

KGAL continues growth in the Polish renewables market with third wind farm purchase

Investment region CEE also in focus for upcoming new fund

Grünwald, 04.05.2021 - KGAL Investment Management GmbH & Co. KG continues to strategically expand its presence in the Polish renewable energy market. With the 27 MW Rywald project, the investment manager is already constructing its third Polish onshore wind farm, and as a result of this further expanding the European diversification for the institutional special AIF KGAL ESPF 4. The successor fund, KGAL ESPF 5, is also expected to benefit from this strong track record and KGAL's reliable market access in CEE countries.

"Central and Eastern Europe and Poland in particular offer attractive risk-return profiles in both wind energy and photovoltaics (PV). Poland, a country heavily reliant on coal, has a huge need for additional renewable energy capacity, which our institutional investors can benefit from as part of a strategic portfolio addition," explains Michael Ebner, Managing Director of KGAL Investment Management and responsible for the infrastructure asset class. "We are currently focusing on the purchase of project rights and the independent implementation of the projects in order to realise the highest possible value creation for our investors," Ebner added.

The current Rywald transaction comprises a fully permitted project consisting of a total of nine wind turbines located about 200 kilometers northwest of Warsaw. Construction is scheduled to start at the end of 2021, with commissioning planned for 2022. A 15-year feed-in tariff has been secured for a large part of the expected electricity production.

KGAL further expands Polish wind portfolio - focus on value creation through project developments

KGAL's Polish wind energy portfolio increases to 75 MW as a result of this latest transaction. KGAL also acquired the project rights for a wind farm located 60 kilometers northwest of Gdansk with a total capacity of 11.7 MW in April 2020. Despite the challenges caused by the ongoing Covid 19 pandemic, the wind farm was constructed on schedule and will start operation as early as May 2021.

In addition, there is the Krasin wind farm in the municipality of Pasłęk located about 75 km southeast of Gdansk with a capacity of 35.2 MW, which KGAL acquired in May 2020. Commissioning of this project, which is currently under

KGAL GMBH & Co. KG
 Ursula Schwarz
 Head of
 Marketing & Communications

Tölzer Str. 15
 82031 Grünwald
 Germany

T +49 89 64143-533
 M +49 172 839 1642

ursula.schwarz@kgal.de
 www.kgal.de

construction, is planned for spring 2022. Further solar and wind projects with an output of over 150 MW are being and have been developed as part of a joint venture.

Europe-wide investments ensure diversification

In addition to the Polish construction activities, a German wind farm is currently under construction. The PV pipeline in Southern Europe is also developing positively. KGAL expects PV projects in Italy, Spain and Portugal to be ready for construction in the first half of 2021. Due to the early involvement in the project life cycle, above-average returns could be achieved for investors.

Particularly high ESG impact in Poland

"The predecessor fund KGAL ESPF 4 closed at the end of 2019 with 750 million euros in equity commitments, and over 85 percent of its capital has already been successfully invested. However, the deal pipeline extends far beyond KGAL ESPF 4. With the new KGAL ESPF 5 fund we can continue to meet the ongoing high demand from institutional investors with broadly diversified access to renewable energy assets," says Florian Martin, Managing Director of KGAL Investment Management and responsible for institutional client business. "In terms of environmental impact, we see investments in renewable energy in Poland, for example, as extremely important, because this is where we achieve the greatest CO2 savings effect in relative terms. On balance, the new KGAL ESPF 5 will constantly pursue these important ESG impacts," Martin added.

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KGAL is a leading independent investment and asset manager with assets under management of around €11.2 billion and assets under administration of €4.0 billion. The focus of the investments is on long-term real capital investments for institutional and private investors in real estate, infrastructure and aircraft. The group, which operates throughout Europe, was founded more than 50 years ago and is headquartered in Grünwald near Munich. 345 employees contribute to achieving sustainably stable earnings, taking into account return and risk aspects (as of 31 December 2020).

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 Head of
 Marketing & Communications

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 82031 Grünwald
 Germany

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