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Next Generation of Sustainable Investments

By Hermann Klughardt

At the beginning of 2013 Berkshire Hathaway invested US\$2.5 billion in photovoltaic power plants.

“Up to now we have €1 billion in renewable energy and we will invest another €1.5bn in the coming years” said Holger Kerzel, Managing Director of MEAG in an interview 2014. Also the worldwide leading reinsurance group Munich Re will invest €2.5bn in renewable energy within the next three to five years. In the future they intend to invest the same amount of money in the infrastructure sector as in the stock market.

Even Google has invested approximately \$915 million in projects to develop renewable energy sources. In an Interview with the German weekly business news magazine Wirtschaftswoche, Rick Needham, Director of Sustainability and Energy at Google, said: “100% energy from renewable sources is our goal. This will provide us a good return on our invested capital and on the other side

we are investing in projects which will change the rules of the game.”

Global investment in renewable power and fuels (excluding large hydro-electric projects) was \$270.2bn in 2014, nearly 17% higher than the previous year. Following a study of Bloomberg New Energy Finance, until 2020 the yearly new investments in renewable energy will be in the range of \$500bn worldwide.

Renewable energy technologies excluding large hydro represent 48% of the net power capacity added worldwide in 2014. This was the third year in succession that this figure has been above 40%.



In total renewable energies such as wind, solar, biomass and waste-to-power, geothermal, small hydro and marine power are estimated to have contributed 9.1% of world electricity generation in 2014, compared to 8.5% in 2013. This means sustainable investments will follow a mega trend over the next decades. At the end, the fu-

ture of the energy supply is renewable.

Sustainable Investments in the field of renewable energy meet the requirements of institutional investors. Renewable energy investments reduce the burden of the risk budget through a low value-at-risk (VAR). The return-risk-profile will be improved by diversifying a portfolio with sustainable investments. Long term stable and predictable cash flows with a low volatility will fit to the liability matching of long term oriented institutional investors. Finally sustainable investments meet the criteria of absolute return strategies.

The renewable energy investment sector has grown to a mature industrialised market. According to this it is more than producing power through renewable energy resources. In the meantime asset managers of renewable energy plants have to develop their business from simple electricity production to energy management. In the past development and operation of solar power plants or wind farms has been the key task of an asset manager. In the future the asset manager also has to cover the marketing

of the produced power and the cooperation with brokers, agents and the net infrastructure providers. He has to meet these requirements to establish the renewable energy resources of his portfolio in the energy market to generate a surplus. This requires the development of the investment strategy from a buy and hold strategy to an added value strategy for the entire portfolio. At the end this will create an extra premium to the value of the total portfolio and increase its attractiveness for a potential exit.

Voigt & Collegen as an asset manager of renewable energy investments have established the complete range of services within their company to participate successfully in the energy market for the benefit of their investors.

Beside the challenges of the energy market they also provide support for investors in their regulatory environment. Voigt & Collegen provide the complete range of investments from direct investments over alternative funds solutions to tailor made managed account solutions.

Within the last six months the Luxembourg-based VC SolEs Invest Renewable Energy I fund, managed by Voigt & Collegen, has successfully closed six photovoltaic and wind plant transactions in Germany with a total capacity of approximately 33 MW.

The PV projects total capacity of approximately 26.7 MWp consists of a diversified portfolio of plants ranging from 1.1 MWp up to 10 MWp. The plants are located in the sunny eastern parts of Germany such as Thuringia, Brandenburg and Saxony-Anhalt with a specific yield of approximately 1000 kWh/kWp. The plants are constructed with high quality components and have been connected to the grid between December 2011 and February 2015. According to the date of connection the plants benefit from feed in tariffs in the range of 9.07 ct/kWh to 22.07ct/kWh for 20 years starting from the end of the year the plant was connected to the grid.

The wind farm with a capacity of 6.6 MW is located in the attractive [Rhine-](#)

[land-Palatinate](#) region and has been connected to the grid in November 2014. It consists of two 3.3 MW Vestas high-wind turbines with a very high capacity factor. The turbines have a hub height of 140 metres and a rotor diameter of 112 metres. “We are very pleased to have accomplished these transactions with our partners within a relatively short time frame and are confident to close further transactions before summer 2015” says Markus Voigt, CEO of Voigt & Collegen.

Voigt & Collegen as a leading asset manager within Renewable Energy Infrastructure Investments offers an investment track record of more than 10 years and has more than €500 million assets under management. Voigt & Collegen provides a fully integrated investment approach for renewable energy assets. By implementation of their proven total quality management system on the assets Voigt & Collegen cover the risk management of the technical side as well as of the commercial side through the whole life cycle of the investments.

