



## PRESS RELEASE

12 March 2010

### ***Elia and IFM to acquire the German Transmission System Operator 50Hertz Transmission from Vattenfall***

- **Investment by financially strong consortium of buyers with a long-term strategy contributes significantly to the creation of a European electricity market and network**

*Berlin/Brussels/London, 12 March 2010.* Elia System Operator (Elia), the Belgian transmission system operator (TSO), and Industry Funds Management (IFM), one of the largest global infrastructure investment managers, today announced the signing of an agreement under which they will acquire the German regional transmission system operator 50Hertz Transmission GmbH (50Hertz) from Vattenfall Europe AG, Germany's third largest electricity generator. The agreed enterprise value is Euro 810 million and the parties expect to complete the transaction for 50Hertz in the second quarter of 2010.

Under the terms of the agreement, IFM will own 40 percent of 50Hertz, and Elia will own the remaining 60 percent stake with operational control. Elia will finance the transaction through a capital increase.

#### ***Milestone for the European electricity market***

This transaction represents a major step forward in the construction of the European electricity market that Elia has been supporting since its inception as an independent TSO in 2001. It also fits in with its other strategic regional investments, including those in the Central Western Europe (Benelux, France and Germany) to develop a regional market.

“We signed a cooperation agreement with 50Hertz in 2007, recognizing the complementary nature of our expertise and our commitment towards a regional coordination of our networks so as to improve the overall reliability”, said Daniel Dobbeni, CEO of Elia. “With this investment in close partnership with IFM, we will be better positioned to participate in the growth of a truly European electricity market in the region that takes into account the integration of a larger part of renewable energy sources among which wind energy, in line with national and European energy policy.”

#### ***Long-term investors***

Christian Seymour, Industry Funds Management's Head of Infrastructure for Europe, commented: “This investment is in line with our strategy of broadening IFM's portfolio of high quality assets in the European infrastructure sector. We look forward to supporting this core infrastructure asset in Germany and commencing a long-term partnership with Elia, a firm with a strong record in operating and developing high voltage grids.”

“With Elia and IFM, we have found outstanding investors that fulfill all of our criteria for financial strength and long term reliability”, Tuomo Hatakka, Chairman of the Management Board of Vattenfall Europe, said. “This is not only relevant to achieve the objectives of the national and European energy market, but it is also in our own best interest as an electricity provider: Ultimately, without a functioning grid, we cannot transport the electricity generated in our power plants to our customers and end consumers. Going forward, Vattenfall will commit itself even more intensively to climate-neutral electricity generation.”

#### ***Investment commitments to future grid development***

Upon completion, this transaction will further enhance security of supply, due to the fact that Elia and IFM will pursue Vattenfall's investment commitments, allowing 50Hertz to smoothly fulfil the German and European legal obligations. These commitments include the construction of interconnectors and line extensions which are a prerequisite for the reliable transmission of electricity primarily generated by wind turbines in low consumption coastal areas to high consumption regions further inland. These investments are also a vital requirement for achieving climate protection objectives.

### ***Benefits for end consumers***

The transaction will not impact the transmission tariffs for end consumers, which continue to be regulated in the respective countries Belgium and Germany. The transaction is expected to deliver benefits for consumers in both countries as a result of the exchange of best practices in operational excellence and hence further improve reliability and efficiency in grid operation.

### ***Towards the future North Sea and Baltic Sea grid***

Elia together with 50Hertz will further develop its innovative edge in the European electricity market and actively participate in the integration of large-scale renewable and the construction of the future North Sea grid, thanks to the presence in the landing grids on the shores of the North Sea and Baltic Sea. While 50Hertz is already integrating the feed from a major amount of wind farms in its high voltage grid, Elia is reinforcing its grid towards the seaside for the connection of future large scale offshore generation announced by the Belgian government. Both experiences constitute an ideal basis for their contribution to the future North Sea and the Baltic Sea grid as it was announced by the Ministers of Energy of nine European countries in Copenhagen, amongst which the Belgian and German Ministers.

### ***Reinforced security of supply and system security***

This acquisition will also strengthen the role played by Elia and 50Hertz in the choir of European TSOs, thus giving impulse to the creation of a truly European grid. "This will give market players in Belgium and Germany a secure access to a larger and greener energy mix, thus reinforcing security of supply, while simultaneously increasing system security in a context where international electricity flows and variable generation constantly increase", Daniel Dobbeni underlined.

### ***Risk diversification and additional value for Elia shareholders***

Elia will finance the acquisition by a capital increase that is planned in the second quarter of 2010, subject to market conditions and pending approval by the General Meeting. The company has received strong support from its major shareholder, Publi-T, which represents Belgian municipalities. Elia expects the transaction to have a positive impact on the consolidated financials. From a shareholder's perspective, the acquisition will create shareholder value in a regulated business with a similar risk profile and activities as Elia's and enable diversification of the TSO's regulatory risk.

The transaction is subject to approval by the relevant authorities.

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### **Press conference**

A press conference will be held on Friday, March 12<sup>th</sup>, 2010 at 10:30h CET at the Radisson Blu Hotel in Berlin, Karl-Liebknecht-Straße 3, Germany.

The press conference will also be accessible via webcast at [http://www.thomson-webcast.net/de/dispatching/?event\\_id=d000ae59e30fb10d8006156e06853688&portal\\_id=209892703d17f855ce741246f89293fa&language=en](http://www.thomson-webcast.net/de/dispatching/?event_id=d000ae59e30fb10d8006156e06853688&portal_id=209892703d17f855ce741246f89293fa&language=en) and via telephone dial-in.

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### **About Elia**

Elia is the Belgian transmission system operator, transmitting electricity from producers to distribution system operators and major industrial users, as well as importing and exporting electrical energy to and from Belgium's neighbouring countries. Elia owns the entire Belgian very-high-voltage grid (150 to 380 kV) and some 94% (ownership and user rights) of Belgium's high-voltage grid infrastructure (30 to 70 kV). Elia's grid consists of 5,614 kilometres of overhead lines and 2,765 kilometres of underground connections and is a key link between electricity markets in northern and southern Europe. Belgium's recent investments in interconnection capacity with its neighbours make it one of the most open and interconnected countries in Europe. More information on [www.elia.be](http://www.elia.be).

### **About IFM**

Industry Funds Management Pty Ltd ("IFM") is one of the largest global infrastructure investment managers. Headquartered in Melbourne, Australia, with offices in London and New York, IFM specializes in the management of private investment products including infrastructure, debt investments and listed equity portfolios. IFM manages over US\$18.9 billion worldwide in its related products and services.

IFM has been an investor in infrastructure assets since 1995, and has completed 43 transactions in that 15 year period with approximately US\$6 billion invested in the sector. Within Europe, IFM Global Infrastructure Fund has direct investments in a number of regulated utilities and other infrastructure assets. IFM is owned by Industry Super Holdings Pty Ltd, the holding company for the Members Equity group of companies, which in turn is owned by 36 major Australian not-for-profit superannuation funds. For more information about IFM, please visit [www.ifm.net.au](http://www.ifm.net.au).

### **About Vattenfall**

Vattenfall's vision is to be a leading European energy company. Vattenfall's main products are electricity and heat. Today, Vattenfall generates electricity, produces heat and supplies energy to several million customers in the Nordic countries and northern Europe. The major customers are industrial plants, energy companies, municipalities, property companies and housing associations. For further information, please see [www.vattenfall.com](http://www.vattenfall.com). The media service section, including a picture archive and Vattenfall's press releases, can be found under News & Comments.

### **About 50Hertz Transmission**

50Hertz Transmission, a company employing around 600 people, ensures operation, maintenance, planning and demand-based development of the transmission grid. It is responsible for compliant management of the entire electric system in the territories of the German Federal States of Berlin, Brandenburg, Hamburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia. 50Hertz will be committed to ensuring the continuing integration of renewable energies into the electricity system, and to the further development of the European electricity market. The transmission grid is the technical backbone of reliable power supply to more than 18 million people. As a European transmission system operator, 50Hertz Transmission is a member to the European Association ENTSO-E. More information on [www.50hertz-transmission.net](http://www.50hertz-transmission.net).

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