

KGAL acquires majority stake in Italian solar and wind developer for impact fund KGAL ESPF 5

Grünwald, 19/05/2022 – The established developer controls an excellent pipeline with a total capacity of more than 300 megawatts. Together with its Italian partner, KGAL will complete the pipeline projects and operate these as an independent power producer (IPP). Only a few months after the first closing, this is already the fourth transaction for KGAL ESPF 5 – and further investments are imminent.

The Italian project developer Baltex Progetti, in which KGAL ESPF 5 has acquired a majority stake, is planning solar parks in Sardinia and Sicily as well as wind farms in Emilia Romagna. With the projected capacity of more than 300 megawatts, around 150,000 households can be supplied with climate-neutral electricity. Beyond the initial pipeline, the investment offers further growth potential. The first power plants are scheduled to be grid-connected in 2026. During the operational phase, they will remain under the ownership of the developer, who will then act as an independent power producer.

"For KGAL ESPF 5, holding a majority stake has the major advantage of securing access to a broadly diversified, promising project pipeline in the highly competitive renewables market via just one transaction.", explains Michael Ebner, Managing Director and Head of Sustainable Infrastructure at KGAL Investment Management. "Moreover, we will cover the entire value chain from the early development phase to the subsequent operation of the plants as IPP. Accordingly, we expect to achieve an above-average return on the investment." Baltex Progetti benefits from the partnership as well, as KGAL contributes its expertise in financing, structuring, procurement and offtake agreements, besides the equity required for construction and operation.

With this fourth transaction, KGAL ESPF 5, which announced its first closing in December 2021, has already allocated more than 50 percent of the equity raised to date. Another acquisition in Southern Europe is imminent. In addition, investments are planned in Central and Northern Europe. Christian Schulte Eistrup, Head of International Client Business at KGAL Investment Management, says: "The high investment pace, the attractive return prospects despite a turbulent market environment and the clear impact orientation according to Article 9 of the SFDR all bode well for KGAL ESPF 5. We are confident to reach the next closing soon."

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KGAL is a leading independent investment and asset manager with a managed investment volume of more than €16.5 billion. The group sources, executes and manages long-term real asset investments for institutional and private investors in real estate, sustainable infrastructure and aviation. KGAL, which operates throughout Europe, was founded more than 50 years ago and is headquartered in Gruenwald near Munich. Our 338 employees are dedicated to achieving sustainable, stable investment performance, taking into account return and risk criteria. (as of 31 December 2021)

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