

Central Bank Support Makes Climate Investments More Attractive

Düsseldorf, 28th July 2021 – At its most recent meeting, the European Central Bank decided to include climate protection as a further objective of its monetary policy. "This is a good step", says Markus W. Voigt, CEO of aream Group. "Even better than formulating vague targets would be to proceed as the Japanese central bank is doing." In any case, both new and existing investments in renewables will increase in value.

Japan's central bank will encourage investment in climate-friendly projects with interest-free loans. These will be disbursed through commercial banks, which in turn will still receive an incentive: Banks will be allowed to park twice the amount disbursed as loans at the central bank without having to pay penalty interest. "In this way, a lot of capital will certainly be mobilized to achieve the climate targets", says Voigt.

For investors, such programs, which are for example also available in a very slimmed-down form from the "Kreditanstalt für Wiederaufbau", are an additional incentive. "Renewable energy projects already generate a very decent return, completely independent of subsidies", says Voigt. "This ranges from three to seven percent, depending on the scale and stage of entry, with higher returns possible in project development." All of these projects are calculated with costs for interest and amortization.

"If the costs for interest are completely or at least partially eliminated, as decided in Japan, the projects become even more attractive", says Voigt. And that applies not only to new plants, but also to existing ones. "Projects already underway will also become more valuable as a result, since demand for them will increase", Voigt says.

So far, the European Central Bank has announced that it will increase its focus on climate targets. Thus, the bank's actions are to become greener at all levels. "This applies, for example, to the bond-buying program, where more attention is to be paid to whether bond issuers are producing in a climate-friendly way or rather not", Voigt says. "But I assume that very specific programs will come, analogous to those of the Japanese central bank."

These could be launched and disbursed by both the ECB and the individual member states with their development banks. "If capital flows are redirected toward climate protection in this way, that is exactly in line with the goals that the EU has also set itself in its Green Deal", says Voigt. "It's important to also rebuke some overzealous climate activists that an immediate switch to renewables is not yet possible", Voigt says. "But with the right incentives, the expansion of renewables can be noticeably accelerated relatively quickly and without high costs." thus still achieve the climate targets in time.

More information: www.arem.de.

About aream

The aream Group is a fully integrated investment and asset manager for institutional investors with a focus on sustainable infrastructure in the renewable energy sector, which includes wind and solar power, grids and storage technology. In this context, aream is represented along the entire value chain from project development to plant operation. With a transaction volume of more than EUR 1.5 billion, the company has



been covering the entire spectrum of asset management services for over 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 climate-tech companies: directly or via private equity solutions. aream combines investment expertise with technical and commercial know-how and ensures sustainable performance with stable distributions, returns and value growth through a structured investment and risk management process.

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