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Infrastructure Investor

The Pipeline

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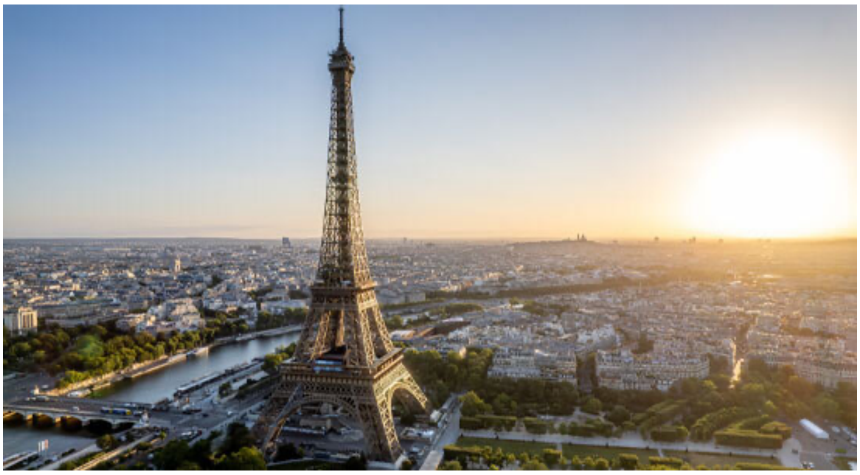
SCOR targets €500 million for new debt fund, GIP hires London MD and Macquarie injects $1.7 billion into US renewables veteran. Welcome to *The Pipeline*, the start-the-week briefing for our valued subscribers only.

First look



High-yield: Paris-based SCOR taps into demand

Source: Getty

SCOR looks for €500m for second high-yield debt fund

Paris-headquartered SCOR Investment Partners has announced the launch of the High Income Infrastructure Loans II. The fund is a so-called European long-term investment fund (ELTIF) and has secured the first €100 million of the targeted €500 million courtesy of the parent Scor Group.

The launch follows the successful deployment of the inaugural fund, which closed in May 2022 having raised €174 million. Needless to say, that's been significantly upsized.

The fund will invest in unitranche or junior/mezzanine secured debt solutions to strategically important infrastructure sectors in the EU.

Focus will be on financing low-carbon activities and those with a positive environmental contribution, and the fund is classified as Article 9 under the EU's Sustainable Finance Disclosure Regulation.

So far, Scor has invested €2.4 billion across 80 infrastructure debt transactions since 2013. It's a fair bet that they probably know the score, then.

The transition depends on LPs taking more risk
The energy transition needs private capital and that capital must be prepared to take more risk if we are to succeed in reaching net zero. This was the gist at a get-together of the UK's infrastructure market participants and hosted by NextEnergy Capital. The UK Infrastructure Bank, fresh from being handed the £7.3 billion mandate ($9.4 billion; €8.6 billion) for the new National Wealth Fund, was co-hosting.

The UKIB's job is to amplify government policy, including help towards the government emissions targets while providing a positive financial return and crowd in private capital. But the UKIB's £8 billion to spend directly is but a drop in the ocean between what is needed and what is currently available.

There was little patience with managers of 'transition' funds taking in many billions of dollars and then using it on brownfield wind and solar assets and looking at IG only, but also a recognition that GPs mostly do what LPs want them to. Hence the encouragement that society engages in a talk about risk and have LPs take a little more of it.

Ideally, such a conversation would be part of the political discussion. Which would entail leadership…

Thierry 'Indiana Jones' Déau finds Holy Grail
Last week saw Climate Week arrive in New York, with Meridiam founder and CEO Thierry Déau saying that after 30 years working in sustainable

infrastructure he now felt “a bit like Indiana Jones”, at a panel discussing the FAST-Infra Label.

“And I think my Holy Grail is the label,” Déau added. “For once, we can measure what sustainability means for infrastructure.”

He also praised the inclusion of the Adaptation and Resilience Dimension in the labelling system.

“I think the resilience issue is one that is fundamental in the way we think about the investors, about the communities that are actually around this infrastructure,” said Déau, stressing the need for tools like FAST-Infra to help investors avoid mistakes occurring in other sectors.

He recalled how New York “looked like a third world country” after hurricane-driven floods and blackouts in recent years, asking, “Have we actually changed anything in the way that we rebuild things in this area?

“I can tell you no, because real estate developers in New York don’t change their ways that quickly.”

Here’s to hoping long-term infrastructure investors do.

Grapevine

“You know how in the private sector you go into the end of the year and you’ve got to get all the deals done? Multiply that by whatever factor when you’re facing a potential change in administration”

Leslie Biddle, deputy under secretary for commercialisation and finance at the US Department of Energy, spells out the rush to deploy at an event hosted by Trio in New York.

Who's hiring

Santander infra head to join GIP

Global Infrastructure Partners has snagged Santander's global head of infrastructure, less than three years after he joined the Spanish bank.

Jorge Gil is set to join GIP in its London office this week, *The Pipeline* understands, as a managing director focused on transportation. Indeed, before his move to the banking side of the asset class in 2022, Gil was chief executive on Ferrovial Airports for eight years, with London's Heathrow Airport the crown jewel among assets that also included other UK sites in Glasgow, Aberdeen and Southampton.

GIP, then, would be an ideal fit, with interests in London Gatwick and Edinburgh airports in the UK, while GIP also owns interests in Sydney Airport and its most recent airport deal in Malaysia. GIP's transport investments are led globally by partner Philip Iley.

GIP declined to comment on Gil's appointment, although a flying start is presumably expected.

Helping Han for Prostar

Daniel Han, who left his role as Korea lead for Macquarie Asset Management's Green Investments just a few weeks ago, has joined mid-market energy transition investment house Prostar Capital as its head of Korea, *The Pipeline* has learned.

Han began in the new role last week and will be responsible for setting up the firm's office in Korea, as well as leading on its energy transition investment strategy there. He will report to Dave Noakes and Steve Bickerton, both senior managing directors at Prostar.

With more than 10 years' experience in the Korean and wider Asian infrastructure sector, Han helped to establish MAM's renewables investment business in Korea, including contributing to the first greenfield solar, wind and battery storage projects in the country. He also helped to establish MAM's Korean offshore wind business, including floating offshore wind developer BadaEnergy.

In a statement provided to *The Pipeline*, Noakes said this experience “will be invaluable to our firm as we look to expand Prostar's presence in the country and continue to pursue investments in clean energy solutions that align with the Korean government’s policies to decarbonise its economy".

Han’s up for Prostar, then.

Deals

Setting sights: Macquarie plans US renewables exposure through DESRI

Source: Getty

Macquarie’s three-pronged US renewables splash
Macquarie Asset Management has paid up to $1.7 billion for a significant minority stake in DE Shaw Renewable Investments (DESRI), a developer, owner and operator of solar, wind and battery projects in the US.

DESRI’s projects – both in operation and under construction – include 6GW of capacity, in addition to pre-construction projects (4GW) and a development pipeline (25GW).

The stake – which totals up to 47 percent, *The Pipeline* understands – was acquired through three funds: Macquarie Global Infrastructure Fund, Macquarie Green Energy and Climate Opportunities Fund and Macquarie Energy Transition Infrastructure Fund International.

William Demas, senior managing director and head of MAM’s green investment in the Americas, told *The Pipeline* that DESRI stood out as “one of the original independent renewable IPPs” at a time when “a lot of other development platforms are trying to transition into what DESRI is", also noting its "very large operating asset base, which is unique for platforms these days".

Macquarie charges ahead, but DESRI stays in the driver's seat.

Brookfield waves adios to UK and Iberian renewables assets
Brookfield Asset Management came to two renewables realisations on the same day, selling its 25 percent stake in its UK First Hydro business to CDPQ for a reported £500 million ($670 million, €600 million) and its Iberian wind and solar business Saeta Yield to Masdar for $1.4 billion.

The First Hydro deal marks the Canadian pension fund's "first foray into pumped hydro storage", said Emmanuel Jaclot, CDPQ's executive vice-president and head of infrastructure. The deal gives First Hydro – which is 75 percent owned by French utility Engie – an enterprise value of £2 billion. Brookfield had originally paid Mitsui about $44 million for the stake in 2017.

First Hydro manages and operates two power plants totalling 2GW in Wales and is responsible for 76 percent of the total pumped hydro storage in the UK.

In sunnier climes, Brookfield bought Saeta Yield in 2018 via its US renewables operator TerraForm Power from Global Infrastructure Partners and ACS for $1.2 billion.

That disposal sees Emirati renewables company Masdar acquire a 745MW portfolio of mainly wind projects, predominantly comprising 538MW of wind assets in Spain, as well as a 1.6GW development pipeline.

An energy transition payday indeed for Brookfield.

Today's letter was prepared by Zak Bentley; Daniel Kemp, Nathalie Tidman Anne-Louise Stranne Petersen, Justin McGown and Nadya Oppenheim also contributed.

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