

KGAL establishes new renewable energy fund ESPF 4

Expanded investment strategy offers institutional investors increased earning opportunities

Grünwald, 06.07.2016 – KGAL is launching its fourth Enhanced Sustainable Power Fund (ESPF 4) and expands its market-leading position in this segment throughout Europe. The new fund enables institutional investors to benefit from the existing growth opportunities and the stability offered by renewable energies. For the first time, the investment strategy encompasses the entire value chain spectrum within wind power, solar, hydropower and other renewable energy technologies. Investments in mature markets will focus on the development and construction phases, with brownfield investments in growth markets completing the portfolio. The fund will focus on European projects.

The fund has a target volume of 500 million euro and is designed for institutional investors. KGAL has maintained a longstanding presence in renewable energy markets and developed an extensive project pipeline for investing in both development projects and the secondary market. Moreover, ESPF 4 is investing in a renewable energies market which is expected to demonstrate significant growth, both in Europe and globally. The share of capacity accounted for by renewable energies within Europe is forecast to grow from 45 % in 2015 to 70 % in 2040, indicating an estimated additional capacity expansion of up to 1.000 GW and a corresponding capital requirement of more than one trillion euro until 2040.

Europe has a well-developed and competitive renewable energy market and has made a binding political commitment to reduce carbon emissions and dependence on fossil energy sources. Moreover, increasing urbanisation and electrification are powerful arguments signalling rising demand for electricity and attractive long-term electricity prices. A comparison of electricity production costs reveals that the costs of wind and solar energy are already comparable to fossil energy sources such as coal.

“The pace of change in the renewable energy markets requires a flexible, regionally diversified investment strategy optimised to account for investment cycles. The growing interest in renewable energy assets has squeezed returns in brownfield investments, with the result that risk-appropriate returns may not always be achieved. The premise of ESPF 4 takes this development into account and offers investors opportunity-based participation in the growth in renewable energies,” explained Michael Ebner, Managing Director of KGAL Investment Management GmbH and in charge of the infrastructure division within the KGAL Group.

Gert Waltenbauer, CEO of the KGAL Group, added: “KGAL has been investing in renewable energies for 14 years. It conducts active asset management of its pan-European project portfolio totalling around 2.4 billion euro and has achieved an impressive performance record and extensive expertise. With more than 50

employees in its infrastructure division, it is ideally placed to create value for its investors with this broader investment strategy.”

approx. 2,924 characters (incl. spaces)

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KGAL GmbH & Co. KG, a German based asset- and investment manager, with registered offices in Grünwald near Munich (Germany) has been initiating and managing long-term real capital investments with sustainable and stable yields since 1968. The company's portfolio of services comprises the design and management of funds for institutional investors. The quality of KGAL products in the main asset categories of real estate, aviation and infrastructure is based on the experience of its in-house experts.

As of December 31st 2015, the KGAL Group manages an investment volume of 21.7 billion euro. KGAL currently manages capital for 99,000 investors (incl. multiple subscriptions) with equity investments in a total of 116 active limited partnership funds. Investors have entrusted 7.3 billion euro in equity capital to KGAL for these funds. The KGAL Group has 337 employees (as of 31.12.2015).

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