

PALISADE IMPACT FUND AIMS FOR FIRST DEAL MID-2022

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Author: [Shaun Drummond](#)

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Palisade Investment Partners' new Impact Fund is likely to be able to make its first investment of up to AUD 100m (USD 75m) by the second quarter of next year, according to co-founder and CEO Steve Gross.

Three weeks into the job, the former head of impact investing at [Macquarie](#) said it was too early to say what the first raising target would be, with the fund's investment rules still being devised. But it is likely to be an open-ended fund that will look to invest AUD 50m-100m of equity in each deal, with the first investment likely around the first or second quarters of next year.

It will seek core-plus level investment returns above 10% in new types of infrastructure that support emerging essential services under three broad categories: the race to net zero emissions, zero waste and zero inequality.

"We see the challenge is that climate change is escalating, and we see that traditional infrastructure will have to change, with an evolution from centralised aging infrastructure, to clean, smarter more connected, distributed infrastructure," Gross told *Infralogic*.

"Next generation infrastructure is infrastructure and infrastructure-like businesses that are the essential services of the future, with predictable cashflows, and high barriers to entry, enabled by new technology and/or policy," he said. "So they will be mid-market investments, but in higher growth markets, with the opportunity to grow through expansion capital and bolt-ons."

The industry sectors are expected to include energy, waste, transport, digital and telecommunications and social infrastructure.

Examples in the energy category are utility scale battery storage and distributed energy including microgrids, behind-the-meter solar and storage and energy as a service, which he said is evolving into net zero.

Energy or net zero as services in part refers to companies that guarantee a certain standard of energy equipment, efficiency or net zero emissions in return for a regular payment, like a subscription.

These types of business models are becoming more prevalent as individual and commercial consumers become power generators with the rise of rooftop solar and behind-the-meter battery storage and businesses, and as countries commit to net zero targets.

The new fund will also look at opportunities in the transport arena, including in electric vehicle charging networks and EV transport fleet services.

In waste, the fund will consider investments in recycling, turning waste into biofuel, and energy-efficient waste water treatment.

Data and telecommunications infrastructure will be another focus, particularly last mile connections to provide fast internet services to disadvantaged groups in social housing and in rural areas.

The fund may also invest in specialist disability accommodation, but only if there is an opportunity to implement distributed energy, which makes the facilities not only greener but also more resilient to support Australia's most vulnerable.

Investor Profile

Palisade Investment Partners GP

 AUSTRALIA | Unlisted

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