

Debut: Impact fund KGAL ESPF 5 acquires its first solar park in the Czech Republic

Grünwald, 21.08.2024 – KGAL ESPF 5 has successfully entered the promising Czech market with the purchase of the 50-megawatt solar project “PVPP Saxonie” near the northern Bohemian city of Most. With Sev.en Inntech and Micronix, KGAL has two experienced partners at its side for the realisation of the solar park. This is the eleventh transaction for ESPF 5, in its sixth European country. The final closing of this Article 9 impact fund will take place in October 2024.

The Czech Republic is developing into a highly attractive market for investors, with its climate targets having been increased several times. For example, the capacity of solar power is set to more than double from the current 3.6 gigawatts to 8 gigawatts by 2030, while the target for wind power is set to triple to 1.5 gigawatts. “In order to achieve these targets, investors are receiving state subsidies for their projects,” explains André Zücker, Co-CEO of KGAL. “Solar and wind projects are responding with dynamic expansion.” In addition, electricity prices in the Czech Republic show low volatility, and the spot market is traded in euros.

Another special feature of this market is the electricity mix, which still consists of more than 40 percent coal-fired generation; the CO₂ impact is therefore well above the EU average. André Zücker continues: “With the climate-neutral electricity from the solar park near Most, our KGAL ESPF 5 fund will achieve a particularly high impact.” The construction phase will begin shortly and grid connection is planned for the third quarter of 2025. The electricity will mainly be marketed through a long-term power purchase agreement (PPA).

Optimally networked partners

The seller of the project is Sev.en Inntech a.s. The Czech company also operates the local power grid to which the solar park will be connected next year. Petr Lenc, a general manager and vice-chairman of the board of Sev.en Inntech a.s., is looking forward to the collaboration: “We decided in favour of KGAL for two reasons: First, we were impressed by the asset manager’s many years of experience with renewable energies. Second, the discussions proved KGAL’s intensive focus on the potential of this project.” KGAL Co-CEO André Zücker comments on the transaction: “Sev.en Inntech is a remarkably well-connected partner. We can well imagine further joint projects.”

The solar park “PVPP Saxonie” is a renewable energy project developed by Sev.en Inntech a.s. in the post-mining area of the former lignite quarry ČSA, located in the Most district. This project is part of the company’s extensive portfolio of sustainable and innovative initiatives both within and outside the Czech region of North Bohemia.

As an EPC service provider, Micronix is responsible for the construction of the solar park. Since the company will also acquire a minority stake in the project, there is an even greater interest in completing the project on schedule. KGAL has already worked successfully with Micronix in the past.

KGAL ESPF 5 exceeds target return

With the Most Solar Park, KGAL ESPF 5 further strengthens its successful portfolio with a presence in Germany, Greece, Italy, Poland, Spain and the Czech Republic. “Over 80 percent of the 350 million euros in equity has already been allocated and 43 percent deployed,” emphasises Florian Martin, Co-CEO of KGAL. “Through its investments, our impact fund covers all life cycle phases from project development to operations. Investments are generally made at an early stage in order to participate in a large part of the value creation.”

The strategy is paying off. “We significantly exceeded our original plans and are now aiming for a clear double-digit return for ESPF 5,” explains Florian Martin. “As the fund has also invested in three successful developers in Germany, Italy and Spain, our investors have access to a total of more than 200 projects – an unprecedented diversification with enormous potential for the coming years.” Institutional investors still have the opportunity to participate in this portfolio at the final closing in October.

The rendering shows what the solar park will look like after completion. For use of images, please quote Sev.en Inntech.

KGAL is a leading independent investment and asset manager with an investment volume under management of around 16 billion euros. Its investments focus on long-term real capital investments for institutional and private investors in real estate, sustainable infrastructure and aviation. The group, which operates throughout Europe, was founded 56 years ago and is based in Grünwald near Munich. 363 employees contribute to achieving sustainably stable returns, taking into account return and risk aspects (as of 31 December 2023).

Sev.en Inntech a.s. is part of Sev.en Česká energie, the second-largest electricity producer in Czechia. The group operates various conventional energy units, including coal mines, power plants, and power engineering units. Its Development & Transformation Projects Team, responsible for developing PVPP Saxonie, leads large-scale sustainable projects focused on ground-mounted and floating PVPPs, green hydrogen production, and smart city innovations, among others. Their most prominent project called

Green Mine, focuses on the reclamation of the former lignite quarry ČSA in North Bohemia. Spanning 45 km², the project serves as a prime example of the team's work, aiming to create an innovation hub that integrates all mentioned activities.

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