

APG and Aquila Capital to invest up to € 500 mln in European Hydropower Infrastructure

Amsterdam, July 14 - Dutch pension fund asset manager APG Asset Management and alternative investments manager Aquila Capital have formed a partnership to invest a targeted €500 million in the acquisition and development of European hydropower plants, in one of the largest investments in this renewable energy sector.

APG has commissioned Hamburg-based Aquila Capital to establish an investment vehicle dedicated to hydropower infrastructure, which aims to make investments in operational plants and develop new projects across Europe. APG will commit €250 million to the venture. Considering the capability to make use of debt financing, the total enterprise value of the investments is projected to amount to up to €500 million. Aquila Capital will provide the operational management of the hydropower assets as well as portfolio management services to the partnership.

Hydropower has a much higher efficiency ratio (i.e. ratio of power output to power input) than all other major sources of energy. Where plants based on wind power have an efficiency ratio of approximately 50% and solar power generation sits at around 20%, hydropower is able to achieve an impressive efficiency ratio of up to 95%. Furthermore, from a sustainability perspective, hydropower is one of the most environmentally friendly sources available.

Europe's installed hydropower capacity is mainly concentrated in Scandinavia. Further, Turkey is seen as having the greatest future potential for energy generation.

Investment yields in Europe are in the high single digits depending on a variety of factors, such as the location of the plants, electricity prices, construction and regulatory risks involved.

Patrick Kanters, Managing Director Global Real Estate & Infrastructure at APG said: "APG puts a lot of effort in finding infrastructure investments with high-sustainability characteristics. Hydropower is the most efficient of all main energy sources and ticks the right boxes for us in terms of the risk-return profile and the high cash flow visibility, as well as its strong sustainability profile. There are relatively few companies with the expertise and industry networks to access the best opportunities in the sector, which is why we have teamed up with Aquila Capital."

Roman Rosslenbroich, Co-Founder and CEO at Aquila Capital said: "We took a conscious decision to focus on alternative investments, including real assets, when the company was established in 2001. These investments are supported by macroeconomic fundamentals and offer the potential to generate above average returns on a sustainable basis that are uncorrelated with mainstream financial markets. APG is similarly recognised as a global leader in investing in these areas, so we are particularly pleased to be partnering with them in this venture, which should give a strong boost to the hydropower renewable energy industry in Europe."

Oldrik Verloop, responsible for the partnership at Aquila Capital said: "Hydropower is an attractive proposition for investors looking for stable long-term inflation protected yields to match pension liabilities. The key challenge in accessing these types of assets is the ability to bundle enough volume in transactions to create sufficient scale to appeal to institutional investors and that is where Aquila's experience in the hydropower sector is of prime importance."

About APG Asset Management N.V.

APG, a financial services provider in the collective pensions market, provides pension fund administration, asset management, management support and communication services to pension funds. For these pension funds and their 4.5 million active and retired participants in the public and private sectors, APG manages pension assets totalling about EUR 369 billion (month-end May 2014). APG administers over 30% of all collective pension schemes in the Netherlands. On behalf of its clients, APG has been an active infrastructure investor since 2004, investing approximately € 5.5 billion to date.
www.apg.nl

About Aquila Capital

Established in 2001, Aquila Capital is a leading provider of alternative and real asset investments. The firm focuses on distinctive areas of investment that are supported by macroeconomic fundamentals and offer the potential to generate uncorrelated, above average returns on a sustainable basis. Concentrating on these areas, Aquila Capital draws on the expertise of highly qualified investment teams to generate a long term edge.

Aquila Capital is part of the Aquila Group, a Hamburg, Germany based privately held firm with over 250 staff and EUR 7bn assets under management. Aquila Capital's Renewable Infrastructure teams currently manage 440 MW in Hydropower, Solar and Wind assets amounting to over EUR 1.4bn of transacted volume.

Further information can be found at www.aquila-capital.com.

Notes to editors

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