

Renewable energy fund KGAL ESPF 5 commissions first solar park

Grünwald, 07/03/2024 – The renewable energy fund KGAL ESPF 5 has successfully progressed its first asset from project development to grid connection. The Spalletti solar park in northern Italy has a capacity of 17 megawatts (MW) and sells green electricity via a 20-year feed-in tariff. Further solar parks with a total capacity of 100 MW are due to come online in the course of the year. KGAL ESPF 5's core-plus strategy – investing early in the value chain to achieve higher returns – is paying off.

Two years after the launch of the KGAL ESPF 5 impact fund, 85 per cent of the €334 million equity has already been allocated. The capital is spread across three investments in project developers, and 10 projects at various stages of development throughout Europe. The next grid connection for a 59 MW solar park in northern Germany is planned for the summer.

As the portfolio's solar parks gradually reach construction phase, KGAL ESPF 5 is increasingly investing in wind energy. The Italian project developer Baltex Progetti, in which KGAL ESPF 5 holds a majority stake, has acquired two wind farms in northern Sardinia. They have a combined capacity of 140 MW and are at an advanced stage of development.

"Thanks to the strong performance of our previous investments, we were able to significantly exceed our original return expectations and raise the return target for KGAL ESPF 5," explains Michael Ebner, Managing Director of KGAL Investment Management and responsible for Asset and Portfolio Management. "And it is just as important to us that, with our experienced infrastructure team, we can confidently manage the risks that may arise during project development and construction."

No J-curve for KGAL ESPF 5

As was planned from the outset, KGAL ESPF 5 is building a balanced portfolio in terms of regions, generation technologies, life cycle stages and offtake strategies. "In addition to broad diversification, this portfolio stands for high visibility, with the vast majority of the fund's assets having already been allocated," says Florian Martin, Co-CEO of KGAL and responsible for Business Development. "Added to this is its exceptional performance: new funds typically exhibit a so-called J-curve, with low returns due to high initial investments. This is not the case with KGAL ESPF 5." The final fund closing will take place in Q3 of this year.

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