

# Australian renewable energy transactions

Quarterly transaction chart pack

Climate Capital Pty Ltd

Q1-FY20



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# Contents

<b>Our key insights</b>	<b>2</b>
1. Overview on deal activity	3
2. Solar generation assets	4
3. Wind generation assets	5
4. Additional charts	6



# Our key insights

- 1 Deal volumes set to increase**

The large number of currently under-construction and financially committed projects is likely to provide a near term uplift in deal activity as these assets are brought to market. Buy-side demand should also improve as the market regains confidence following the uncertainty of the federal election.
- 2 Robust interest from international investors**

Australian renewable energy assets have a proven track record of attracting a reliable flow of international capital as a result of its unsaturated market and regulatory stability. Over the last three years, international investors have accounted for more than 60% of Australian asset transactions.
- 3 Declining megawatt multiples**

Improvements in renewable energy technologies are making project builds more efficient and thus putting downward pressure on underlying asset prices. Transaction values per megawatt are becoming increasingly lower for projects and are currently 23% lower on average compared to 2016 for all generation types.
- 4 Refinances on the rise**

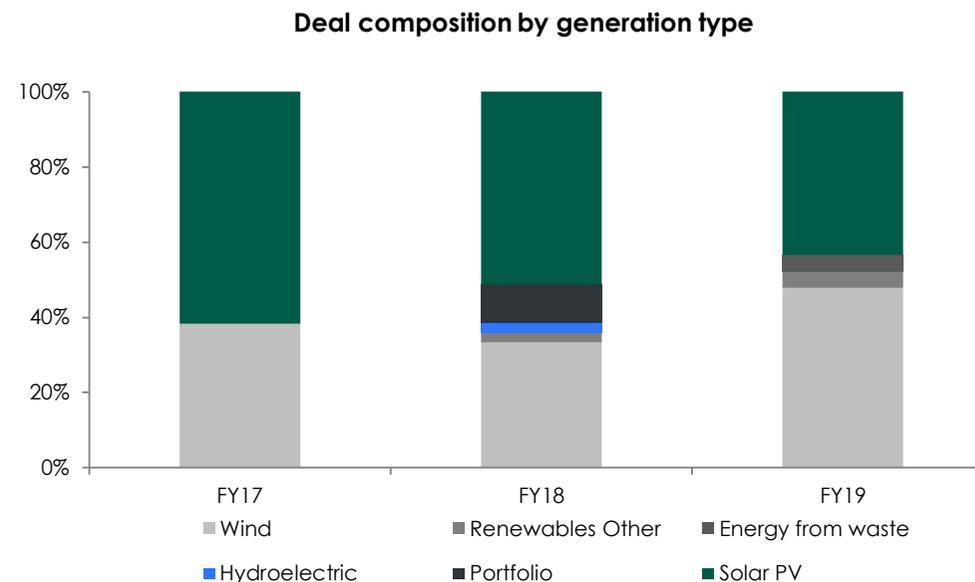
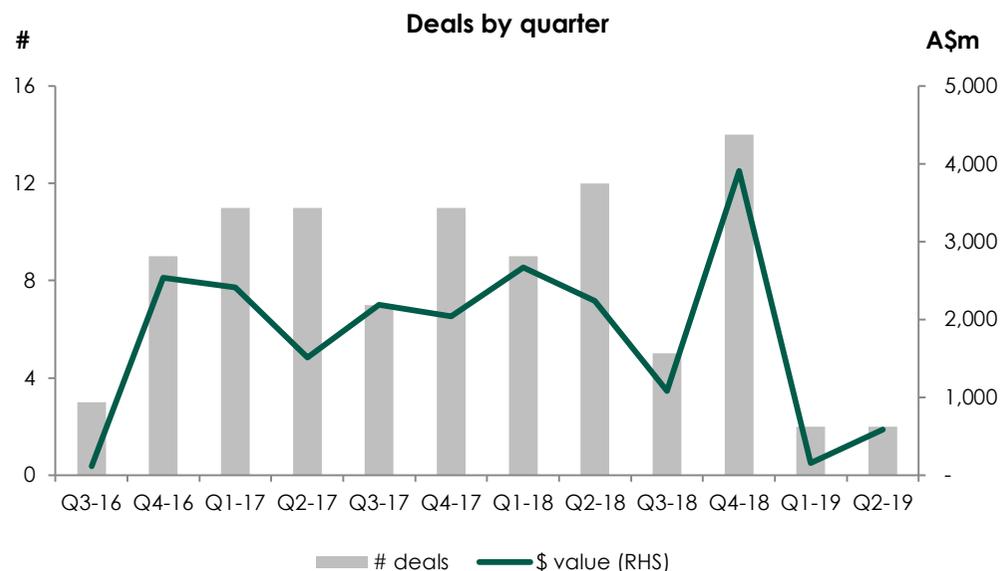
The utility of project refinances have shown exponential growth for renewable energy assets which is unsurprising given Australia's declining interest rate environment. The number of project refinances have increased at a 150% compound annual growth rate since 2016 and with consecutive interest rate cuts in 2019, the future for project refinancing is likely to remain positive.

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## Deal activity overview



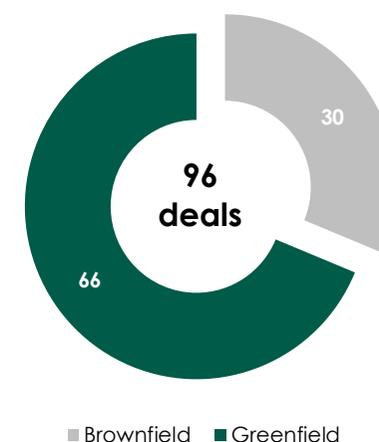
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### Key observations

- Deal volumes have had a sluggish start to calendar year 2019 with volumes in the first two quarters down 22% and 17% respectively compared to 2018.
- Recent deal activity has been affected by the federal election and subsequent re-election of the Morrison Government, which had explicitly downplayed the contribution of both wind and solar in Australia's future power generation requirements.
- A second contributing factor was a general decline in saleable assets in the market with 87 large-scale renewable projects still under construction or financially committed at the beginning of the 2019 calendar year<sup>1</sup>.
- Solar assets have dominated transactions over the last three financial years accounting for approximately 53% of all transactions, whilst wind assets were the other large majority (39%).

### Deals by type of asset



**Notes:** All data has been sourced from Inframation unless stated. Deals include Australian greenfield and brownfield assets only, refinances have been excluded from this analysis. (1) Clean Energy Australia Report 2019.

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## Solar generation assets



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### Key observations

- Since the beginning of FY16, there has been 51 deals involving 7.1GW of solar assets worth more than A\$8.3 billion.
- Average megawatt multiples for solar assets have declined since FY16, with multiples averaging 1.81x over the period.
- Transactions in Queensland and New South Wales account for more than 80% of all solar transactions with 24 and 17 transactions, respectively.
- 73% of transactions involved greenfield (i.e. new build) solar assets.
- Average megawatt multiples for greenfield solar assets were on average 63% higher than those for brownfield solar assets.
- Investors from Australasia (i.e. Australia and New Zealand) and Europe were collectively involved in 82% of transactions, with investors from Asia being accountable for the rest.
- Active equity investors in solar transactions were British developer, John Laing and French renewable energy giant, Neoen.

### Major transactions



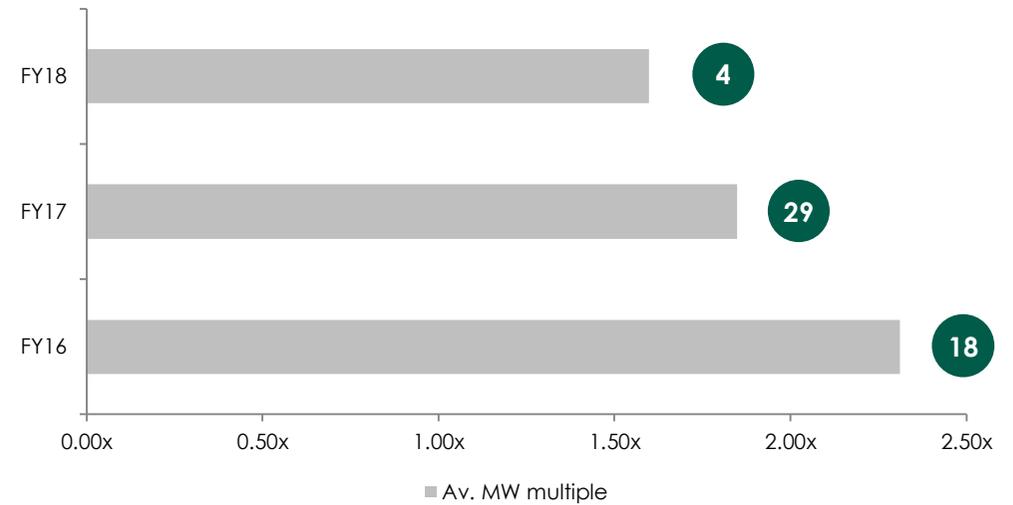
Project	Riverland Solar Plant
Location	South Australia
Size (MW)	330
Value (A\$m)	\$700



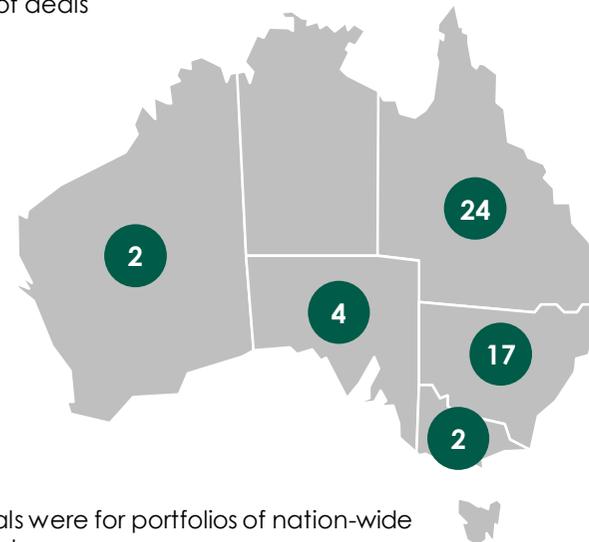
Project	Bungala Solar One
Location	South Australia
Size (MW)	137.5
Value (A\$m)	\$494

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### Average solar MW multiples



# Number of deals



2 Deals were for portfolios of nation-wide assets.

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## Wind generation assets



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### Key observations

- A total of 37 deals involving wind assets were identified since FY16, with a combined value of more than A\$11.0 billion across 7.2GW of power generation.
- Average megawatt multiples for wind projects have been volatile albeit declining since FY17, multiples have averaged 2.20x since FY16.
- Victoria and New South Wales domiciled projects proved most attractive to investors with 14 and 9 transactions, respectively.
- 70% of transactions for wind projects were for greenfield assets.
- Average megawatt multiples for greenfield wind assets were on average 76% higher as compared to brownfield wind assets.
- Australasian and European investors were equity counterparties to 69% of transactions, whilst US-based investors were also active (10%).
- Transaction regulars for wind assets included Powering Australian Renewables Fund (PARF) (Australia) and DIF Infrastructure V (Europe).

### Major transactions



Project	Stockyard Hill Wind Farm
Location	Victoria
Size (MW)	530
Value (A\$m)	\$1,100

Mar-18

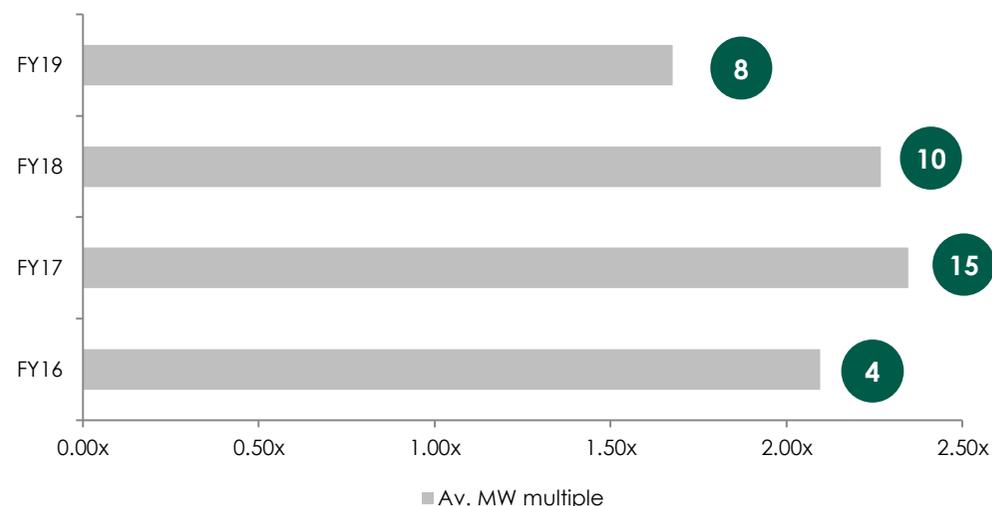


Project	Coopers Gap Wind Farm
Location	Queensland
Size (MW)	453
Value (A\$m)	\$870

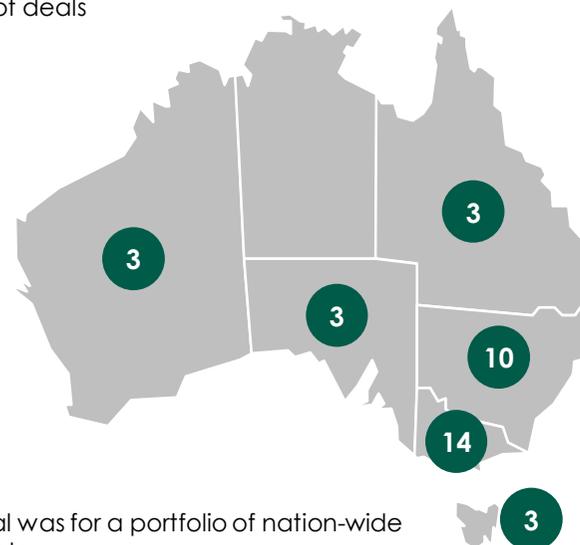
Aug-17

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### Average wind MW multiples



# Number of deals



1 Deal was for a portfolio of nation-wide assets.

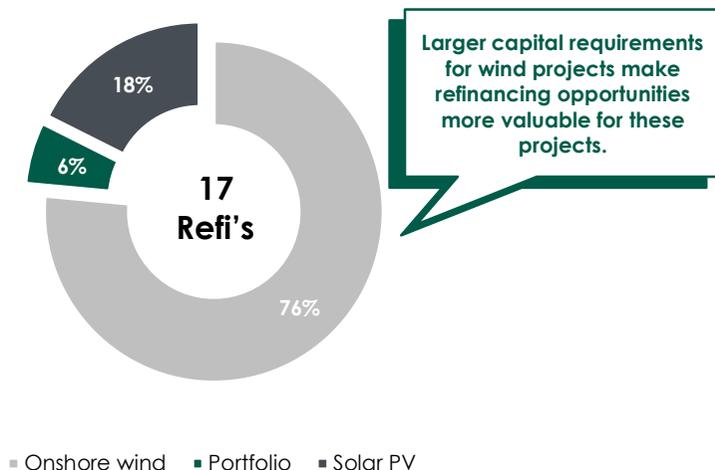
# Australian renewables transactions

## Additional charts

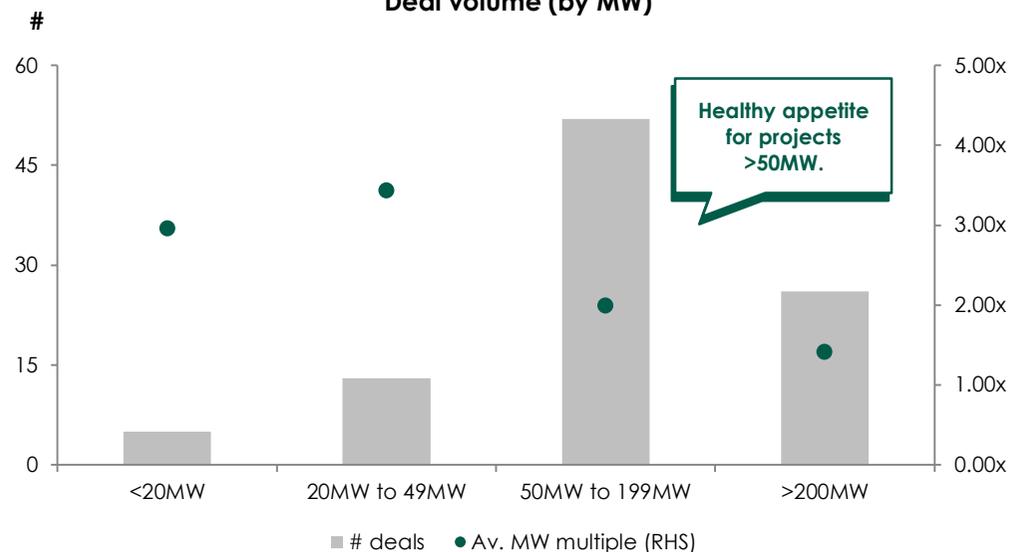


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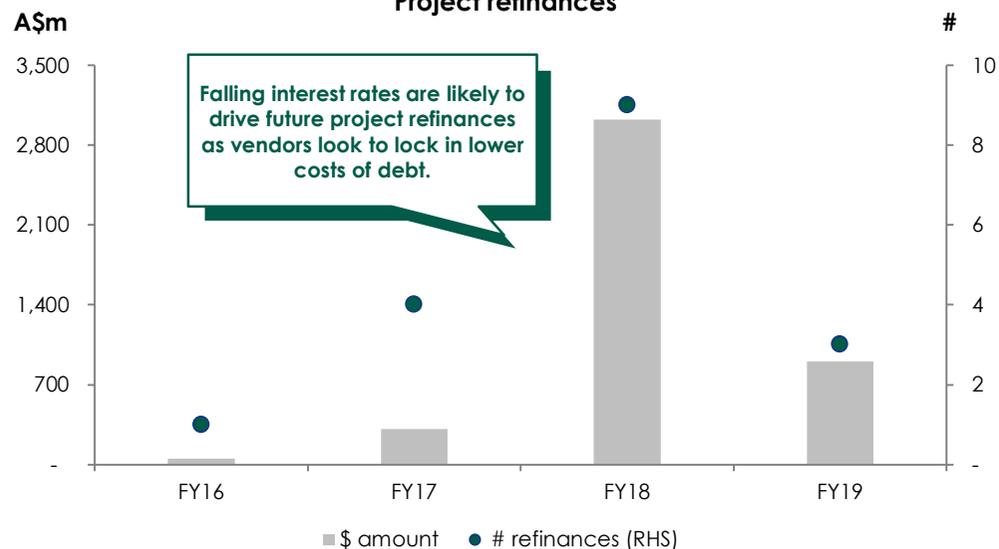
### Number of refinances (by generation type)



### Deal volume (by MW)



### Project refinances



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# Contact us

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