

KGAL Impact Fund ESPF 5 hits first close at over 50 percent of total equity target

Grünwald, 09.12.2021 – Institutional investors are backing the sustainable orientation of KGAL ESPF 5 as an SFDR Article 9 impact fund, as well as its outstanding transaction pipeline. The pan-European renewable energy fund has already secured over €260 million of equity, more than half of its target. Almost 20 percent of the committed capital is expected to be invested before the end of this year.

Insurance companies, pension funds, impact investment managers and family offices from across Europe have contributed to the successful launch of KGAL's ESPF 5 renewable energy impact fund. Existing clients represent two thirds of the first closing, with important additional capital coming from new clients. "This mix demonstrates the attraction to both existing and new investors of the strong performance of the predecessor fund, our active asset management strategy and our excellent market access," says Michael Ebner, Managing Director and Head of Sustainable Infrastructure at KGAL Investment Management.

The pioneering role of KGAL ESPF 5 in terms of impact is another reason for the positive response from the market. "The impact status of ESPF 5 is a real game changer. We are seeing a great deal of interest from institutional investors who already want to meet the highest ESG requirements of the SFDR with their investments – in contrast, the number of corresponding products is still very limited," explains Christian Schulte Eistrup, head of KGAL's international institutional business.

Compelling transaction pipeline

KGAL ESPF 5 is also notable for its large, broadly diversified transaction pipeline that, once successfully implemented, would draw all of the current equity commitments. The first fund investment is a late-stage PV solar project development in Sicily with a planned installed capacity of over 100 megawatts. "In addition, we are in negotiations for large-scale collaborations with renewable energy developers in Germany and Spain," says Michael Ebner. The fund will call nearly 20 percent of the current commitments before the end of 2021.

"With the acquisitions planned to date, we will achieve broad diversification of the portfolio, and we expect all of these investments to reach the upper end of the 7 to 9 percent target return range," emphasises Portfolio Manager Carsten

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Haubner. Returns and impact can certainly be in harmony – and investors are becoming increasingly aware of this.

Active asset management for impact and return

Since 2003, KGAL has invested in more than 150 renewable energy plants in nine European countries with a total capacity of more than 1.5 gigawatts. The new core-plus fund KGAL ESPF 5 focuses primarily on an active build-and-sell strategy. Its portfolio management team invests primarily in wind power and photovoltaics across Europe in compliance with the strict Article 9 regulations. Other renewable energy generation and storage technologies as well as grid infrastructure may also be added. The portfolio will be broadly diversified across technologies, regions and asset life cycles.

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KGAL is a leading independent investment and asset manager with a managed investment volume of more than €15 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 more than 50 years ago and is headquartered in Grünwald near Munich. Our 345 employees are dedicated to achieving sustainable, stable investment performance, taking into account return and risk criteria. (as of 31 December 2020)

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