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Press Release
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Renewables Fundraising Overtakes Conventional Energy

Unlisted natural resources funds closed in 2017 YTD raise more capital to focus on renewables investments than for conventional energy projects

The unlisted natural resources industry is turning increasingly to focus on renewable rather than conventional energy sources. In this, the asset class mirrors the wider energy industry: the long-term shift of renewable energy into the corporate mainstream, coupled with the depression in oil prices, is bringing the two sectors towards a greater degree of parity than seen before. 2017 marks the first time that unlisted natural resources fundraising focused on renewable energy has outstripped the level of capital raised for conventional energy sources. This trend looks set to continue: there are currently more renewable energy-focused vehicles seeking a greater level of investor capital than conventional energy funds, also for the first time.

For more information and analysis, see the full *Conventional and Renewable Energy Report* here: https://www.preqin.com/docs/reports/Preqin-Special-Report-Conventional-and-Renewable-Energy-June-2017.pdf

Key Unlisted Energy Fundraising Facts:

- Since 2008, conventional energy-focused funds have accounted for 46% of all energy capital raised, surpassing the capital secured by renewables-focused funds (21%) or those vehicles that take a mixed approach (33%).
- However, **conventional energy fundraising has declined significantly** from a peak of $38bn in 2015, and in 2017 YTD just six funds have secured a combined $2bn.
- At the same time, renewables-focused fundraising has stayed level in 2015-16, and in 2017 YTD nine such funds have raised a total of $5bn, **outstripping fundraising for conventional energy vehicles for the first time**.
- Looking ahead, there are currently 73 renewables-focused funds in market targeting a combined $35bn, compared to 52 funds that are targeting $29bn to deploy in conventional energy.
- However, **this seems unlikely to mark a sharp shift between the strategies**: 52% of investors in conventional energy also have a preference for renewables, while 58% and 61% of investors in renewable energy funds also target oil and natural gas respectively.
- **This may prompt more funds to take a mixed approach**, investing in both renewable and conventional energy. This is the strategy adopted by Global Infrastructure Partners III and Brookfield Infrastructure Fund III, the largest infrastructure funds ever raised.

Tom Carr, Head of Real Assets Products:

"Global energy demand will continue to grow in the coming years, particularly as emerging economies enact large-scale projects to enhance living standards and modernise their infrastructure. Therefore, investment in energy-related projects and technologies will remain a key component of most investors' portfolios going forward, and fund managers will continue to bring funds to market to serve that need.

However, within the energy industry there is a long-term adjustment evident towards renewable energy activity and away from conventional energy sources. Public pressure and governmental policy to address climate change has placed constraints on the fossil fuel industry, while the US shale oil boom has depressed oil prices in the mid-term. At the same time, technological breakthroughs have reduced the cost-per-unit of renewable energy sources, making them more attractive to investors. Both approaches are set to remain important components of the energy market, but the outsized dominance of conventional energy may not be as evident going forward."

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For more information, contact our dedicated press team at press@preqin.com or call (+44) 20 3207 0265.

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	

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