

NewWorld Capital Launches To Target Clean Technology Growth Deals

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27 October 2009

A group of executives hailing from private equity firms, Goldman Sachs and General Electric Co. have launched a new private equity firm to invest in the clean energy and environmental industries with \$150 million in working capital.

The New York-based firm, called NewWorld Capital Group LLC, isn't looking to raise a fund beyond its working capital at the moment, but will eventually seek \$500 million "when the time is right," said Carter Bales, founder and chairman of NewWorld Capital, in an interview with VentureWire.

The group is well capitalized with the \$150 million working capital, which comes from founders, family offices, partners in other private equity firms, one foundation and **Ambienta Sgr**, a Milan-based environmental assets private equity firm, Bales said. NewWorld and **Ambienta**, which announced it had closed a EUR217.5 million fund earlier this month, will collaborate on cross-continent transactions.

"We will start to raise some funds when the time is right in terms of the limited partners market, where it has more liquidity, and then...we'll have been around for some time and can demonstrate" our track-record, said Bales. Citing a military saying, he said: "Some times the shortest way home is the longest way around."

NewWorld is looking to fill in the "commercialization gap," or the stage between early development and commercialization during which companies require growth capital.

"There's relatively little private equity firms going into this space...with half a dozen or so firms that are focused on it," said Bales.

The financing gap is also referred to "the valley of death" as start-ups reach a development stage that requires tens or hundreds of millions of dollars to scale up their technologies, but that is a stage in which most venture capitalists don't normally invest.

In recent months, the U.S. government has been stepping in with grants and loan guarantees to help spur the clean energy industry, but the official effort is ultimately designed to draw in private investors.

So far, some firms that looked into raising funds for growth-stage investing in the clean energy industry have found the environment isn't quite right. One example is San Francisco-based CMEA Capital, a venture capital firm that over the summer dropped the idea of raising a new fund dedicated to investing in late-stage clean technology and renewable energy companies.

CMEA had been planning the new fund from last year, but decided that there weren't many quality opportunities at this stage of investing, and that it can invest in any eventual growth equity opportunities from its existing fund.

NewWorld thinks that the time is ripe to stake a position in mid-market clean energy investing. Besides the lack of financing availability, there's a whole new regulatory framework that companies in the sector need to navigate to prosper, requiring some expertise that technology developers don't necessarily have, said Bales.

As the government mulls over new regulations and policies for clean energy, "the earlier you get in, the earlier you can build a real knowledge," he said.

Before founding NewWorld Capital, Bales had founded the Wicks Group of Companies, a private equity firm focused on the information industries, in 1989, and became an emeritus managing partner at that firm in 2006.

His partners and co-founders in the new firm include: Brad Abelow, previously chief of staff to Jon Corzine, Governor of New Jersey and former partner at Goldman Sachs; Bill Hallisey, a former managing director at investment firm GSC Group; Ali Iz, a former venture partner at CMEA Capital and previously a general manager at GE's Energy division; Everett Smith, a former managing director at private equity firm New Energy Capital and previously a managing director at GE Capital; Lou Schick, a former managing director at hedge fund Ritchie Capital and previously a senior scientist with GE Global Research. The partners at NewWorld are busy looking at projects right now, most of which came its way but the firm is starting to do "outbound" sourcing of proposals, said Bales. There are five projects it is looking at closely in waste management, small-scale hydro and solar power, he said, but it's too early to tell if any investments will be made yet.

<http://www.newworldcapitalgroup.net>

It sees opportunities in the financing gap between early development and commercialization, which it says few firms are trying to fill. CMEA Capital recently dropped plans for a dedicated late-stage cleantech fund. Execs from CMEA, Goldman Sachs and GE are among NewWorld's co-founders.

Document DJFVW00020091027e5ar0008g

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