



FUND MANAGER F2I PLANS SPANISH SOLAR ENTRY

Italian fund manager F2i Sgr is seeking to break into the Spanish solar market for the first time with a potential acquisition of a solar platform, senior partner, Corrado Santini, told CEP.

The Milan-based firm hopes the move will position it to capitalise on increasingly competitive Spanish solar prices.

“We are working in Spain to invest into a Spanish solar platform that will represent the first step into the country,” Santini said.

“In a country like Spain, we want to start with a brownfield platform but then be able to also pursue greenfield projects.

“We believe in Spain they have already reached grid parity in certain regions in the country, particularly in the South, so now economics allow you to build your own solar farms and be profitable without state incentives.”

Greenfield boost on the way

In fact, Santini said F2i anticipates a slew of new investment into new build European wind and solar projects, even if the firm’s home country is not as mature as that of Spain.

“We see a bright future for renewables considering the grid parity that is close to being reached [in southern Europe],” he said.

“We expect a wave of investments - also in Italy but generally speaking in the south of Europe - in solar and wind in greenfield farms that will not benefit from any state incentives any longer.

“In Italy this is still a bit more difficult - we expect to reach grid parity in the solar sector over the next one to two years, while in the wind sector it could be two to three years at least on an industrial scale.”

According to Santini, brownfield solar asset opportunities in Italy were in higher abundance compared to those of onshore wind, attributing the discrepancy to the consolidation of the market.

“If you take the secondary market for wind in Italy, you don’t see many opportunities and you don’t see a flow of transactions,” he said.

“[The market] is fragmented, but it is not that fragmented, so you have to have the right connections to be able to spot the right transaction.

“Whereas for example in the solar sector, it’s more fragmented and easier to find opportunities because [assets] are more widespread and ownership is more distributed among several small entrepreneurs.”

Veronagest success

However, this didn’t stop F2i from securing a landmark 282 MW onshore wind portfolio earlier this month from Italian developer Veronagest, comprising seven wind projects across Sicily and Calabria.

Santini said he expected the deal to hit close next month, noting that F2i’s 2017 strategy revolved around integrating the **new portfolio into its existing holdings**.

“We just signed a transaction with Veronagest and we are focused on reaching financial close which will happen by mid-July,” he said.

“Then we will work to digest the combination of that platform with the platform we have already. “We will start to see other potential transactions in 2018, 2017 will be devoted **to working on the combination of the several holdings we have in the wind sector.**”

New fund in the pipeline, plus offshore wind beckons

F2i’s second infrastructure fund reached final close at Eur1.24 billion almost two years ago and Santini revealed that the launch of a third fund was possible in the next six months.

“We are quickly approaching the saturation of the second fund,” he said.

“We believe there are lots of opportunities in Italy in the sectors where we already have a presence and, based on the know-how that we have thanks to our investments made in Italy, we have potential for growth in other European countries, starting in southern Europe.

“The renewables sector is one of the segments of the infrastructure space where we feel more confident and where we feel we can go abroad with a lot of potential.

“For these reasons we see a clear potential for a third fund and we’re certainly aiming at launching another venture to continue our activity.

“The launch of the third fund could be this year.”

Alongside ambitions for a third infra fund and the acquisition of the Spanish solar platform, Santini said F2i were also looking to break into a new area of renewables technology.

“For offshore wind, it is something we have never done in the past, we have never even touched in the past,” he said.

“We would like for next year maybe to try to see if we can come across an opportunity in the northern part of Europe for offshore wind.”

Kate Thorburn at kate.thorburn@cleanenergypipeline.com on **22/06/2017**

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Sonja van Linden Tol

Global Head of Sales

T +44 (0)20 7970 4909

E sonja.vanlindentol@cleanenergypipeline.com

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