



Management and Consulting for Sustainable Investments

## Financing Smart Cities

Key Aspects for Financial Structuring



# About

## REA Consult

- ... acts as Program and Transaction Manager for investments portfolios.
- ... provides all-round development & execution
- ... has extensive experience in **development, launch, deployment and management** of investment vehicles
- ... uses advanced financial and commercial structuring to **increase efficiency and profitability** while **reducing risks** and liabilities

Track Record with managed investment schemes in Europe, Africa and South America.

## Key Data:

- Managed investments of more than US\$ 1.2 billion into energy transition
- Advised investment cycles totaling more than US\$ 1 billion into other sustainable investments
- Over 3.5 GW of Solar, Wind, Biomass and Hydropower combined
- Participation in over 70 projects

# Overview



Renewable Energy

Corporate Sustainable  
Investments

Mergers and Acquisitions



Transaction Management

Financial Strategy

Risk Management,  
Compliance and  
Governance



Investors & Lenders

VC/PE & Family Offices

Public Sector

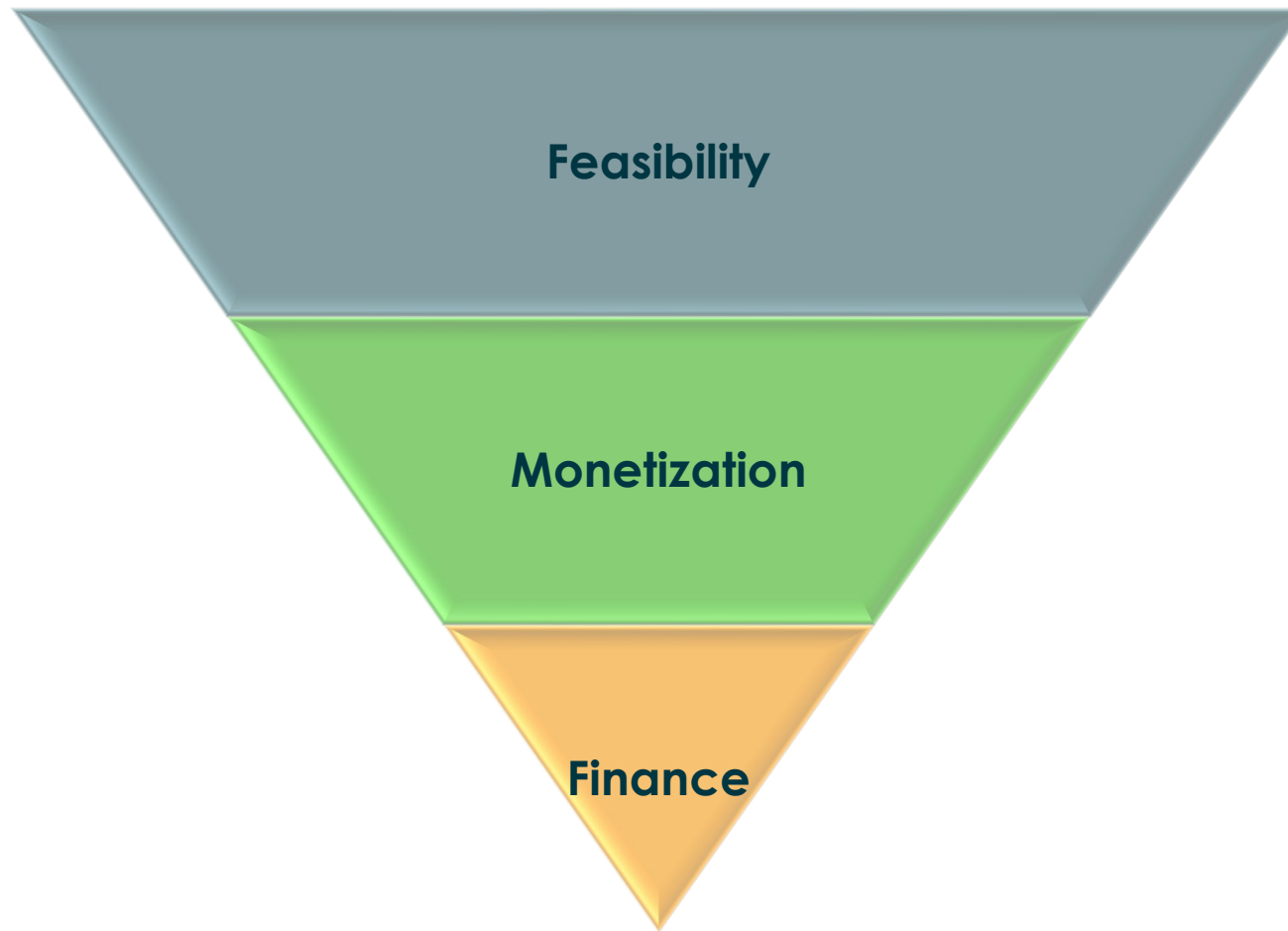
Utilities & Industries

SME

# Financial Structuring

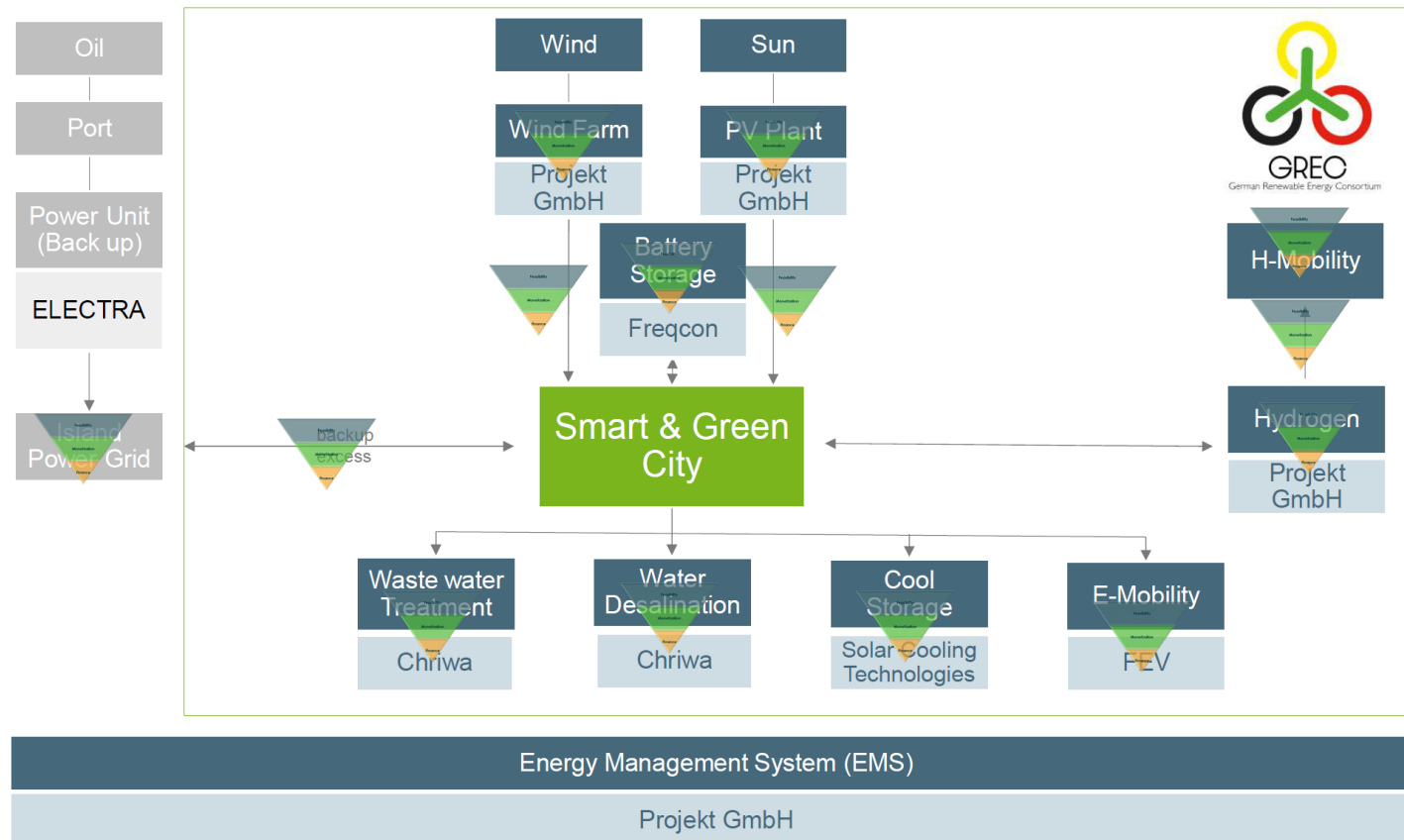
For Smart Cities

# Main Principle



**Feasibility, monetization and finance are in principle a challenge for investment projects – none of which are a given**

# Multitude Smart City



→ Map out Individual cashflows, liabilities and guarantees

→ Each asset, a financial and commercial “fate”

# Monetization: Top Challenge

The challenge lays in creating a monetary chain and allocating monetary value to each revenue model.

## **Defining paying models is a responsibility of the sponsor**

Not so difficult with...

- Renewable power generation and distribution/transmission lines
- Electrification of transport

Still a challenge with...

- Battery Storage
- Waste management
- City lightning

**The more technology, the higher the challenge for the private//public interface**

# Paying Models

## Traditional

- Regulated cost and profit (e.g. transmission)
- Availability (e.g. roads)
- Public Rates (e.g. waster treatment)
- User fee (e.g. toll)

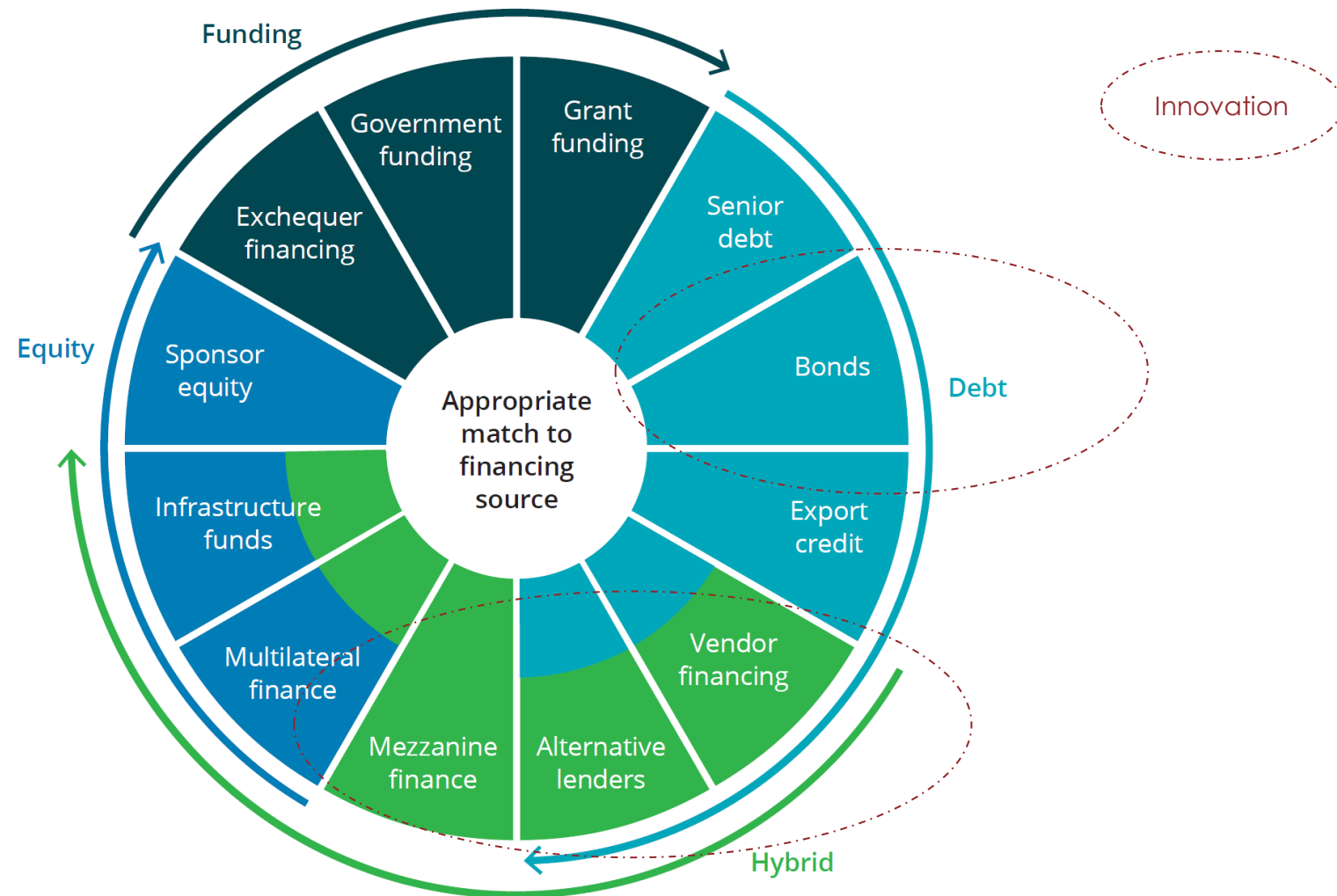
## Innovative

- Subscription and recurring (e.g. sharing)
- Indirect revenues (e.g. advertising for wi-fi access)

→ Untapped potential of the new digital society – e.g. recycling



# Finance



Art source: Deloitte

# Risk Allocation

Compatibility between source and use of finance is dependent on risk allocation and management

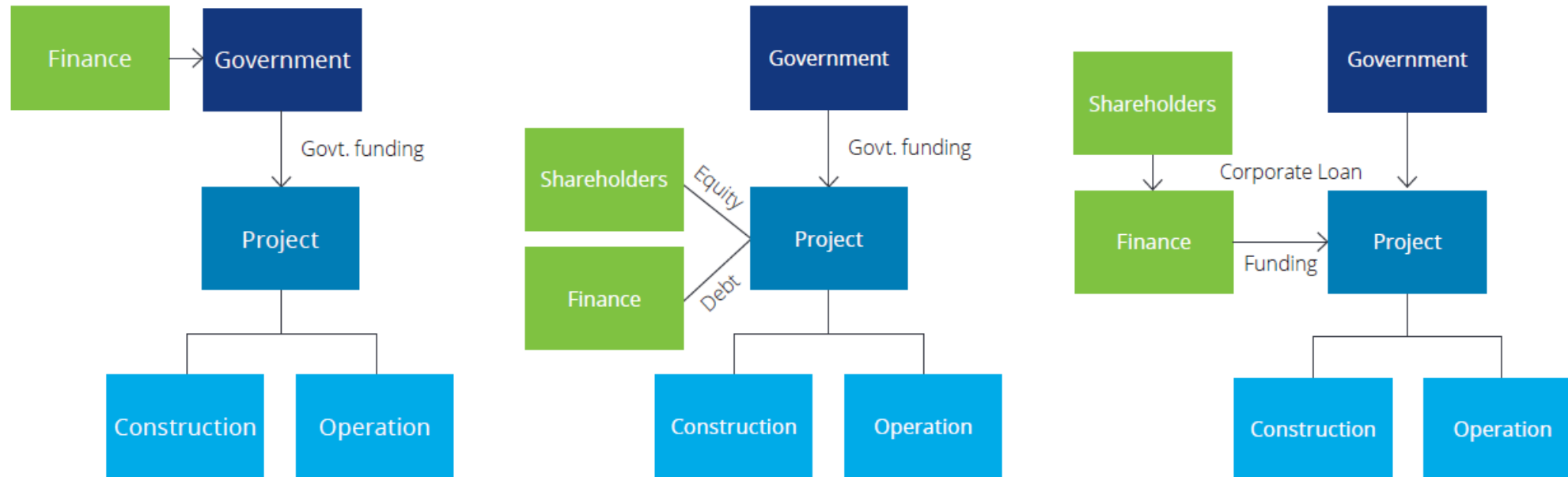
## Risks

- Right to Deploy
- Deployment
- Sponsor
- Operation
- Technology
- Environment & Natural Disaster
- Planning & Regulation
- Legal

## Risk Slicing and Sharing – the World Bank Method

	Credit Guarantee	Export Credit/Guarantee	Sovereign Risks
Sovereign Debt			
Corporate Debt			
Equity Investment			

# Only ultimately...



- Only the public sector is at liberty of being reckless
- There is no pure extrinsic financing!

Art source: Deloitte



[www.rea-consult.com](http://www.rea-consult.com)

info@rea-consult.com