



POWERING EUROPE'S RENEWABLE ENERGY LANDSCAPE

HOW IS THE MACROECONOMIC BACKDROP INFLUENCING THE ATTRACTIVENESS OF RENEWABLE ASSETS AND PLATFORMS?

The Russia/Ukraine conflict has sent shockwaves through Europe, contributing to gas price volatility and persisting inflationary pressure. Against this backdrop, the appeal of renewable assets/platforms has continued to grow, fueled by two key themes:

- 1)** Energy security and affordability have become prominent areas of focus, alongside emission reduction and decarbonization. As a result, interest from policymakers in the development of renewable energy technologies has propelled investment activity in areas like waste-to-energy and biogas.
- 2)** In the face of inflationary pressures and rising energy costs, governments have stepped up their efforts to accelerate renewable energy deployment. While solar and wind energy have gained attention due to their low marginal cost of production, transmission infrastructure has failed to scale at the rapid pace desired. In light of this, we are seeing attractive valuations on development assets and sites with established grid connections.

*Q&A Discussion with **Balaji Venkatrao**,
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As governments around the world implement further incentives and penalties to advance sustainability goals, institutional capital will continue to gravitate towards investments that help drive the energy transition forward.

IS THERE TOO MUCH CAPITAL CHASING THE ENERGY TRANSITION TODAY?

The market continues to expand and the corresponding need for capital is critical to driving meaningful progress. That said, most of the capital we see in the market today has a different perspective / skillset than our own.

For example, there is a significant depth of capital willing to pay a premium on sizeable, performing assets and low risk technologies in this space. These types of “sleep-easy” opportunities rarely align with our cost of capital or the degree of value-add we seek to unlock.

HOW DOES CRESTLINE DIFFERENTIATE ITSELF WITHIN THE ENERGY TRANSITION LANDSCAPE'S COMPETITIVE FINANCING ENVIRONMENT ?

We focus our attention on opportunities that come with a greater degree of complexity and active management than mainstream capital appears willing to accept.

Through our creative structuring and granular focus, we are able to generate returns (which by infrastructure standards are very high) on an unlevered basis in a very downside protected manner.

AS RENEWABLES MARKETS IN EUROPE HAVE MATURED AND ASSET OWNERSHIP HAS BECOME MORE FRAGMENTED, WHAT IS CRESTLINE'S APPROACH TO STAYING ENGAGED IN THIS MARKET WHILE GENERATING ATTRACTIVE RETURNS?

One of the primary ways we do this is by capitalizing experienced management teams to go out and consolidate/revitalize small packages of mature renewable energy assets, converting them into highly sought-after asset portfolios.

By extending the life of older assets and creating scale through aggregation, we are able to **a)** complement the efforts of mainstream capital, and **b)** reinforce the foundation of clean power that exists across Europe today.

WHAT ENABLES CRESTLINE TO BE SUCCESSFUL IN THIS SEGMENT OF THE MARKET?

Financing renewable energy projects in Europe involves navigating complex financial structures, including project finance, tax incentives, and subsidies.

Understanding the intricacies of these financial mechanisms (and how they might vary country by country) and structuring deals to optimize returns in a downside protected fashion requires sophisticated financial expertise, localized knowledge, and flexible toolkit – a combination few are able to offer. Our ability to bring this to bear has enabled us to identify investment opportunities within Europe's renewable energy financing landscape.

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Balaji joined Crestline in April 2024 and brings more than 14 years of structuring, execution, and portfolio management experience in the renewable energy, infrastructure, power & utilities space. Prior to Crestline, Balaji served as Director of M&A and project development at Asset Finance Partners and was a senior member of the investment & portfolio management team at GE Energy Financial Services in London. He also brings six years of European capital markets / project bond financing advisory experience as former Vice President, Credit Structuring at Deutsche Bank. Balaji holds a B.Tech in Electronics Engineering from Anna University Chennai, and he earned an MBA from the Indian Institute of Management Mumbai.



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Luciana is the Opportunistic Credit Product Specialist within Crestline's Client Partnership Group. Prior to joining Crestline, Luciana spent nine years with Gerson Lehrman Group (GLG) where she played a pivotal role in launching and co-leading the firm's Liquid Credit business. She holds a B.A. in International Affairs from the University of Texas at Austin and earned an MBA from Southern Methodist University, Cox School of Business.

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