

AEP intends listing on AltX in June

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BLACK-EMPOWERED Pan African clean energy group, African Energy Partners (AEP), intends listing on the alternate exchange (AltX) as a special purpose acquisition company (Spac) in June.

AEP said it would be the first black-empowered JSE energy group to expose investors to the full spectrum of clean energy, beyond renewables only, with Liquefied Natural Gas (LNG) as its fuel of choice.

AEP will soon embark on a capital-raising spree and is targeting to raise between R400 million and R500m to help fund its first acquisition.

A Spac is a publicly traded buyout company that raises collective investment funds in the form of blind pool money, through an initial public offering, for the purpose of completing an acquisition of an existing private company, sometimes in a specified target industry.

Chief executive and energy specialist Edwin Kikonyogo explained that AEP was not an investment holding company, but it would manage and operate a portfolio of operations in distributed power generation and logistics for related fuels.

"Our strategy is to acquire mostly controlling stakes in target operations as opposed to minority investment stakes, because our business model is an operating energy group rather than a financial investor in the energy sector.

"AEP has in sight a number of appropriate acquisition targets, which are already cash-generating or less than 12 months from being so," said Kikonyogo.

As a Spac, the capital raised pre-listing will be held in escrow

until a viable acquisition has been concluded successfully. The group said the acquisition must be made within two years of the listing date.

The company's founding directors will contribute at least 5 percent of the capital. It said on conclusion of a viable acquisition subject to JSE requirements, AEP would evolve from its Spac status and consider a move to the JSE main board.

Kikonyogo is confident that AEP's business model will deliver a number of significant advantages for investors.

"Our target operations offer a mix of medium- and long-term off-take agreements and a contracted cost base, which makes for good long-term earnings visibility. Our mandate is Pan-African."

Kikonyogo said the company chose to seek a listing on the JSE even though a volatile

2025
Target year for access to energy for all Africans.

macro-economic environment persisted.

"Africa is ripe for a black-managed group that will make available to all Africans cheaper, cleaner and more reliable power. The African Finance Development Bank's 'New Deal', released in 2016, aims to ensure universal access to energy for all Africans by 2025, using Africa's natural resources," he said.

Natural gas is an abundant natural resource in Africa and is globally recognised as a cheaper and cleaner substitute for other fossil fuels.

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