

## Institutional investors continue to increase renewable infrastructure exposure

- Portfolio diversification and reliable long-term cash flows are the main drivers
- 91% expect to increase or maintain their exposure
- Solar has delivered the best results in the past three years say investors
- Thermal, biomass and hydropower set to attract biggest increases

London, 24<sup>th</sup> of November – A new study among institutional investors in Europe reveals that more than six in ten (61%) expect to increase their exposure to renewable infrastructure and a further 30% plan to maintain it over the next three years. Just 3% of respondents predict a fall in allocations.

The research<sup>1</sup>, commissioned by Aquila Capital, one of Europe's leading independent alternative asset managers shows that nearly half (48%) of respondents cited portfolio diversification as the main reason for investing in renewables, closely followed by reliable long-term cash flows (44%) and portfolio returns (43%). Environmental factors were cited by only (22%) of investors as their primary driver.

Exactly half (50%) of investors have a positive outlook for renewable infrastructure, including 9% who are very positive. A further 43% have a neutral outlook for the asset class and only 7% are somewhat negative, half the number compared to the previous year.

Investors' biggest concerns about renewable infrastructure are its limited scalability and investment volume, cited by 38% of investors, followed by regulatory hurdles (37%) and the experience and track record of the managers of the assets (36%).

New technologies applied to thermal, geothermal and biomass are set to attract the biggest increases in investor allocations over the next three years: 59% of institutional investors say their peers will be backing these emerging subsectors with 9% predicting a dramatic rise; over half (54%) expect investors to increase their exposure to hydropower, 48% to offshore wind and 49% to solar.

The majority (64%) of European institutions have some exposure to renewable infrastructure and currently allocate an average of 4% to this asset class but the study suggests these figures are set to rise, including 11% who believe the increase will be 'significant'.

**Roman Rosslenbroich, CEO of Aquila Group**, commented: "The survey shows that investors' appetite for renewable infrastructure as a way to generate yield and improve portfolio returns is continuing to go from strength to strength. This is reflected in our own experience. Our Aquila Capital Renewables Fund III S.A. SICAV-SIF for example, which we launched in May this year, secured more than EUR 100 million at first close and demand from large institutional investors continues to be significant with a second close to follow soon."

"We are also seeing investors taking a more sophisticated view towards their renewable allocation strategy with increasing numbers opting to build a diversified portfolio offering exposure to different subsectors, including hydropower. Typical correlation levels to other

renewable energy investments such as wind power and photovoltaics are low and their long-term cash flows are uncoupled from traditional asset classes such as equities and bonds. As one of the largest financial investors in the European photovoltaic market with a track record of approximately EUR 2.4 billion in renewable energy transactions, Aquila Capital is able to offer investors renewable infrastructure investment solutions that provide access to top-tier assets from day one.”

Source<sup>1</sup>: Research carried out among 100 institutional investors across Europe in October 2015

**Contact:**

Julia Omeed, Aquila Capital  
julia.omeed@aquila-capital.com  
T +49 40 55 56 53 125

Patrick Evans / Stephen Sheppard  
Citigate Dewe Rogerson  
+44 (0)20 7638 9571  
aquila@citigatedr.co.uk

**Notes to editors**

**About Aquila Capital**

Established in 2001, Aquila Capital is a leading alternative investment firm managing a family of strategies in real assets, financial and private markets. The company applies a multi-team investment approach with dedicated experts in their respective fields. From regulated mutual funds to direct investments and special mandates, as a long-term partner, Aquila Capital provides holistic investment concepts and comprehensive investment advice and services to its investors.

Aquila Capital is part of the owner-managed Aquila Group, which employs more than 200 staff at eight locations in Europe and Asia Pacific and manages assets of over EUR 8.0bn for a global investor base (as at June 2015).

Further information can be found at [www.aquila-capital.com](http://www.aquila-capital.com).