

Energy Projects Dominate Infrastructure Investment in Africa

60% of all infrastructure financing in Africa, since 2013, directed towards energy projects

Preqin's report on the African infrastructure market finds that 103 transactions have been completed for assets in Africa since 2013, worth an estimated \$50bn. The majority of these deals (60%) saw financing directed towards energy projects, as the emphasis on electricity generation and transmission in Africa intensifies. In contrast, utilities accounted for 21% of infrastructure transactions in Africa since 2013, while transport and telecoms attracted 11% and 5% of the total number of deals. The majority (92%) of the energy deals were transacted for renewable assets, such as the \$2.8bn Batoka Gorge Hydroelectric Project in Zambia, the largest infrastructure deal completed since 2013, as domestic and international fund managers attempt to harness the geographical potential for renewables in Africa.

Other Infrastructure Deals in Africa Facts:

- **Transaction Value:** Since 2013, a quarter of all infrastructure deals in Africa have been completed for less than \$100mn as the market continues its development. **The largest proportion (42%) of deals were made for \$100-499mn-sized assets**, with just 11% of transactions worth over \$1bn.
- **Deals by Sub-Region:** **African infrastructure deals have been concentrated predominantly in Southern (30%) and Western Africa (27%).** Fewer deals are transacted in Eastern (20%) and Northern Africa (16%), while macroeconomic and political issues in Central Africa (7%) may be a contributing factor to the minimal appetite for infrastructure investment.
- **Project Stage:** Due to shortfalls in existing infrastructure in many African countries, **a much larger proportion of deals are in new projects compared to more developed regions.** Seventy percent of African deals since 2013 have been for greenfield projects and 24% were secondary stage deals; globally, 40% of all deals were completed for greenfield assets while secondary stage projects represent 48% of all transactions.
- **Africa-Focused Fundraising:** **Twenty-four funds with a primary geographic focus on Africa have closed since 2007 raising a combined \$4.6bn** in investor capital. Two-thirds of these funds are managed by Africa-based firms, including 42% that are headquartered in South Africa.

To access further information and analysis, please see the report below:

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Africa-Infrastructure-August-2016.pdf>

Comment:

"Insufficient infrastructure is widely recognized as one of the key challenges facing Africa and one of the major obstacles to the continent's economic and social development. Addressing the funding gap for infrastructure in Africa has become a priority of governments and international organizations in recent years with power generation identified as a particular area in need of both public and private financing.

The global transition from reliance on traditional to alternative energy sources represents an important political and economic issue, and so the extent of investment in this sector within Africa holds particular relevance. With the continent possessing the necessary geographical resources and space to accommodate development in renewable energy infrastructure, the industry should attract further capital from international and domestic firms."

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:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

New York	London	Singapore	San Francisco	Hong Kong	Manila
+1 212 350 0100	+44 20 3207 0200	+65 6305 2200	+1 415 316 0580	+852 3958 2819	

www.preqin.com / info@preqin.com



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For more information, please contact: Tom Carr +44 (0)20 3207 0355 or tcarr@preqin.com

For general press enquiries, please contact: William Clarke +44 (0)20 3207 0265 or press@preqin.com