

Renewable Energy Investments: Rewarding Project Development

Düsseldorf, January 28th 2021 – Renewable energy investments have become an indispensable part of the investment mix, especially for institutional investors. Whereas at the beginning of this megatrend the focus was primarily on investments in individual plants, now the focus is primarily on investments in energy types and locations via diversified portfolios just like early entry into cleantech start-ups. "The next and most profitable step is investing in the project development phase", says Markus W. Voigt, CEO of aream Group.

Value creation and thus investment returns have always been most lucrative at the outset. "In the real estate sector, project development is therefore considered the supreme discipline", says Voigt. "But this is even more true in a market that is still young - in the project development of infrastructure in the field of renewable energies." Because unlike real estate, there is not yet an oversupply of experienced project developers for large-scale projects, which depresses prices.

One thing is clear: the risk of failure or long delays due to failure to recognize bureaucratic hurdles also increases here with the return on investment. "Until now, many investors have shied away from taking this risk", says Voigt. "Now we see that more and more large investors are looking for such investments. It's no wonder, since entry into completed projects delivers returns of between five and seven percent, while project development delivers well over double that."

In the meantime, renewable energies have outgrown their infancy and the project development process also follows industry standards. Currently, there are more than 1.7 million solar installations in Germany alone, ranging from small rooftop installations to ground-mounted systems delivering more than 100 megawatts. "And all of them had to go through the project development process", says Voigt. Without the elaborate process of securing land and navigating the permitting jungle, no wind turbine would spin and no photovoltaic system would produce electricity.

The path from capital acquisition to the completed plant requires investment and asset management specialists with many years of experience who master the entire value-added process. "A handful of specialists have emerged here in recent years who can actually map the business at every relevant stage," says Voigt. The key factors here are investment and asset management expertise in renewable energy infrastructure, market access knowledge of a strong project pipeline, preferably off-market, identification of interest with investors, expertise in marketing the finished plants, financing knowledge along the entire value chain of development, construction and operation of the plants and ongoing optimization of the plants also in operation.

"Only a manager equipped with this set of core competencies enables investors to get involved in the early stages of the value chain and significantly increase returns with the greatest possible risk protection", says Voigt. In the next few years, Germany will become a hotspot for new solar plants to implement the energy transition. Here, the industry is relying on decentralized small-scale solutions, all of which need to be developed. "This is an opportunity to enter the project development field with a diversified portfolio and secure attractive returns in the long term", says Voigt.

More Information: www.arem.de.

About aream

The aream Group is a fully integrated investment and asset manager for institutional investors focusing on sustainable infrastructure in the renewable energy sector, including wind and solar power, grids and storage



technology. aream is represented along the entire value chain from project development to the operation of the plants. With a transaction volume of more than 1.5 billion Euro, the company has covered the entire spectrum of asset management services for more than 15 years and ensures the commercial and technical optimization of the assets. In addition to classic project investments in Clean Energy, aream also offers investment opportunities in CleanTech companies: directly or via private equity solutions. aream combines investment expertise with technical and commercial know-how and guarantees sustainable performance with stable distributions, returns and value growth through a structured investment and risk management process.

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