

Conclusions

Pearl Infrastructure Capital II

INVEU-ICR-0064-2022 – Sustainable Infrastructure window

Short description of the financing or investment operation and its objectives

Name of the promoter or financial intermediary	PEARL Infrastructure Capital II SCA
Countr(ies) of implementation	Primarily EU-27, in particular France, Germany and Central and South Eastern Europe
Implementing partner	EIF

The Fund will pursue a specialist strategy of investing in assets mainly dedicated to decentralised baseload renewable heat and power production and circular economy in Europe. The Fund is aiming to create a diversified portfolio comprising assets in the energy generation and energy efficiency as well as in the circular economy sectors across Europe. Investments will be made at various stages of development and will include both greenfield as well as brownfield assets in need of capital for expansion, retrofit or upgrades.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 10 November 2022 for the above-mentioned operation.

The investment will be in the form of equity, which will in turn allow the Fund to promote equity or quasi-equity investments at the level of each underlying investment, which is an essential element in facilitating the project financing structure of any capital-intensive infrastructure project, in particular projects in their early phase (greenfield), and in some cases development phase.

EIF participation is also important given that the target fund size is higher than its predecessor and that the geographical and sector scope of the Fund when compared to its predecessor has been extended. EIF is expected to participate in the first closing of the Fund, thereby providing a strong market validation and signalling effect and helping fundraising efforts.

The Fund in turn has the ability to provide capital at earlier stages of the investment cycle as it will have a core focus on investing in greenfield or other form of projects with capex needs, thereby assuming construction and in some cases also development risks. Such risk levels are beyond the ones usually accepted by private sector investors, who traditionally target operational or fully developed assets (i.e. investment at or around financial close).

The Investment Committee appreciated the project addressing clearly identified market needs and targets sectors that are considered well beyond mainstream infrastructure investment.