

PRESS RELEASE 30th of June 2015

SL Capital Partners creates long-term partnership with Nordkraft and acquires 13 small hydro plants in Norway

SL Capital Partners LLP ("SL Capital") has agreed to acquire 100% of Nordic Power AS from Nordkraft AS ("Nordkraft"), the Narvik based energy group with interests in Northern Norway. Nordkraft's core business is the development, construction, production and distribution of natural renewable energy through hydropower and wind power. The Nordic Power portfolio of hydropower assets will be acquired by private markets specialist SL Capital, funded through SL Capital Infrastructure I LP ("SLCI I"), its infrastructure fund. The disposal provides Nordkraft with capital to continue its development program.

SLCI I is focused on investing in core infrastructure assets in Europe and this acquisition of 13 high quality, small scale hydro plants generating 58 MW provides an opportunity for the fund to invest in long-term assets alongside a strong Norwegian partner in a region with a stable regulatory environment. The transaction is the second investment completed in the past week by the fund, following the acquisition of Gasum's local gas network operations in twelve areas of Finland and the Helsinki natural gas network.

Looking forward, SL Capital and Nordic Power will co-operate closely and have agreed a 15-year management contract with the Nordkraft. Under this agreement, the Nordkraft team will manage, operate and maintain the plants, ensuring continuity of supply to the grid for consumers in the region. Nordic Power has committed to continue the maintenance capital expenditure program established by Nordkraft. In addition, Nordic Power has entered into a strategic co-operation agreement that provides the basis for Nordic Power to acquire further hydro power assets that are close to commissioning from Nordkraft. This would provide the utility with visibility on funding for the development of further hydropower assets in northern Norway.

"This is a really important and strategic step for Nordkraft, both reducing the financial risk and securing income through management and operation of the plants. We recognise that this arrangement with a different Operator and Owner is rather new in the hydro sector. However in other sectors such as oil & gas and real estate this type of arrangement has been worked very successfully over long time periods. Nordkraft has now established a strategy with increased focus on Operations and we believe that this long term partnership with SL Capital will become a «win-win» and furthermore will give both companies opportunities for organic growth," comments Eirik Frantzen, CEO of Nordkraft

Graeme Gunn, Partner of SL Capital commented "We are delighted to announce this transaction so quickly after the recent purchase of the natural gas distribution network in Finland, demonstrating the positive momentum and deep market knowledge of our team working on the Norwegian hydropower sector. We have made the investment and become the owners of this high quality portfolio of assets through our infrastructure fund. The hydropower sector in Norway is one of the most developed in the world and we have a high level of confidence that our partnership with Nordkraft and the management team at Nordic Power will prove successful."

Dominic Helmsley, Managing Director Infrastructure, added "The SL Capital team has pursued investments in this sector of the energy market over the past year and this deal with Nordkraft was attractive given the well invested portfolio of assets and stable return generation. Small

hydropower is a growth area of the market across Europe and we will pursue scale through additional purchases in the sector."

The agreement was signed on 20 June and is expected to be completed by the end of the month.

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Nordkraft AS is a vertical integrated utility within hydropower (development, construction and production), distribution and power sales to end-users. It is owned by Narvik Municipality (50.01 %), Troms Kraft (33.33 %) and Hålogaland Kraft (16.16 %). Nordkraft is coming out from a turnaround program during 2013 and 2014 with a new management team. A new organization and a cost cutting program are implemented.

Founded in 1913 Nordkraft, former "Narvik Kommunale Elektrisitetsverk" and then "Narvik Energi", has a long history. The first hydropower plant was in production same year. The utility was responsible for the development of the distribution grid in the region, starting the same time. Electricity demand increased, and new hydropower plants were constructed. Narvik Energi was established as a limited company in 1995 and acquired Nordkraft AS (hydropower producer) in the period 1998 – 2001. The power sales business was combined with other local utilities' business through Kraftinor AS in 1999. Dong Energy became the first private owner of Nordkraft in 2002 (33.33%). As a direct result of this Nordkraft built its first wind park in 2005. Through the acquisition of Fjellkraft, it acquired a large small scale hydropower portfolio. The majority of projects were under development in 2009. The portofolio were developed until 2014. Fjellkraft was sold the same year, but Nordkraft kept a number of selected projects in addition to the plants in operations. The wind power park was expanded in 2012 to a total of ~104 GWh.

Nordic Power AS has 12 small scale hydro plants, and one subsidiary company with 99.87 %, Nordic Power Torsnes AS, which owns another hydropower plant. The 13 hydro plants were commissioned between 2009 and 2014, and the average annual energy output in total is 131,8 GWh.

Nordic Power AS was established in 2014 as part of this sales process. All operating hydropower plants, with the exception of Torsnes hydropower plant, were reorganised into Nordic Power. Torsnes is held by Nordic Power Torsnes, a subsidiary company to Nordic Power, due to a small ownership stake of 0.13 % by one landowner.

All rights to operate and own the hydropower plants have been transferred to Nordic Power, except trading licences for the power plants, which is located in Nordkraft Produksjon.

There are no employees in Nordic Power or Nordic Power Torsnes, nor are there any other activities or ownerships. Nordkraft's large portfolio of projects under development is owned by Nordkraft Vind og Småkraft AS.

SLCI I is the infrastructure fund managed by SL Capital Partners, targeting long-term investment in core infrastructure assets in the UK and North West Europe. The Fund's capital has been raised from pension funds from the UK, Canada and Europe.

SL Capital is one of the foremost private market investors, focused on providing solutions to clients investing in infrastructure, private equity and strategic credit. SL Capital, which is headquartered in Edinburgh has raised over €9.3 billion (c. \$10.2 billion) through 25 funds over the past 17 years with more than 80% of this capital raised from third party investors.

The track record of investing in infrastructure through a direct investment strategy and private equity (through primary funds, secondary opportunities and direct co-investments) has attracted clients ranging from leading institutional investors in the UK, US, Canada, Europe, Asia and the Middle East, to family offices and high net worth individuals. SL Capital Partners manage segregated accounts for some of the world's largest pension funds.

Overall, SL Capital has 21 dedicated investment professionals and the infrastructure team actively targets UK and European infrastructure assets. In private equity, the team manages commitments to more than 120 private equity partnerships on a primary and secondary basis, serving on almost 100 fund advisory boards. Investments have been made in over 50 co-investments alongside leading private equity fund managers, deploying significant capital. In total SL Capital has 53 staff operating through offices in Edinburgh (UK), Boston (US), Hong Kong and Munich (Germany). The business is owned by its partners and Standard Life Investments, the fund management arm of the Standard Life Group (FTSE 100 listed company). www.slcapital.com