



INFRASTRUCTURE



RENEWABLE ENERGIES: A GROWTH MARKET

The global annual increase in renewable energies is forecast to double from 150 GW in 2015, to 300 GW in 2040. A total of \$12.2 trillion is expected to be invested in setting up new power generation capacity by 2040, 65 % of which is expected to be put into renewable energies. However, in addition to the sharply increasing need for investment in emerging market countries, significant growth in renewable energies is also expected in developed markets such as Europe.

Increasing electrification in transport and the heat sector will further support this trend.

FOCUS ON EUROPE

KGAL focuses its investments primarily on European locations. This is firstly because the renewable energies market is particularly well-developed here. Experienced stakeholders along the entire value chain make an important contribution to risk minimisation in renewable energies projects. This applies not only for the development and manufacturing of the technology, but also for project development, construction, technical management, and plant maintenance. Secondly, western Europe

4

Hydroelectric power plants

54

Wind parks

70

Photovoltaic plants

€2.6

*billion
investment volume
(12/2019)*

1.5

*GW projects
in development*

in particular is economically stable, and most of its countries have a good credit rating. This – in combination with liquid debt markets and the dominating single currency – simplifies investment financing. Not least, the strong political commitment to renewable power generation is supported by legally binding national action plans (National Renewable Energy Action Plans, NREAPs) and a regulatory framework, which drives the transition from fossil fuels and nuclear power to renewable energies further.

INVESTMENT FOCUS

KGAL relies on the composition of diversified portfolios of renewable energy projects in the wind power, photovoltaic, and hydropower sectors in Europe. As a result of declining returns for investments in “turnkey” plants (“brownfield”), the company is targeting an entry point for renewable energy projects (“greenfield” or “value-add”) earlier or later along the value chain, in order to generate additional value. As part of active risk management, its portfolio composition targets a broad set-up across regions, technologies and project partners.

MANY YEARS OF EXPERTISE

60 employees in KGAL Group alone work in the infrastructure segment securing market access, developing attractive offers for investment in renewable energies, managing commitments with various financing and investment concepts, and making it possible to always react to market developments at an early stage. Constant market observation and analysis support KGAL

in determining its primary investment strategy regarding the location and technology of infrastructure assets. Investment is currently focused on Europe, and with respect to technology, is concentrated primarily on investment in on-shore wind power, photovoltaics, and hydropower.



“Renewable energies have undergone the transition from a subsidized to a competitive technology and should belong to every sustainable portfolio.” Michael Ebner

FOCUS ON SUSTAINABILITY

As a signatory to the UN PRIs, we have integrated ESG aspects into our business and risk strategy as a central component; on this basis, nuclear energy is excluded from our business activities, for example.

Our Renewable Energies portfolio not only provides significant support to the transition from fossil fuels and nuclear energy to renewable energies, but also makes a tangible contribution to

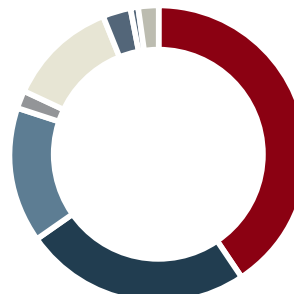
the United Nation’s 17 Sustainable Development Goals (Part 7: Affordable and Clean Energy). In 2018, our Renewable Energies portfolio delivered around 2.1 terawatt hours of output – enough to supply 1.5 million people with green energy for one year and, based on the German carbon dioxide equivalent (CO₂e) intensity of power consumption (2018: 382 g CO₂e/kWh), corresponding to savings of 802,200 tonnes of CO₂e.

TOTAL KGAL GROUP RENEWABLE ENERGIES PORTFOLIO



- Investments in wind power
€1.4 billion
 - Investments in photovoltaics
€1.2 billion
 - Investments in hydropower
€13 million
- Active investment volume in renewable energies since 2003

TOTAL KGAL GROUP RENEWABLE ENERGIES PORTFOLIO BY COUNTRY



- Germany 41 %
- France 25 %
- Sweden 15 %
- Finland 2 %
- Italy 12 %
- Spain 3 %
- UK 1 %
- Bulgaria 2 %

REFERENCES

Already placed: European Sustainable Power Funds 1 - 3

ESPF 1 - 3

- diversified portfolio of wind, water and solar power
- Total Investment capital: €1.6 billion

KGAL ESPF 4 in the investment phase:

ESPF 4

- Investment focus: wind, water and solar power
- Secondary focus: Other renewable energy and storage technologies as well as network infrastructure
- Core plus strategy with a combination of green-field and brownfield investments
- Equity volume: 750 million euros
- Current allocated equity: 400 million euros

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