company	Final fund size (USDm)
1	Campbell Lutyens	10,312
2	Eaton Partners	8,426
3	Evercore Partners	7,549
4	Danske Bank	4,315
=	Selinus Capital	4,315
6	Compagnie Financiere Jacques Coeur	4,315
7	Capstone Partners	3,693
8	Credit Suisse	2,685
9	Pinnacle Trust Partners	2,500
=	DC Placement Advisors	2,500
11	Atlantic Pacific Capital	2,284
12	Magenta Capital Services	2,250
=	Evercore Private Funds	2,250
14	Asante Capital Group	1,916
15	Champlain Advisors	678
16	Threadmark	674
17	Polaris Investment Advisory	564
18	Strategic Marketing Solutions	350
19	Mizuho Financial Group	153
=	SBI Capital Markets	153

Source: IJInvestor

## TOP ADMINISTRATORS FUND CAPITAL RAISING BY FINAL FUND SIZE - 12 MONTHS TO H1 2018

Rank	Company	Final fund size (USDm)
1	Sanne Group	1,654
2	Aztec Group	1,285
3	Bank of New York Mellon	1,282
4	Gen II Fund Services	1,000
=	Blue River Partners	1,000

Source: IJInvestor





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