

**Press release**

OÜ Utilitas

28 November 2018

## **European Diversified Infrastructure Fund II invests in Utilitas, leading private Estonian energy group**

**The European Diversified Infrastructure Fund II SPSc (“EDIF II” or the “Fund”), a dedicated long-term infrastructure fund managed by First State Investments (“First State”), has become a financial investor in OÜ Utilitas (“Utilitas”), Estonia’s largest district heating company and a leading renewable power producer.**

According to an agreement signed in Tallinn today, EDIF II has acquired an 85% shareholding in Utilitas with current shareholders and managers of Utilitas retaining 15% shareholding.

Utilitas is the largest district heating company and one of the largest renewable power producers in Estonia. The Company operates 521km of district heating networks and supplies heat to approximately 166,000 households in eight Estonian cities, including in Tallinn, the capital city.

**Kristjan Rahu, Chairman of the Supervisory Board at Utilitas** said: “With EDIF II we have on board an acclaimed international infrastructure fund with many investments in Western and Northern Europe and access to international capital markets. Utilitas is the Fund’s first investment in the Baltics and the only investment in this region by a major international infrastructure fund to date. We look forward to a long term cooperation with EDIF II and the team at First State. Our goal is to ensure that Utilitas will remain in the forefront of green energy development as an efficient energy services provider to its clients in the region.”

**Niall Mills, Partner, Infrastructure Investments at First State**, said, “We are delighted that Utilitas is First State’s inaugural infrastructure investment in Estonia. Utilitas’ position as the leading operator of a sustainable, reliable district heating network with an increasingly strong focus on renewable energy production is especially attractive to us as a long-term investor. We look forward to partnering with our co-shareholders, management team and employees to further develop the company.”

In line with its integrated approach to Responsible Investment across all business areas, First State has focused on pursuing the implementation of the UN Sustainable Development Goals across all of its portfolio companies. In 2017, more than 50% of Utilitas’ energy production was produced from renewable sources and the company is at the forefront of innovation in the energy industry, making it a very natural fit with the Fund’s investment strategy.

The management and supervisory boards of all three subsidiaries of the group, AS Utilitas Tallinn, AS Utilitas Eesti and OÜ Utilitas Tallinna Elektri jaam will remain unchanged. Priit Koit will continue as the CEO and Kristjan Rahu as the Chairman of the Supervisory Board of Utilitas. The supervisory board will be reinforced by two new members, Gregor Kurth, Director at First State, and Andreas Greim, a district heating and energy expert with experience from Dalkia International, Areva and Électricité de France, as an independent member.

The transaction was financed by an international syndicate of banks consisting of Skandinaviska Enskilda Banken, Crédit Agricole Corporate and Investment Bank as underwriters and HSH Nordbank.

"This transaction clearly shows that renewable energy projects, as well as ambitious Estonian companies are attractive for global investors and SEB is happy to support further development of Utilitas," said **Artjom Sokolov, Member of the Management Board of SEB Estonia**.

Shareholders of Utilitas were advised by Superia Corporate Finance and Triniti Law Firm. First State Investments was advised by DC Advisory and Cobalt Law Firm.

### **About Utilitas**

*Utilitas is the largest district heating company and one of the largest renewable power producers in Estonia. The Company operates over 521km of district heating networks and supplies heat to approximately 166,000 households in eight Estonian cities, including in Tallinn, the capital city, Maardu, Keila, Rapla, Haapsalu, Kärdla, Jõgeva and Valga. Utilitas produced approximately 1.7 TWh of heat and 263 GWh of renewable electricity in 2017. Utilitas had consolidated sales revenue of €117m and total assets of €301m in 2017.*

### **About EDIF II**

*EDIF II is a leading European infrastructure fund managing core infrastructure assets on behalf of its investors. The fund targets primarily energy, renewable, utility and transportation assets across Europe. Its investors are largely pension funds investing for long-term stable returns.*

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