

## Aquila Capital to merge Norway's Småkraft and Norsk Grønnkraft

- Establishing Europe's largest operator of small-scale hydropower plants

**London, 6 December 2016** – Aquila Capital has reinforced its commitment to Norway by planning to merge Småkraft and Norsk Grønnkraft (NGK), to create the leading operator in the country's hydropower market and the largest operator of small-scale hydropower plants in Europe.

The merger, which is expected to be effective from January 2017, reflects Aquila Capital's active asset management approach and underlines the company's ambition for the expansion of its renewable energy portfolio in Norway. The two companies are wholly financed by Aquila Capital's investment vehicles, including its dedicated European Hydropower Fund<sup>1</sup> as well as that of the Dutch partner APG, the asset manager of ABP, one of Europe's largest pension funds investing in hydropower assets.

The newly created entity will be known as Småkraft and consist of 90 hydropower plants in operation with an annual production of just under 1 TWh. Simultaneously, a separate company, Småkraft Utbygging, will be formed to solely focus on the construction and rehabilitation of small-scale hydropower plants.

**Sigbjørn Rabbe, Head of Operations at Småkraft AS, said:** "Aquila Capital is committed to sustainable operations and growth in the Norwegian hydropower market. As well as the obvious natural resources in the country there is a deep pool of local expertise to manage the plants, which we use at every opportunity. We are determined to build the trust of local communities, adding value and ensuring the highest standards of safety and respect for the environment while at the same time recognising the landowner's rights."

**Oldrik Verloop, Managing Director at Aquila Capital and Board Member at Småkraft, added:** "The merger is the next logical step to further consolidating our existing hydropower operations in Norway. Also, with the formation of a dedicated hydropower construction firm we aim to build five to ten plants every year and with that contribute to increasing the share of renewables in the European energy mix. We are confident that Småkraft will be one of the leading hydropower players in Europe and these developments underline our interest and engagement in the sector."

**Michaela M. Eder von Grafenstein, Head of Investment Management Real Assets at Aquila Capital, commented:** "The merger comes at a time when institutional investors' interest in renewable energy is increasing significantly. Our scale, expertise and extensive field of contacts mean we are the go-to partner in Norway's hydropower sector. We are looking forward to contributing to the further growth of renewable energy in Norway."

To date Aquila Capital manages over 100 hydropower plants with an installed capacity of approximately 400 MW.

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<sup>1</sup> The official name of the fund is: Aquila Capital European Hydropower Fund S.A., SICAV-SIF

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**Notes to editors**

**About Aquila Capital**

Established in 2001, Aquila Capital is committed to provide institutional investors worldwide with alternative investment solutions in real assets, financial and private markets. Applying a multi-disciplinary investment approach, Aquila Capital's range of alternative investments is managed by dedicated specialists in their respective asset classes and underpinned by an infrastructure that combines strong operations, stringent corporate governance and a successful track record.

Aquila Capital has been dedicated to develop alternative investment solutions since its establishment. Over 200 professionals across eight offices globally are working across the whole value chain of alternative investments to generate stable, positive returns for investors.

Further information can be found at [www.aquila-capital.com](http://www.aquila-capital.com).

**About Småkraft AS**

Småkraft AS is Norway's largest developer and operator of small-scale hydropower plants. Established in 2002, the company has successfully developed and commissioned 50 hydropower stations and currently has 9 projects under construction and 60 projects under development. The Småkraft portfolio has a total average annual power generation of over 500 GWh.

Småkraft's concept for developing small-scale hydropower plants in cooperation with land owners is based on the Norwegian legislation on private ownership to waterfall rights. The company leases the waterfall rights from the landowner, while the landowner has the rights to take over the power plant after the lease period. The landowners' long term ownership to the waterfall resources, and all commercial agreements between Småkraft AS and the land owners remain unchanged under the new ownership.