

THE
INFRASTRUCTURE
INVESTOR

50

Infrastructure's 1%

Macquarie takes the top spot of our newly expanded II 50 for the seventh year in a row with Brookfield nipping at its heels. But it's the concentration of wealth among the top five managers – which have raised \$117bn of the total \$282bn – that makes this year's ranking stand out, writes **Bruno Alves**

Say hello to the *Infrastructure Investor* 50, the seventh edition of our ranking of the world's largest infrastructure investors. This year, we have decided to add 20 firms to what used to be the II 30 in recognition of something we have been writing about pretty much non-stop throughout the year: that infrastructure is attracting record amounts of capital as it continues its inexorable march to the mainstream of investing.

It seemed only fair then, that we adjusted our ranking accordingly to measure how this influx of capital is benefitting not just the industry's marquee names, but also its lesser known participants. And granted, for a few years now the II 30 already gave you visibility on "the next 20" firms, so in a way the II 50 is just welcoming them into the fold.

What we have not done, however, is change the way in which we measure the industry's largest players. A full explanation of our methodology can be found at the back of this ranking, but we are still measuring capital raised over an approximate five-year period – for the purposes of this ranking, covering the period between 1 January 2011 and 31 August 2016.

So what has changed? Well, you now need \$12.52 billion to make into the top five versus last year's \$8.43 billion (coincidentally, IFM Investors still holds that fifth spot), but the further you climb the II 50 the more top heavy it becomes. Last year's fourth spot holder – ArcLight Capital Partners – had raised \$9.59 billion; this year, Borealis is number four with \$19.25 billion. That difference is drawn into even sharper relief when you take into account that the only firm that had raised over \$20 billion in 2015 was our ranking leader: Macquarie Infrastructure and Real Assets, with \$28.85 billion.

MIRA again takes the top spot this year – its seventh consecutive number one – but this time its reign feels more fragile. With \$32.83 billion raised, MIRA has Brookfield, which gathered \$31.98 billion, nipping at its heels. Brookfield, incidentally, was number two last year, but with a considerably less \$15.79 billion under its belt. The difference, as most of you know, comes from its \$14 billion third fund, the largest unlisted infrastructure vehicle ever raised.

Global Infrastructure Partners is sitting at number three with \$20.78 billion raised thus far, although, of course, that total is set

to be considerably inflated once it closes its third fund at the end of October, potentially exceeding its \$15 billion hard-cap.

But while managers near the top are taking in significantly larger amounts of capital compared with last year, things start to look pretty similar once you hit the top 10. For example, Ardian, which this year climbs one position, holds the 10th position with \$6.11 billion raised – not a million miles away from the \$5.78 billion raised by Colonial First State Global Asset Management, which sat at number 10 last year. And that picture holds very much until the bottom of the ranking, with Starwood Energy Group Global sitting at number 50 with \$1.53 billion raised versus the \$1.20 billion raised by IFC Asset Management, who held the same position last year.

If there is a lesson from this year's II 50, then, it is that inequality has increased markedly. Just like in the rest of the economy, the gap between the top and bottom earners has grown significantly wider, with the top five managers raising \$117 billion of the total \$282 billion that comprises the ranking. It might be true that a rising tide lifts all boats; but what we found is that it is the boats at the top that get the real uplift. ■

1

MACQUARIE
INFRASTRUCTURE
AND REAL ASSETS
\$32,830M

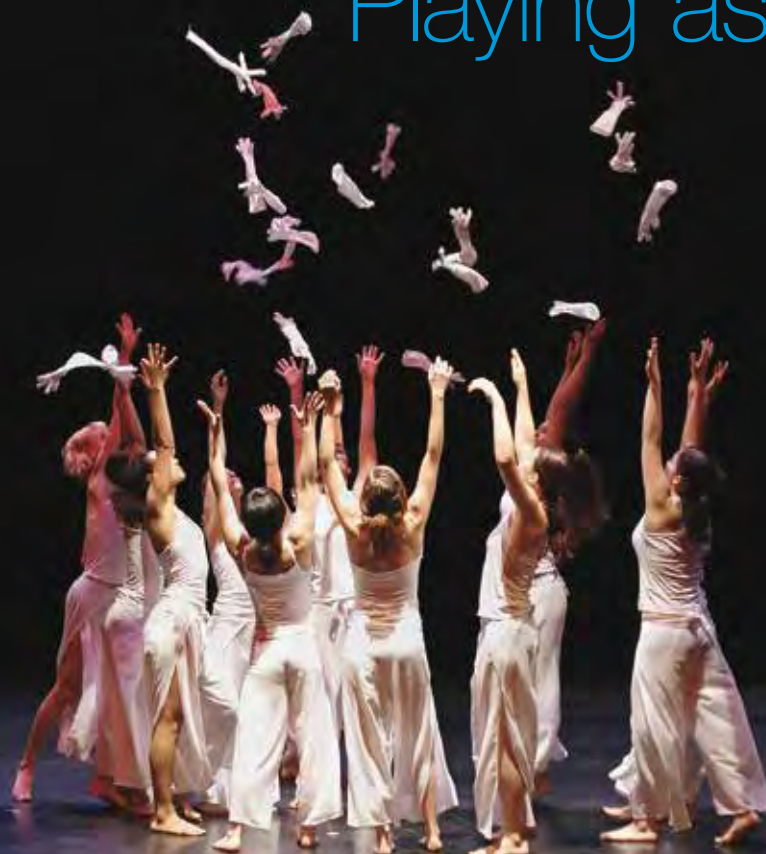
2

BROOKFIELD
ASSET
MANAGEMENT
\$31,985M

3

GLOBAL
INFRASTRUCTURE
PARTNERS
\$20,780M

Valuing the art of partnership. Playing as a team.



For more than two decades, MIRA has set the stage investing in the infrastructure assets that people value and use every day. We know that successful long-term investment demands commitment and experience behind the scenes to create enduring value.

Today, in partnership with our valued investors, we are also growing and channelling our knowledge and expertise beyond infrastructure into the changing worlds of energy, real estate and agriculture.

Because one of the many things we have learned over the past 20 years is that complexity and change create opportunity for those with the skills to navigate the landscape.

Our storyline remains the same.

Our teams of financial and operational experts continue to find new opportunities for our investors, always tailored to them.

We thank our valued clients, partners and people across the world for your ongoing support and commitment.

Macquarie Infrastructure and Real Assets (MIRA).

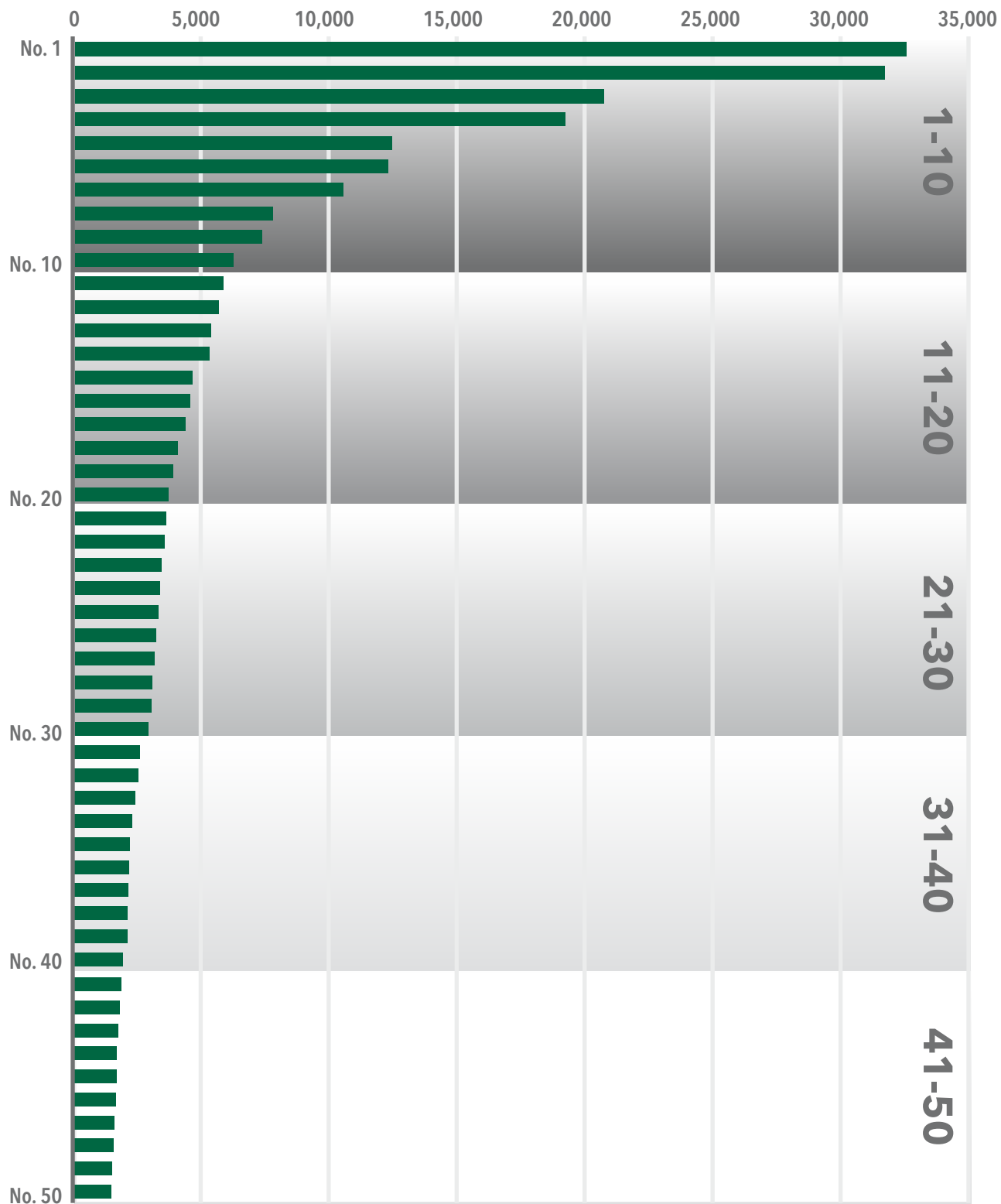
THE INFRASTRUCTURE INVESTOR

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2016 Rank	2015 Rank	Position	Company	Country	Region	Fundraising (\$m)
1	1	UNCHANGED	Macquarie Infrastructure and Real Assets	Australia	Asia-Pacific	32,830
2	2	UNCHANGED	Brookfield Asset Management	Canada	North America	31,985
3	6	UP	Global Infrastructure Partners	United States	North America	20,780
4	7	UP	Borealis Infrastructure	Canada	North America	19,246
5	5	UNCHANGED	IFM Investors	Australia	Asia-Pacific	12,519
6	10	UP	Colonial First State Global Asset Management	Australia	Asia-Pacific	12,452
7	4	DOWN	ArcLight Capital Partners	United States	North America	10,675
8	43	UP	AMP Capital	Australia	Asia-Pacific	7,745
9	14	UP	KDB Infrastructure Investments Asset Management Company	South Korea	Asia-Pacific	7,167
10	11	UP	Ardian	France	Western Europe	6,116
11	9	DOWN	Kohlberg Kravis Roberts	United States	North America	5,913
12	3	DOWN	Energy Capital Partners	United States	North America	5,882
13	40	UP	Stonepeak Infrastructure Partners	United States	North America	5,275
14	15	UP	JP Morgan Investment Management	United States	North America	5,171
15	21	UP	Hastings	Australia	Asia-Pacific	4,769
16	13	DOWN	InfraRed Capital Partners	United Kingdom	Western Europe	4,704
17	18	UP	EnerVest	United States	North America	4,400
18	26	UP	Partners Group	Switzerland	Western Europe	4,070
19	24	UP	Copenhagen Infrastructure Partners	Denmark	Western Europe	3,904
20	19	DOWN	First Reserve	United States	North America	3,769
21	20	DOWN	BTG Pactual	Brazil	Latin America	3,636
22	36	UP	Morgan Stanley Infrastructure	United States	North America	3,600
23	–	DEBUT	BlackRock	United States	North America	3,548
24	16	DOWN	Antin Infrastructure Partners	France	Western Europe	3,445
25	31	UP	Dalmore Capital	United Kingdom	Western Europe	3,429

2016 Rank	2015 Rank	Position	Company	Country	Region	Fundraising (\$m)
26	22	DOWN	Equis Funds Group	Singapore	Asia-Pacific	3,229
27	23	DOWN	I Squared Capital	United States	North America	3,200
28	25	DOWN	Ridgewood Energy Corp	United States	North America	3,135
29	27	DOWN	Meridiam Infrastructure	France	Western Europe	3,016
30	30	UNCHANGED	Highstar Capital LP (now part of Oaktree Capital)	United States	North America	2,993
31	39	UP	Axiom Infrastructure	Canada	North America	2,598
32	28	DOWN	Equitix	United Kingdom	Western Europe	2,519
33	29	DOWN	DIF	Netherlands	Western Europe	2,327
34	33	DOWN	Hermes GPE	United Kingdom	Western Europe	2,201
35	–	DEBUT	The Carlyle Group	United States	North America	2,142
36	35	DOWN	Infracapital	United Kingdom	Western Europe	2,138
37	–	DEBUT	American Infrastructure Funds	United States	North America	2,105
38	12	DOWN	Goldman Sachs Infrastructure Investment Group	United States	North America	2,083
39	34	DOWN	LS Power Group	United States	North America	2,080
40	45	UP	iCON Infrastructure	United Kingdom	Western Europe	1,984
41	32	DOWN	Arcus Infrastructure Partners	United Kingdom	Western Europe	1,949
42	–	DEBUT	Northleaf Capital Partners	Canada	North America	1,894
43	37	DOWN	Ares Management	United States	North America	1,876
44	–	DEBUT	InfraVia Capital Partners	France	Western Europe	1,823
45	38	DOWN	Suzhou International Development Venture Capital	China	Asia-Pacific	1,791
46	–	DEBUT	Merit Energy Company	United States	North America	1,782
47	–	DEBUT	Sunvision Capital	China	Asia-Pacific	1,659
48	47	DOWN	QIC Limited	Australia	Asia-Pacific	1,645
49	44	DOWN	Actis	United Kingdom	Western Europe	1,631
50	42	DOWN	Starwood Energy Group Global	United States	North America	1,533

II 50 Fundraising by firm (\$m)



Source: Infrastructure Investor

IFM Investors has been investing in infrastructure for over 20 years. Today we have more than 150 of the world's major institutional investors, investing together in this long-term asset class.

Core infrastructure in developed markets offers portfolio diversification along with stable cash yields and protection from inflation.

COLLECTIVE SCALE.

Our collective scale and shared vision results in access to portfolio companies across the globe, with returns measured across decades.

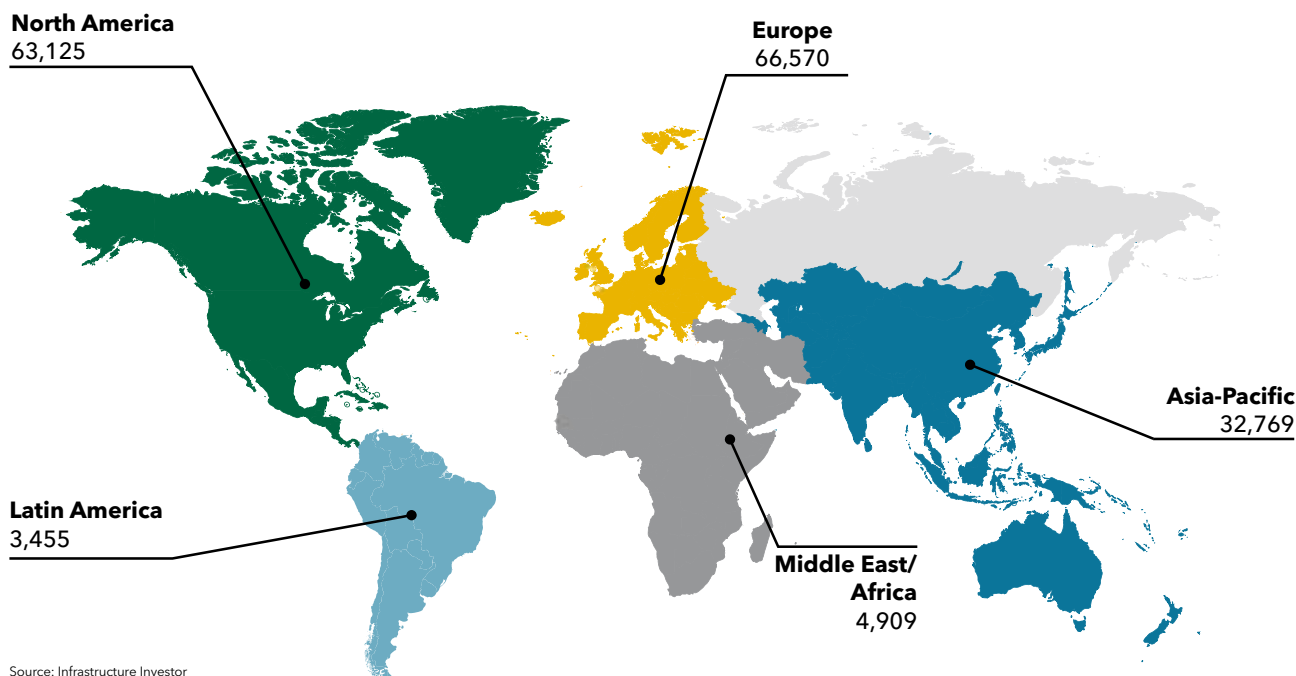
And our owners are pension funds, which means that they share with our investors the single purpose of delivering long-term returns to members.

Like-minded partners can achieve remarkable things. To find out more visit ifminvestors.com/infrastructure



One purpose. Shared prosperity.

II 50 Fundraising by geographic focus (\$m)



The 2016 Infrastructure Investor 50: Rules & Definitions

WHAT IS THE INFRASTRUCTURE INVESTOR 50?

The *Infrastructure Investor 50* is a ranking of the 50 largest infrastructure fund managers globally by size. The *Infrastructure Investor 50* follows on the success of a similar ranking called the PEI 300, which ranked the largest 300 private equity firms. Both the *Infrastructure Investor 50* and PEI 300 are produced by PEI Media, the publisher of *Infrastructure Investor* and *Private Equity International* magazines.

HOW WE DETERMINE THE RANKINGS

The *Infrastructure Investor 50* ranking is based on the amount of capital raised by infrastructure direct investment programmes over circa five years. This year, the five-year window spans from 1 January 2011 until 31 August 2016.

Where two firms have formed the same amount of capital over this time period, the higher *Infrastructure Investor*

50 rank goes to the firm with the largest active pool of capital formed since 2011. If there is still a “tie” after taking into account size of single capital formation, we give greater weight to the firm that has formed the most capital within the past one or two years.

ACCURACY AND CONFIDENTIALITY

We give highest priority to information that we receive from the fund managers themselves. When the infrastructure fund managers confirm details, we seek to “trust, but verify”.

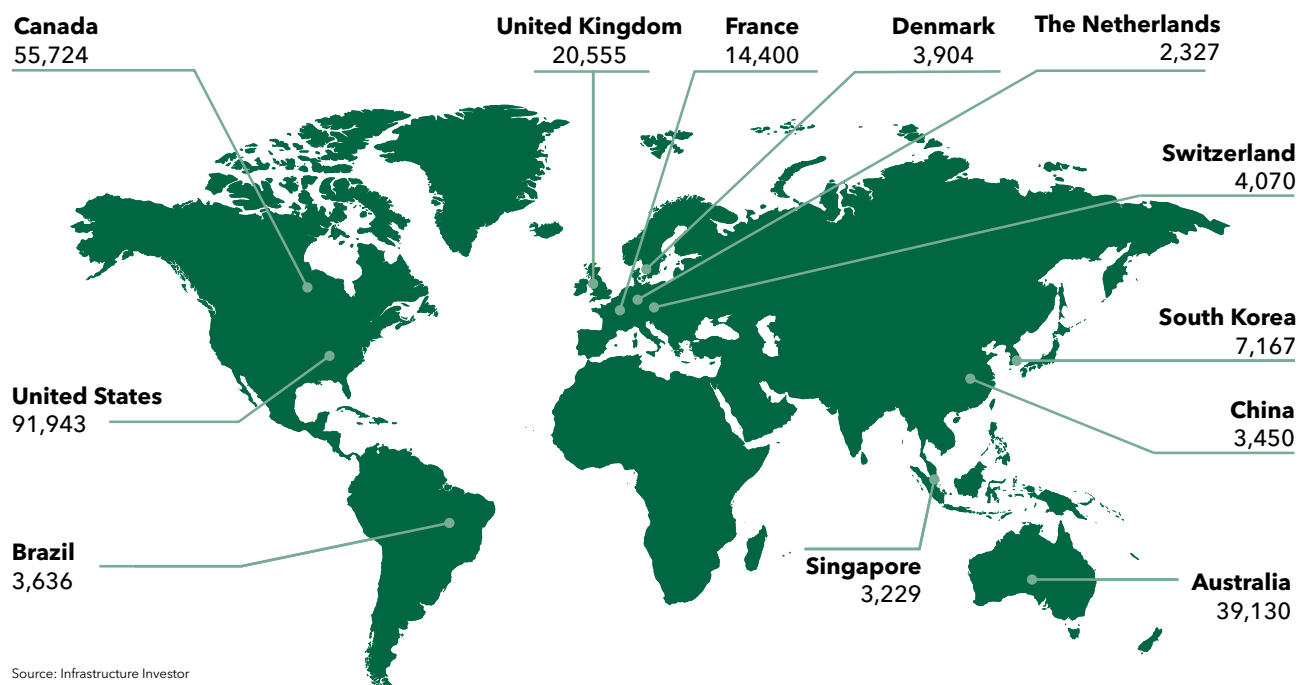
Some details simply cannot be verified by us, and in these cases we defer to the honour system. In order to encourage cooperation from the industry, we do not disclose which firms have aided us on background and which have not.

Lacking confirmation of details from the firms themselves, we seek to corroborate information using available annual reports, press releases, limited partner disclosures, etc.

DEFINITIONS

- **Infrastructure:** The definition of infrastructure investing, for the purposes of the *Infrastructure Investor 50*, means committing equity capital toward tangible, physical assets, whether existing (brown-field) or development-phase (greenfield) that are expected to exhibit stable, predictable cashflows over a long-term investment horizon. The investors need not seek to own the assets in perpetuity and may exit them, realising a capital gain and generating an internal rate of return for themselves or their end-investors. However, they must primarily dedicate their investment programmes toward the pursuit of assets and projects that exhibit cashflow stability and predictability and cannot be counted if they’ve made large one-off investments in the asset class on an opportunistic basis. There will certainly be grey areas with regard to these parameters, but *Infrastructure Investor* will take pains to ensure that the capital counted for the purposes of the ranking will fall

II 50 Fundraising by headquarters location (\$m)



within our definition of infrastructure to furthest extent possible.

Below is an extract from our definition of the “new infrastructure”

“Infrastructure is the term that covers the man-made facilities that enable any economy to operate. It can be segmented further into three broad types: transportation (e.g., railways, roads and airports), utilities (e.g., energy generation and distribution, water and waste processing and telecommunications) and social infrastructure (e.g., schools, hospitals and state housing)...”

You will see that the emphasis is on the assets themselves rather than on associated services and technology. In our five-year total, only capital allocated to infrastructure is included, as defined above. Where the investments are made in what may be termed a “grey area” between infrastructure and private equity, we reserve the right to make the final judgement based on applicability according to our definition.

- **Capital raised:** This means capital definitively committed to an infrastructure direct investment programme. In the case of a fundraising, it means the fund has had a final or official interim close after 1 January 2011. You may count the full amount of a fund if it has a close after this date. And you may count the full amount of an interim close (a real one, not a “soft-circle”) that has occurred recently, even if no official announcement has been made. We also count capital raised through other means, such as co-investment vehicles, deal-by-deal co-investment capital, publicly traded vehicles, recycled capital, and earmarked annual contributions from a sponsoring entity.

WHAT COUNTS AS CAPITAL RAISED?

- **Limited partnerships:** In most cases, infrastructure fund managers raise money through commitments to limited partnerships. In some cases, investment capital is

raised in other ways, for example through contributions from an affiliated entity or through public offerings. In all these cases we seek to accurately determine how much investment capital has been created for the financial sponsor in question over the specified five-year period.

- **Co-investment vehicles:** Where appropriate, we count LP co-investment vehicles into a fund manager’s capital fundraising total. The reason is that the co-investment vehicles are a reflection of a fund manager’s deal-making prowess and represent direct investment capital created for the asset class. However, the co-investment capital must be invested alongside a primary limited partnership, not established for a one-off deal or separate account.
- **Public entities:** We count the capital raised by infrastructure fund managers that happen to be publicly traded. We also count capital raised in the format of public vehicles controlled by infrastructure fund managers so long as those public entities primarily invest directly

in infrastructure projects, concessions or businesses. Where infrastructure capital is raised via public offerings, you should count the amount of infrastructure capital invested within the defined five-year period. This should automatically take into account recycled capital.

- Seed capital or GP commitment: You may count as capital raised any seed capital committed to any fund raised by your firm.
- Recycled capital: We seek to include the value of recycled capital within the five-year period if the recycled capital was earmarked for direct infrastructure investment.
- Affiliated programmes: You may count infrastructure capital raised by affiliated entities so long as your firm has control over those entities, or the vehicles raised bear the clear branding of your firm.
- Contributions from sponsoring entities: Where a larger entity has earmarked capital to your firm for a dedicated, direct infrastructure investment programme, you should count the amount of capital your firm has drawn down from that entity for infrastructure deals over the defined five-year period.

WHAT DOES NOT COUNT AS INFRASTRUCTURE:

- Funds of funds: We do not count funds of funds in our rankings. Credit for capital raised by funds of funds is reflected in fund managers' direct

capital raised, so to avoid double-counting, we exclude funds of funds.

- Separate accounts: An asset manager cannot claim credit for a separate pool of capital being managed on behalf of a pension plan as it is not a blind pool of capital originated for private investment at the discretion of the manager.
- Real asset strategies: Real assets such as timber, commodities, and natural resources cannot be counted toward the capital created total. While such strategies are similar to infrastructure in that they provide an investment in a physical, tangible asset or contain an element of inflation protection, they do not meet the core criteria of providing exposure to stable, predictable, long-term cashflow streams (timber demand, for example, is cyclical, as are commodities and natural resource-driven strategies like oil and gas exploration).
- Real estate: We do not count capital deployed in property ownership strategies.
- Club deals: Similar to our rationale for separately-managed accounts, in which capital is pledged to a sponsor but the end-investors have the discretion over whether to invest, we do not count club deals in our rankings.
- Debt investment funds: Our rankings focus on equity committed to the asset class, so we exclude all debt-focused vehicles and commitments, including

mezzanine debt.

- Private equity: We do not count capital deployed primarily in private equity strategies (i.e. buyouts of operating businesses in various economic sectors). Infrastructure investors may of course invest in operating businesses, but the businesses must exhibit and be purchased primarily for their ability to produce stable, long-term cashflows.
- Hedge funds: We do not count hedge fund strategies as these primarily rely on indirect investments such as listed securities that may have exposure to infrastructure assets, not the assets themselves.

WHAT DOES NOT COUNT AS CAPITAL RAISED:

- Expected capital commitments: No matter how confident you are about your eventual fundraising goals, we do not count "soft-" or "hard-circled" commitments – only official final and interim closes.
- Opportunistic capital: An entity that has the ability to opportunistically do large infrastructure deals, but does not have a dedicated programme or team for doing so, will not be counted. ■

MORE QUESTIONS?

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