PRESS RELEASE

re:cap global investors celebrates 10th anniversary

Successful into the next decade: Three trends that will shape the renewable energy industry

- **Future-proof investment due to rising demand: Driven by digitization, electricity consumption will rise by 25 percent by 2040**
- **Influence on international relations: Renewable energies reduce the risk of oil wars but at the same time present the world with new challenges**
- **Portfolio diversification: Climate change and the impact of Covid-19 on stock markets underline the importance of uncorrelated assets**

Zug, 19 March 2020. Ten years of success: The renewable energy specialist re:cap global investors ag celebrates its anniversary in March 2020. For ten years re:cap has been actively accompanying and shaping the transformation of the European energy markets as an internationally active M&A advisor and asset manager. The success in numbers so far: 1.3 billion Euros assets under management, 58 acquired wind and solar parks for four renewable energy funds, which supply 360,000 households with green electricity per year, and a total of 2 million tons of saved CO_2.

“Renewable energies were a very young and dynamic industry, when we launched our first solar fund in 2010,” says Thomas Seibel, CEO of re:cap. “The decisive factors for our success were therefore both a consistently implemented strategy and a healthy degree of flexibility to anticipate relevant developments and to be able to react promptly. We will continue to follow this successful path in the future. In doing so, we will always focus on our investors’ individual requirements and a close cooperation with them.”

Renewables have now established themselves as an important portfolio component and economic sector. However, they are still an industry that is characterised by constant change. For the coming years, re:cap identifies three trends and developments that will shape the sector worldwide:

1. Up 25 percent by 2040: Digitization of society drives electricity consumption

Autonomous driving, 5G, industry 4.0, smart cities, networked homes, streaming, cloud solutions, big data and crypto currencies – worldwide, both economic and private life is becoming increasingly digital. As a result, power consumption will increase enormously in the coming years: The International Energy Agency (IEA) expects a 25 percent increase by 2040. This puts modern society in a dilemma. “The growing demand for energy puts the EU climate targets, a 40 percent reduction in CO_2 emissions compared to the level of 1990, under enormous pressure to act,” says Seibel. "Digitization will continue to shape our economy and society and we cannot ignore the resulting ecological risks.”

The expansion of renewable energies therefore plays a pivotal role in achieving the international climate targets despite the rising energy demand. Thus, the forecasts of the IEA are good news especially for investors. “The global hunger for electricity makes renewable energies a future-proof investment, which is also uncorrelated to classic assets such as shares or bonds,” says Seibel. “The current developments on the stock markets due to the Corona crisis demonstrate that investors can profit from this lack of correlation especially in turbulent times.”

2. Fewer oil wars, but new risks: Expansion of renewables influences geopolitics

At present, little attention is paid to this topic, but in the coming years it will become clear how strongly the expansion of renewable energies will influence international relations and geopolitics. "In the future, those countries that invested in renewables early on will gain political influence. For the global energy supply, it will then be less relevant who has the resources, but rather the necessary infrastructure and technology," says Seibel. This means that the energy supply will no longer be dominated by a few countries. Instead more and more countries will achieve energy independence. In this respect, geostrategic conflicts over conventional energies could be reduced.

However, the transformation in global energy supply poses its very own risks of conflict: The economies of the petro states are heavily dependent on oil. The loss of entire sales markets due to the increased use of renewable energies could lead to serious distortions in these regions. "It is therefore important that these countries are included in the global expansion process of renewable energies. Both by national governments and by the entire industry and its players," says Seibel. For example, through an active transfer of knowledge and research in "Power-to-X" technologies, for instance by converting energy from renewables into hydrogen, in order to be able to use the existing conventional energy infrastructure and thus achieve a "win-win" situation in the affected regions. Seibel's conclusion, "The bottom line is that global expansion offers more opportunities than risks because it increases competitive pressure and thus promotes the industry's innovative strength."

3. Climate change is clearly noticeable: Portfolio strategies must be adapted

Climate change is no longer a theoretical threat. Extreme weather situations are becoming more frequent in Europe and sooner or later will be the new norm. Renewable energy portfolios must take this development into account in their asset allocation. When selecting wind portfolios, for example, it must be considered that the increasing warming of the poles and the resulting decrease in speed in the uppermost air layers will lead to a stabilisation of wind situations, for example as lack of wind or strong wind events. "Therefore, diversification is more important than ever. Not only across different locations, but also across different types of technology," says Seibel. Diversification smoothes the risk profile of the portfolio, because investors can benefit from the different and sometimes negatively correlating locations and different types of generation.

Exemplary calculations show that the average solar radiation in Germany and the average wind speeds in Denmark correlate negatively. "We have reacted to this findings by setting up a third renewable energy fund that makes targeted investments in different technologies," says Seibel. "The RE Infrastructure Opportunities invests in wind, solar and hydropower projects in selected OECD countries and is designed specifically for institutional investors. This means we are ideally positioned for the next ten years."

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About re:cap global investors ag:
re:cap global investors is an independent, internationally-oriented M&A advisor and asset manager for renewable energies. With a specialist team consisting largely of solar and wind energy experts, it provides clients with services geared to the evaluation and selection of suitable projects. Where necessary, re:cap also acts as asset manager for the facilities, reviewing them regularly for potential process and revenue optimisation. As a boutique firm, re:cap offers first-class, high-end advice to institutional investors looking to invest in infrastructure projects in the renewable energy sector. On behalf of its clients, the consultant has already recommended and acquired over 800 megawatts of capacity from projects delivering a total capacity more than 32,000 megawatts.

For more information, visit www.re-cap.ch

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