

Fundraising report

Infrastructure roars back!

by Sheila Hopkins

When we closed the Q3 2021 infrastructure fundraising report, we mentioned that if things kept up the way they were going, we would be talking about a record year in the Q4 2021 report. Well, here we are. More capital was raised by infrastructure private equity funds in 2021 than in any other year. And we didn't just squeak by the old record. We blew it out of the water.

During Q4 2021, nine funds raised an aggregate of \$35.6 billion. This brought the total number of funds reaching a final close in 2021 to 47, with a total raised of \$108.2 billion. The previous high-water mark had been 2019's \$93.7 billion.

The fund that put 2021 over the top was the EQT Infrastructure Fund V. This \$18.2 billion global behemoth will focus on energy, logistics, social infrastructure, telecoms and transportation. The second- and third-largest funds to close in Q4 2021 were the global \$4.7 billion Actis Energy 5 fund, and Manulife's \$4.6 billion diversified Infrastructure Fund II, which will invest in the United States. One additional fund, the \$2.2

billion global Ares Climate Infrastructure Partners Fund, raised more than \$2 billion in the fourth quarter. This capital will be used to invest in renewables and energy.

When looking at fundraising for the entire year, three funds stand out. The EQT Infrastructure V leads the pack, of course, but the \$8.4 billion Copenhagen Infrastructure IV and the \$6.9 billion Macquarie Infrastructure Partners V are also noteworthy. In any other year, these two would have been viewed as remarkable in size.

At one point, these reports eagerly provided details on the few funds raising more than \$2.0 billion. Now, 16 of the 47 funds that closed last year raised more than \$2.0 billion, with six of those pulling in more than \$4.5 billion. Fund sponsors are raising the bar each year, and only a few managers will be able to enter that double-digit target, creating a have-and-have-not asset class.

Of the 47 funds that closed in 2021, 20 have a multi-region or global mandate, 14 are focused on Europe, 10 are looking to invest in North America, two are investing in Asia and one has a mandate to invest in Africa.

It will be interesting to see if the recently enacted \$1.2 trillion Infrastructure Investment and Jobs Act increases interest among fund sponsors in raising capital to invest in the United States. This bill will underwrite a U.S. building spree not seen since the New Deal. Public-private partnerships (P3s) could enhance and expand that spree. The limited adoption of P3s in the United States has been a hindrance to investment. This bill encourages P3s by doubling private activity bond (PAB) volume for surface transportation projects to \$30 billion from \$15 billion. PABs are a central financing tool for P3 projects that lowers the cost of financing and encourages private interest. 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. And more opportunities mean more record years. ❖

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
Q4/21	9	\$35.5
2021 Totals	47	\$108.2

Source: Institutional Real Estate, Inc.

Sheila Hopkins is a freelance writer living in Auburn, Ala.

Closed funds Q4/2021

FIRM PRODUCT	CLOSE DATE	INVESTMENT STYLE/ FUND STRUCTURE	PROPERTY TYPE FOCUS	MARKET FOCUS	SIZE (M)
Actis Actis Energy 5	10/14/21	Closed-end fund	Energy	Global	\$4,700
Ares Management Ares Climate Infrastructure Partners Fund	12/16/21	Closed-end fund	Energy, renewable	Global	\$2,200
Asterion Industrial Partners Asterion Industrial Infrastructure Fund II	10/20/21	Closed-end fund	Energy, telecoms, transportation, utilities	Europe	\$1,739
BlackRock Climate Finance Partnership	11/2/21	Closed-end fund	Renewable, transmission	Global	\$673
Energy Impact Partners Energy Impact Fund II	11/11/21	Closed-end fund	Energy, impact, utilities	Global	\$1,000
EQT Partners EQT Infrastructure Fund V	11/2/21	Value-added Closed-end fund	Energy, greenfield, logistics, social infrastructure, telecoms, transportation	Global	\$18,246
Infracapital Infracapital Greenfield Fund II	11/9/21	Value-added Closed-end fund	Communications, energy, greenfield, renewable, social infrastructure, telecoms, transportation, utilities	Europe	\$1,738
Macquarie Group Limited Macquarie Renewable Energy Infrastructure Fund	12/31/21	Closed-end fund	Diversified, energy, renewable	North America	\$600
Manulife Manulife Infrastructure Fund II	11/30/21	Core Closed-end fund	Diversified	North America	\$4,650

Source: Institutional Real Estate, Inc.

For i3 database subscription information, please contact Karen Palma, k.palma@irei.com, +1 925-255-0500, x-136

Investing in Infrastructure Fundraising Report is published by Institutional Real Estate, Inc. 4 times a year. The publisher is not engaged in rendering tax, accounting or other professional advice through this publication. No statement in this issue is to be construed as a recommendation to buy or sell any security or other investment. Some information presented in this publication has been obtained from third-party sources considered to be reliable. Sources are not required to make representations as to the accuracy of the information, however, and consequently, the publisher cannot guarantee its accuracy.

© 2022 Institutional Real Estate, Inc. • All rights reserved.

Copyright Information: The contents of this publication are protected under federal copyright law, which makes it illegal to reproduce in whole or in part any publication without the publisher's written permission.