

## **KGAL ESPF 5 enters into joint venture for the development of battery storage systems in Italy**

**Grünwald, 08.08.2024 – The renewable energy fund KGAL ESPF 5 is entering into a joint venture with IMCS, a renowned Italian renewable energy specialist, to jointly develop battery energy storage systems (BESS) in Italy. The emerging market for energy storage systems is gaining strong political support, as BESS can be used to mitigate the increasing fluctuations in electricity production from renewable energies. At the same time, this modern technology contributes to the portfolio diversification of the KGAL ESPF 5 Article 9 fund.**

The plan is to develop four battery energy storage systems, with a total capacity of 1,100 megawatts (MW). The joint venture offers the opportunity to develop the BESS projects at an early stage and sell them when they are at ready-to-build (RTB) status. The expected return significantly exceeds the target return of KGAL ESPF 5. Joint venture partner IMCS has many years of experience in the development and realisation of innovative, large-scale solar projects in Italy. The company's strategy has always focussed on being among the first to enter new markets. KGAL has already successfully realised several PV projects with its Italian partners for the predecessor fund KGAL ESPF 4.

### **Double digit return for investors**

The rapidly growing Italian market for renewable energies offers opportunities for battery storage projects like few other European markets. "With its highly qualified interdisciplinary team, IMCS is the ideal joint venture partner for developing BESS projects efficiently and promptly through to approval," says André Zücker, Co-CEO of KGAL.

With this project, the KGAL ESPF 5 fund is investing at an early stage in a key technology for the success of the energy transition, which has an exceptionally attractive risk/return profile. Florian Martin, Co-CEO of KGAL, adds: "This strengthens the basis on which we can continue to offer our ESPF 5 investors a double-digit return in the future." Institutional investors have until October 2024 to participate in the final fund closing.

"We are pleased to enter the emerging market for battery energy storage systems in Italy with our trusted partner KGAL at a strategically favourable time. Now is the right time: Italy needs to build new energy storage systems with a capacity of at least 15 gigawatts by 2030 to meet the targets of the national energy strategy, says

Raffaello Giacchetti, CEO at IMCS and leader of the Group of Developers that own IMCS.

### **Ambitious expansion plans and growing BESS market**

Italy has a high share of renewables in the energy mix and continues to pursue ambitious expansion plans. However, the large pipeline of renewable energy projects, primarily in southern Italy, and the high energy demand in the north of the country, regularly lead to overloads in the transmission lines. As a result, the expansion of flexible battery storage systems is a priority in order to reduce grid shutdowns of PV and wind power plants, ensuring the storage of energy and consequently contributing to the long-term stabilisation of the country's electricity grid. KGAL ESPF 5's other Italian investments, such as its platform investment Baltex Progetti, will also benefit from the development of the BESS offering.

The Italian BESS market currently totals 2.3 gigawatts, but consists almost exclusively of systems for private households. Independent, larger-scale projects are not yet in operation. The Italian government is therefore planning to support the development of large-scale storage systems through the MACSE programme, the framework funding which was approved by the European Union in 2023.

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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).

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