

# Italian green fund seeks €250m

**By Martin Arnold in London**

Nino Tronchetti Provera, a cousin of Pirelli's chairman, is seeking to raise one of Europe's biggest environmental private equity funds by tapping into investors' growing appetite for green businesses.

The former Telecom Italia executive is visiting investors across Europe and the US to raise €250m (\$387m) for Ambienta, a new Italian-based fund that will invest in green sectors, such as renewable energy and waste management.

If successful, he would create one of the largest environmental funds in Europe, after the €300m raised by HG Capital in the UK last year. Ambienta has already held a first close of €124m,

much of it from Intesa Sanpaolo and a group of Italian businessmen.

Environmental investing is one of the hottest areas for the US private equity industry and Europe appears to be catching on. Swiss Re is raising €250m for a European clean energy fund and ABN Amro plans a €200m renewable energy fund.

Since the debt markets were gripped by a liquidity crisis last summer, private equity has struggled to raise debt for buy-outs of big companies. As a result, investors are looking for areas of private equity that rely less on leverage.

One such fast-growing area is environmental investing. Mr Tronchetti said so-called "clean-tech" investment in renewable

energy had grown globally from \$28bn in 2004 to \$75bn in 2006 and was expected to be close to \$100bn last year.

Clean energy companies accounted for 7.4 per cent of all US venture capital investment last year, up from 1.1 per cent in 2003, according to the US National Venture Capital Association and PwC.

"The growth of environmental investing is not being driven by purely green or environmental concerns, but it is mostly about the 3bn new consumers in China, India and Brazil who need more food and power," said Mr Tronchetti.

"The oil price at close to \$120 a barrel is what is driving all this," said the Ambienta chief, whose first

cousin once removed is Marco Tronchetti Provera, chairman of Pirelli, the Italian tyre maker, and former chairman and chief executive of Telecom Italia.

Mr Tronchetti, who joined the Telecom Italia group in 2002 after a spell at McKinsey and Cam Technologie, a clean-tech fund in his cousin's Camfin group, said the new fund would make about 15 investments of €10m-€30m each.

It plans to invest widely from clean coal and water treatment to wind power and biofuel feedstock.

He plans to avoid competitive areas, such as biofuel plants and solar power, where assets are becoming overpriced. Most investments would be minority stakes with little debt.