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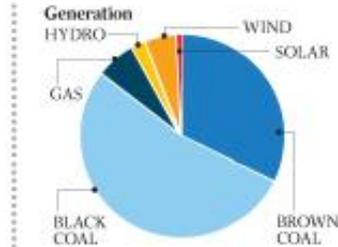
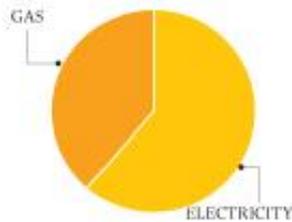
Sun is shining for AGL as QIC backs renewable fund

BRIDGET CARTER, GRETCHEN FRIEMANN THE AUSTRALIAN 12:00AM JUNE 21, 2016



How AGL's portfolio shapes up

Customers



Australia's renewable energy



AGL's portfolio

AGL Energy is understood to have secured the Queensland Investment Corporation as a major backer for its \$2 billion renewable energy investment fund.

The infrastructure investor Palisade Investment Partners may also be in the mix, according to sources, following moves by AGL's banker, Macquarie Capital, to drum up financial support for what has been branded the Powering Australian Renewables Fund.

Morrison & Co, which purchased the Macarthur Wind Farm from AGL last year, has also held talks about its participation, but sources said it had opted not to wade in.

AGL, which is Australia's largest listed operator and developer of renewable energy generation, was expected to finalise the fund by the end of June.

Last month, chief executive Andrew Vesey said AGL would bring in a further three equity investors and other lenders, as reported at the time by *The Australian*.

Chief financial officer Brett Redman also recently told investors that AGL was close to announcing the fund's investors.

The fund is looking to develop projects that would generate more than 1000

The fund is looking to develop projects that would generate more than 1000 megawatts of renewable energy for \$2bn to \$3bn.

Seeding the fund will be AGL's 155MW solar energy projects at Nyngan and Broken Hill.

The company will also take a "cornerstone" equity stake of about \$200 million.

As well as infrastructure investors, financial groups are believed to be supporting the project.

It comes at a time that AGL remains acquisitive, as its shares continue to rally, prompting some to wonder whether the company will make a play for the listed remote energy supplier Pacific Energy, based in Western Australia with a market value of just under \$200m.

The group is believed to be a target of prospective suitors, although some market analysts say that an acquisition of such a business would not be a good fit for AGL, as its assets are of lesser quality.

Meanwhile, it is understood that AGL is still doing some work surrounding a potential acquisition of Alinta's assets, despite some suggestions that the \$3bn-plus company is in the cross hairs of a Chinese group and that its bidding partner APA Group has lost interest for the short term.

Attractive to AGL is Alinta's West Australian retail electricity operation.

The Lazard-advised Alinta is owned by TPG Capital, the private equity outfit which this month mandated a staggering six investment banks to jointly lead and manage the float of its poultry business Ingham Australia.

Sceptics have described the move by TPG as one that will ensure positive analyst coverage across the market of the business, which has already proved a highly lucrative investment for TPG following a profitable sale of the group's property assets in recent years.



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