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Press Release

17th November 2016

Renewable Energy Infrastructure Market Grows in 2016

Renewable energy-focused infrastructure fundraising in 2016 approaches record levels, while aggregate deal value is expected to exceed the all-time high

Renewable energy-focused infrastructure funds have been an increasingly important part of the unlisted infrastructure market, and the sector has expanded rapidly in recent years. Renewable energy funds secured a record $14bn of investor capital in 2015, and the amount raised in 2016 YTD ($9.8bn) seems on course to approach these levels. However, the number of funds closed annually has fallen from a peak of 30 funds in 2014 to just 14 in 2016 so far. This is a reflection of the competitive fundraising market, and it is notable that fewer fund managers are able to raise larger funds than previously.

Fund managers are also managing to deploy the record levels of capital they are attracting from investors. Aggregate deal value has reached $43bn in 2016 YTD, and is likely to surpass the record of $50bn seen in 2012. Total renewable energy-focused deal value has now seen three consecutive years of increases, although 2016 YTD has seen 456 transactions, down from 540 in 2013. Despite this, renewable energy deals have accounted for 38% of all infrastructure deals in 2016 so far, and 14% of the aggregate deal value for the year.

Other Key Renewable Energy-Focused Infrastructure Facts:

- Fundraising Success: Fundraising has often been difficult for renewable energy vehicles; the majority (53%) of funds closed since 2006 have failed to reach their target size. **In 2016 so far, though, funds closed have secured an average of 107% of their target capital** compared to 87% for vehicles closed 2008-2015.
- Share of Total Market: In 2016 YTD, **renewable energy funds closed represent over a third (34%) of all unlisted infrastructure funds to reach a close**. However, renewable energy funds have secured just a fifth of all capital commitments to the infrastructure market, compared to 43% in 2012, the record fundraising year.
- Deals by Sector: **Solar power accounted for just 3% of renewable energy deals in 2006, but in 2016 the sector represents 42% of transactions**. Over the same period, the proportion of wind power transactions has decreased from 63% to 41% while hydropower financings have fallen from 19% to 9%.
- Deals by Project Stage: As the renewable energy infrastructure market grows and matures, participants are now acquiring fully operational assets. **Secondary stage assets represented 48% of all deals in 2015, up from 28% of deals in 2006**, and now represent the greatest proportion of deals.
- Deals by Region: Europe has traditionally been the most fertile region for renewable energy assets, but in recent years Asia has seen the most growth. Europe accounts for 38% of 2016 YTD deals, down from 44% in 2006. Over the same period, **Asia-based assets have grown from 8% to 19% of total deals**.

To access further information and analysis, please see the full report below:
https://www.preqin.com/docs/newsletters/ra/Preqin-Real-Assets-Spotlight-November-2016.pdf

Comment:

"Over the past decade, renewable energy has become an increasingly viable method of profitable energy production. This has prompted many investors to increase their activity in the sector, and the momentum spawned in the fundraising and deal markets over recent years has continued in 2016, with high levels of investor capital allocated to the renewable energy space, and deal activity that is on course to mark a record year.

As technology advances, the capacity of renewable assets to generate a larger amount of energy output will further drive appetite for the sector in the long term. However, it is up to vehicles securing assets now to deliver sustainable and steady returns to investors. If funds can meet that expectation, then we may see investors continue to commit large amounts of capital to this sector."

Tom Carr – Head of Real Assets Products, Preqin

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

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