

INTERVIEW: EAGLESTONE TARGETS UP TO \$150 MILLION FOR RENEWABLE ENERGY FUND

By Ronan Murphy at ronan.murphy@vbresearch.com on 11/07/2013



UK-based Eaglestone Asset Management is raising a fund of \$100-150 million that is close to making its first investment, the firm's Deputy Chief Executive Officer Nigel Purse told Clean Energy Pipeline.

The fund will be a Luxembourg SCA partnership, subject to the SICAV-SIF regulatory regime, with a worldwide investment remit. The first investment will be an Australian asset.

Purse said the vehicle is also assessing investment opportunities in Spain, Portugal, South Africa, Poland and Sub-Saharan Africa.

Eaglestone has significant expertise in the African market, strengthened by Kensani Eaglestone, its advisory joint venture with the South African black economic empowerment and investment firm the Kensani Group.

South Africa and its ongoing Renewable Energy Independent Power Producer Procurement (REIPPP) programme will be a major driver for clean energy investment in other Southern and Sub-Saharan African nations, according to Purse. This is both in terms of creating finance models, but also more directly by opening opportunities for projects in neighbouring countries that can supply its voracious power demand.

"We tend to look at South Africa for clues as to where we need to go for this," said Purse. "You need countries where there is strong political support, a strong legal framework and a credible and credit-worthy off-taker like the South African government-backed Eskom.

"I personally believe that what is going on in South Africa has enormous implications for the rest of the continent. It demonstrates to the world that South Africa can do renewable energy deals and it's caused companies to divert resources to South African opportunities, which won't be available forever. Those teams will all still be there and I reckon they will go looking for wider opportunities in Africa."

As an example of the more direct way South Africa can drive investment in other nations, he cited five hydroelectric projects planned in Mozambique that will sell power to Eskom.

Multilateral financing institutions like the Development Bank of Southern Africa and the Industrial Development Corporation have played a major role in financing South African REIPPP projects to date, and they are likely to be even more crucial to funding renewables in other African countries, according to Purse.

"My own view is that most deals of any form of infrastructure [in Africa], renewables in particular, will require the involvement of multilaterals, many of which are already taking an interest in general," he said.

"My best guess is that the most likely way forward is to identify a core number of five to seven [viable African] countries, and anything that gets done will be done in partnership with multilaterals, either on a case by case basis or by creating structural vehicles."

While large single projects such as those allocated through REIPPP or the Lake Turkana wind farm in Kenya are potentially viable in Sub-Saharan Africa, Purse also believes there is a significant opportunity for smaller solar photovoltaic installations used in tandem with traditional African forms of energy generation such as diesel.

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