

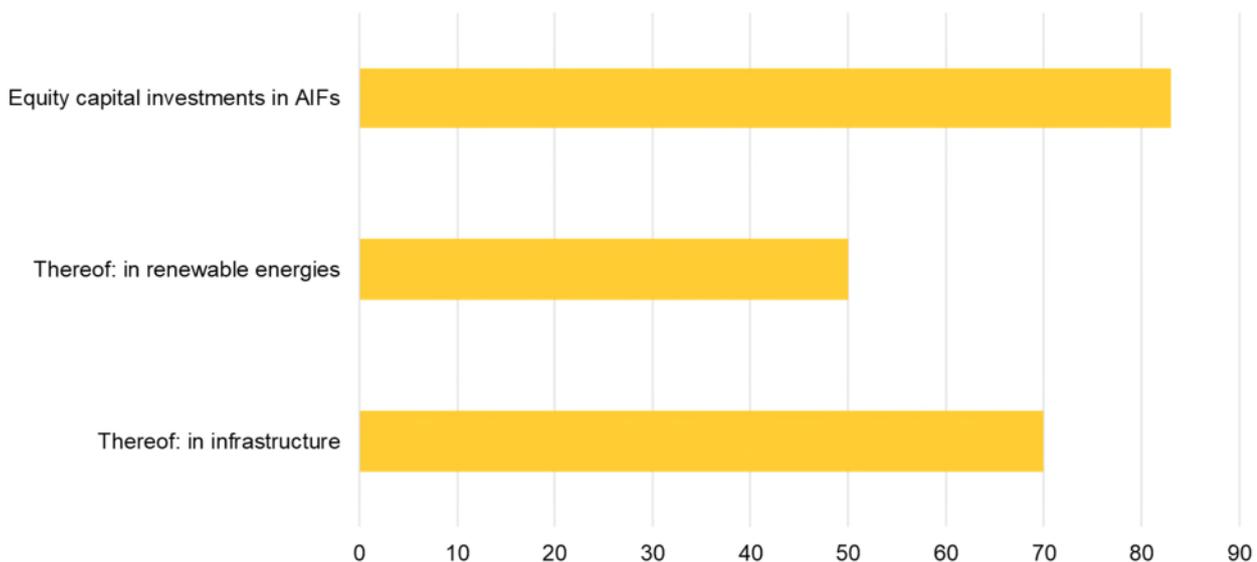
## Survey: Institutionals intend to invest more in infrastructure and renewable energies

- **Alternative investment funds a suitable investment vehicle for 83 per cent**
- **Germany the preferred investment target across all asset classes**
- **Asset liability management and risk-adequate returns are decisive**

In the coming three years institutional investors intend to significantly expand their shareholdings in infrastructure and renewable energies. This is the result of a recent survey by the research institute V.E.R.S. Leipzig, which specialises in underwriting, and Commerz Real among 20 German insurers and ten pension funds. In this respect the insurers represented about half of the capital invested by the German insurance industry and the pension funds more than one third of the capital of all pension schemes. In concrete terms 83 per cent of the surveyed investors intend to step up their activities in alternative investment funds (AIFs). Of these 70 per cent plan to increase their investments in infrastructure funds, a mere 3 per cent intend to scale down their activities. The situation with real estate is very similar. About half also plan to expand their investment in funds for renewable energies. Even in the event of a sudden and large increase in interest rates, a mere 10 per cent would reduce their equity capital investments in AIFs for real estate, infrastructure and renewable energies.

“Whereas real estate has long been an established investment vehicle for institutional investors, in the meantime these investors are placing their trust in infrastructure investments and investments in renewable energies,” explains Johannes Anschott, the member of the board of Commerz Real responsible for products for institutional investors. “This is an extremely positive development, above all in view of the much-discussed infrastructure investment backlog in Germany and the desired energy turnaround.”

### 83 per cent of the respondents intend to invest in alternative investment funds in the next three years



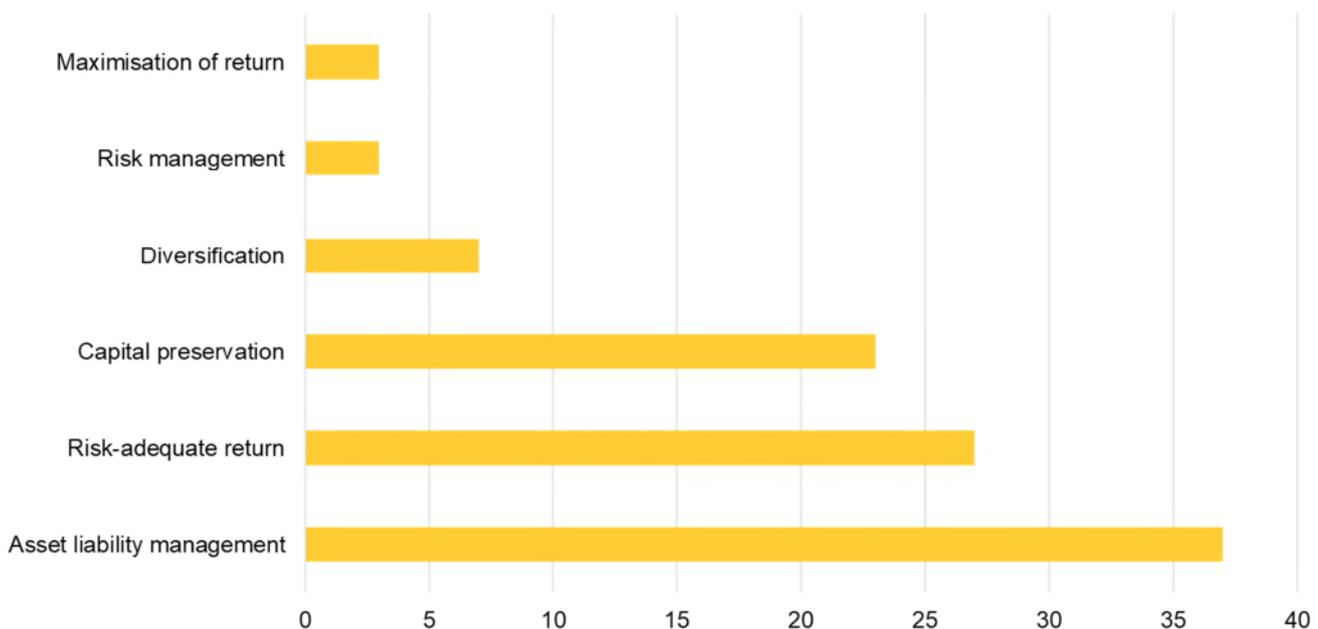
Source: V.E.R.S. Leipzig, Commerz Real

In terms of the preferred country allocation there are considerable differences between the asset classes. While the focus with real estate is on Germany for 78 per cent of the investment capital, in the case of infrastructure investments this figure is only 38 per cent. Nevertheless, the domestic market is still in first position here, followed by the United Kingdom with 20 per cent and the USA with 19 per cent. In the field of renewable energies the German share is 60 per cent, followed by France, the Benelux states and southern Europe with 11 per cent each. With regard to the structuring solutions it is not possible to establish any major differences when it comes to a preference among the various vehicles. In this respect closed-end AIFs are regarded as important by the bulk of the respondents (89 per cent). In the case of real estate AIFs the majority of investors prefer a medium-term investment period of five to 15 years and demonstrate very little willingness to expose themselves to risk. Core investments would be a consideration for 90 per cent, core plus for 87 per cent, value added for 47 per cent, and opportunistic for 27 per cent. “But investors are also open to the idea of project developments,” adds Anschott. These would be a possibility for 67 per cent.

Early entry with renewable energies is considerably less popular, by contrast. There the focus is clearly on the operational phase, which is attractive for 79 per cent of the investors with commitments in this sector. The construction phase is merely of interest for 29 per cent, the project planning phase for only 14 per cent. There is also a clear preference with the various electricity pricing systems: the state-guaranteed fixed-price system.

In the choice of capital investments the greatest weight was attached by the surveyed investors to the asset liability management, the reconciliation of the investment portfolio with the payment liabilities therefore, followed by a risk-adequate return.

### Most important factor in capital investment management in %



Source: V.E.R.S. Leipzig, Commerz Real

**Agreement (in %) on the part of institutional investors regarding electricity pricing systems**

Electricity pricing system / Agreement	Full agreement	General agreement	Partial agreement	Very little agreement	No agreement at all
State-guaranteed fixed-price systems	65	30	5	0	0
Certificate models	10	20	35	15	20
Flexible market pricing mechanisms	5	10	35	30	20
Power purchase agreements with a term of 5 to 8 years	10	30	35	20	5
Power purchase agreements with a term of 10 to 12 years	20	50	20	5	5

Source: V.E.R.S. Leipzig, Commerz Real

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## Commerz Real AG

Commerz Real is a subsidiary of Commerzbank AG with more than 46 years of market experience and approximately 33 billion euros in assets under management. The company combines comprehensive know-how in asset management and a broad-based structuring expertise to deliver its signature range of services of fund products focused on tangibles and bespoke financing solutions. The fund spectrum includes the open-ended real estate fund Hausinvest, institutional investment products as well as entrepreneurial participations in real estate, aircraft, regenerative energy and ships. In its role as leasing company of Commerzbank Group, Commerz Real offers tailored equipment leasing concepts along with bespoke financing arrangements for assets such as real estate, big-ticket equipment and infrastructure projects.

Commerz Real has been implementing its digital transformation since 2016 through its own DigitalWerk, a digital factory, with the core areas digital asset management, digital marketing and cultural transformation. The objective is the optimisation of the Commerz Real business model, the flexibilisation and automation of all business processes where possible, as well as a more effective, profitable use of data. In order to attain this objective Commerz Real is also working together with young technology companies from the real estate sector, so-called PropTechs. [www.commerzreal.com](http://www.commerzreal.com)