Media Information

KGAL and Lafarge sign 15-year power purchase agreements for two wind farms in Poland

Grünwald, 13.04.2023 – KGAL Investment Management has signed long-term power purchase agreements (PPAs) with Lafarge Cement Polska for the Krasin and Rywald onshore wind farms, which belong to the KGAL ESPF 4 renewable energy fund. Together, the two wind farms will supply Lafarge with around 230 gigawatt hours of green electricity per year. KGAL was advised by PwC and the law firm DWF Poland Jamka during the contract negotiations.

Entering in November 2019, KGAL was one of the first European asset managers in the Polish renewables market, and this early commitment is paying off: having already developed and commissioned solar and wind portfolios with a total capacity of more than 110 megawatts, grid connection and PPAs for Krasin and Rywald are now taking place. The 35-megawatt Krasin wind farm – acquired by KGAL ESPF 4 in May 2020 as a development project – has been generating green electricity since the end of last year. Rywald, with 27 megawatts of capacity, entered the portfolio in spring 2021 during the project development phase. This wind farm is currently in the test phase; it is expected to start feeding into the grid on a regular basis from October.

The tender for the two wind farm PPAs attracted great interest from commercial offtakers, with more than ten applicants. “For companies, PPAs mean planning security for renewable energy supply in a highly volatile market. KGAL, in turn, can use PPAs to fix attractive electricity prices for a long period of time and thus generate reliable returns,” explains Michael Ebner, Managing Director of KGAL Investment Management. “We chose Lafarge as a partner because the company offered an above-average contract term of 15 years and, moreover, purchases the entire electricity production of both wind farms. In addition, we expressly support Lafarge's efforts to achieve carbon-neutral electricity supply as a producer in the energy-intensive cement sector.”

**50 percent renewable energies**

Lafarge Cement Polska is part of the Holcim Group, a global leader in innovative and sustainable building solutions. With the PPA now agreed, Lafarge in Poland can already cover 50 percent of its electricity needs with renewable energies. “Direct purchases of energy from wind farms support the development of these sources in Poland, as it increases their profitability, and encourages investors to build them. This has a crucial impact on changing the energy mix and accelerates the decarbonisation of the Polish economy,” says Dawid Robak, CFO Lafarge Poland. “We see the need to support and expand solutions for PPAs and energy management at the national level, as the implementation of climate goals requires long-term solutions for the development of PPAs, for which the market is still waiting.”

**Investment strategy with excellent results**

With the Krasin and Rywald projects, KGAL demonstrates once again that their KGAL ESPF 4 Core-Plus strategy is highly successful. The fund mostly invests at the beginning of the wind and solar park life cycle in order to participate in the value creation of subsequent project phases. With this concept, the fund launched in 2017 has far exceeded return expectations to date. “The successor KGAL ESPF 5 seamlessly continues this success story. Additionally, as an Article 9 fund, it pays particular attention to impact,” explains Florian Martin, Managing Director of KGAL Investment Management. “With interest in KGAL ESPF 5 remaining high, we are planning at least one more closing this year.”

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**KGAL** is a leading independent investment and asset manager with a managed investment volume of more than €16 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 55 years ago and is headquartered in Grünwald near Munich. Our 353 employees are dedicated to achieving sustainable, stable investment performance, taking into account return and risk criteria. (as of 31 December 2022)

**Lafarge** is the world leader in innovative and sustainable building solutions. We create environmentally friendly products and solutions such as ECOPact – the concrete with almost 50% less carbon footprint than standard ready-mix concrete; green cements with 30-50% less carbon footprint than pure Portland cement CEM I; and many others. We use recycled resources and recycled raw materials in our production processes. Lafarge in Poland is part of the global Holcim Group which employs around 70,000 people in 70 countries in four segments: Cement; Concrete; Aggregates; Solutions and Products. Holcim supports the creation of more sustainable and greener cities, and helps to develop smart infrastructure and improve living standards around the world.