

# Von der Heyden smells opportunity in the air, shifts development

**Back in 1989, a 24-year-old German sensed opportunity in Poland, and methodically launched a range of entrepreneurial activities – including importing truckloads of fresh fruit to the biggest cities and establishing with Iberia Motor Company, the sole importer of SEAT cars in Poland, one of the largest privately-owned car importers**



Sensing pent-up demand, he shifted to real estate development in 1993, and developed his first of several major office buildings. In late 2007 - at the top of the worldwide real estate market - he sold his 42,000 square metre Poznan office building for more than 80 million euro. His business activities include luxury yachts, travel agencies, hotels, and commercial and residential real estate development.

#### Today, he sees opportunity in wind.

"For me, wind energy is one of the key industries we want to be in in the next 5-10 years", said Sven Von der Heyden, founder of Von der Heyden Group.

In addition to the group's real estate development activities, VDH Group, founded in 1989, is in the high-end hotel sector, as majority shareholder in the Spanish IBB Hotels, operates Poznań's IBB Andersia hotel and the elegantly-renovated 72-room Grand Hotel Lublinianka in Lublin. The group intends to expand in Gdansk, but has postponed plans to open a boutique hotel in Gdansk's Old Town until economic conditions improve.

VDH Group has extensive experience in the real estate development sector, where they have invested nearly 400 million Euro in office, residential and hotel developments,

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not only in Poland but also in Germany, Spain, not to forget a rather difficult experience in New York back in 1996. In 1993, VDH bought a plot on ulica Nowogrodzka in Warsaw and in 1995 he signed a prelet with Price Waterhouse for development of the site, which became PWC's Polish headquarters in December 1997. "At that time it was the first 10-year pre-let on the market," von der Heyden said.

Now Sven Von der Heyden sees an opportunity to bring that development experience to the wind development sector, which demands complex real estate procurement, zoning and development skills. VDH, which has no experience in the wind sector, has teamed up with Belgian company Contino Holding, founded by Arnd Morschhauser, who has over 15 years experience developing wind farms in Germany, Austria and France. The group has experience with installing wind capacity of 900 MW. Contino's Polish subsidiary Contino Wind Partners, which was officially established as a Polish company in May 2008, will develop wind farms in Poland. According to their website, they have three wind farm projects in development near Bi-

# opportunity in the activities to wind

alystok and Poznań, with planned capacity of 120 MW from 60 turbines.

"Arnd Morschhäuser was looking for a partner in Poland", said Von der Heyden.

Contino's development activities in Poland are spearheaded by Jacek Kopczyński, who has substantial experience with VDG Group in real estate development.

"Contino already has 5-6 people employed in Poland", said Von der Heyden, "including engineers and ornithologists, and we are searching for sites, particularly non-traditional sites, such as in Białystok and Poznań. After we find a site, we have to do studies and analysis for one year, then we can know if the site is a good site or not." Analysis includes wind direction, wind intensity and wind consistency - as well as environmental impact studies and effects on bird migration.

According to VDH, the process involves negotiating lease option agreements with land owners, and close consultations with the local gmina. "We have three projects in the approval process now", he said, adding that his goal is to develop 200 MW of wind power capacity by year-end 2011, which would cost an estimated 300 million Euro. The wind farm development business requires substantial capital investment upfront, and studies indicate that the installation of 1 MW of wind capacity costs 1.5 million Euro in Poland.

Contino's strategy is to lock-up land with 40-year leases, which will have built-in price adjustment mechanisms based on inflation.

While mostly wind farm developers can be classified as either long-term strategic owners, or short-term developers who will then

sell to long-term players, Von der Heyden said that Contino "will be somewhere in between. We'll have a mix of projects, some of which we will keep for a long time, and others that we may sell."

"I see opportunities in wind but it would never work without subsidies", he said. "It's a very politically-correct investment".

European Union subsidies are also substantial for producers of renewable energy.

"We are speeding up our activities in the wind business, despite the economic situation. Because when our projects will be ready in three years, we will be spot-on for selling, or re-financing".

"Getting the timing right in business can help you overcome inevitable mistakes", said Von der Heyden, who smells opportunity in the air. ■

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