

KGAL ESPF 4: 500 million € investment volume

- Broad diversification across regions, industries and plants
- New in portfolio: offshore wind power and Eastern Europe

Grünwald, 14.02.2019 – The KGAL ESPF 4 renewable energy fund has already committed a total investment volume of around 500 million euros to construction or portfolio projects, including wind power and photovoltaics projects in four European countries. The fund pursues a core plus strategy, with a total planned investment volume in excess of one billion euros.

Since the launch of KGAL ESPF 4, investment advisor KGAL has invested in four renewable energy projects. These involve transactions relating to solar energy in Italy and Bulgaria, and wind farms in Sweden and Germany, made up of two greenfield and two brownfield investments. “We deliberately combine both strategies when developing the portfolio,” says Michael Ebner, spokesman for the KGAL Investment Management GmbH & Co. KG Management Board. “Investments which are already operative offer immediate yields, while development projects enable us to establish an early presence in key locations,” he adds, explaining how KGAL is expanding its investments into offshore wind power and Eastern Europe. The KGAL ESPF 4 fund can also invest in other renewable energy and storage technologies as well as network infrastructure.

Great interest from foreign institutional investors

Institutional investors from Germany, Luxembourg, United Kingdom, France, Slovenia, and the Netherlands have already subscribed to more than 400 million euros. “We have expanded our international investor network and have received excellent feedback, in particular for our in-depth Asset Management services,” explains Florian Martin, Spokesman for the Management Board of KGAL Capital GmbH & Co KG. Due to ongoing discussions with investors, final closing has been moved to 30 June 2019. KGAL ESPF 4 has a ten-year term which can be extended twice by two years. The Articles of Association allow investors to directly invest in larger projects, parallel to the fund, by means of co-investment.

KGAL ESPF 4 is broadly diversified in term of regions and industries

KGAL ESPF 4 is already represented in several wind farm and photovoltaics projects in four European countries. Together with consortium members, KGAL has invested in the second-largest German offshore wind farm, Veja Mate, located in the North Sea. With 67 turbines and a capacity of 402 megawatts, the plant is among the ten largest wind farms worldwide. “Veja Mate generates continuous cash flow and as such stabilises the performance of KGAL ESPF 4,” emphasises Michael Ebner. In Bulgaria, KGAL ESPF 4 acquired a Bulgarian



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photovoltaics portfolio in collaboration with a local co-investor. The portfolio consists of seven existing plants with a total capacity of 43 MWp. In the Italian market, purchase agreements have already been signed for photovoltaics projects of around 200 MWp. Almost all projects are at the ready-to-build stage and are scheduled for connection to the grid for the first time in mid-2019. The Bäckhammar Wind Farm, currently under construction in Sweden, is scheduled for connection to the grid with an installed capacity of around 130 MW and will be the subject of a long-term power purchase agreement.

KGAL continues to view the European renewables market as highly attractive for institutional investors, who appreciate the advantageous risk-return structure. Florian Martin says: “We firmly believe that ESG criteria are key drivers of performance with regard to renewable energies. This is much more than a compulsory exercise; KGAL Group has itself also invested in the fund.” He goes on to say that much-reduced investment costs coupled with an increased demand for renewables mean that there has never been a better time to invest.

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The KGAL Group is a leading independent asset and investment manager with an investment volume of €20.5 billion. The investments focus on long-term capital investments for institutional and private investors in the real estate, infrastructure and aviation asset classes. The Group, founded more than 50 years ago, operates across Europe and has its registered office in Grünwald near Munich. Taking into account aspects of revenue and risk, around 370 employees help achieve stable yields on a sustainable basis (As at 31/12/2018).



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