Q2 2021 – Aberdeen Standard Investments

European Core Infrastructure

Nordic Power – merger with Aventron Norway

Total investment	Unchanged at £45.8m[1]
Geography	Norway
Sector	Renewables, Hydropower

Summary

- SL Capital Infrastructure I and aventron AG have agreed to merge their small scale hydropower portfolios to create Norway's third largest small-scale hydro operator.
- SL Capital Infrastructure I acquired Nordic Power in 2015 as a portfolio of 13 run of the river hydropower plants with two additional plants acquired in 2017.
- The combined portfolio now comprises 41 small scale hydro power plants (including one plant under construction) as well as an operational wind farm and a further wind farm under construction. The group also benefits from a strong pipeline of small scale hydro and wind projects.
- The merger provides geographical diversity, operational synergy potential and further de-risks the business by enhancing the long term competitive position of the joint company.
- The merger has been achieved through a contribution in kind, with SL Capital Infrastructure I LP holding a substantial minority position (33.5%) with strong governance rights.

Environmental, social and governance (ESG)

- **Environmental**: Run of the river hydroelectric power plants produce environmental friendly and renewable power and directly contribute towards achieving the international goal of limiting global temperature to well below 2 degrees centigrade
- **Social**: Health & safety is a key area of focus for both shareholders with clear protocols in place to minimise any environmental incidents and ensure the safety of all employees
- **Governance**: ASI retains significant governance rights in the joint entity. ASI and aventron are aligned in their ambition of driving further, sustainable growth for the business while continuing to focus on delivering the highest standard of safety, respect for the environment and operational reliability

Investment highlights

- Increased scale: portfolio increased from c.160GWh to c.460GWh once all projects are operational
- Geographical diversification: with aventron's assets mostly located in south Norway and Nordic Power primarily based in the north of the country, the two portfolios are highly complementary
- Technological diversification: with aventron adding two wind plants to the combined portfolio
- Synergy potential: a larger and more diversified portfolio is seen as more attractive to lenders as well as PPA providers as we work towards securing a long-term PPA in the medium term
- Strategic partnership: aventron are a strategic player with in house technical expertise and years of track record in operating successfully in the renewable industry

AberdeenStandard Investments

[1] Merger carried out via contribution in kind.

Market commentary

- Despite the ongoing uncertainty caused by the resurgence of COVID-19 across the continent, European private infrastructure continued to build on the strong start to the year, with a strong pipeline of deal activity that saw 142 transactions reaching financial close, below the 169 in Q1 2021 but above the 137 recorded in Q1 2020, demonstrating the robustness of the infrastructure market
- Total European transaction value increased versus the prior quarter at an estimated £22.6bn in Q2 2021 (£16.0bn in Q1 2021). At the large end of the market there continued to be a number of transactions above £1bn (five in Q2 2021) equalling the five recorded in Q1 2021.
- The European and North American markets continue to dominate the global infrastructure market accounting for over 70% of transaction volume. Within Europe, the Nordics took top spot from the UK as the most liquid market, responsible for 19% of transactions during the period. Spain and the UK followed with 16% and 14% respectively, with France responsible for 11%.
- Germany provided the highest number of deals over £1bn (three), closely followed by the Netherlands (two).
- The energy sector was the most active sector, accounting for more than 66% of total European transactions, with renewables responsible for the majority of these transactions (57% of total energy transactions).
- After an encouraging, if slightly uncertain Q1 2021, infrastructure fundraising experienced the most active Q2 on record and now finds itself in a familiar pre-pandemic situation, poised for yet another record-breaking year. This finishes a remarkable turnaround in the space of a year, from Q2 2020 than saw the lowest ever levels of fundraising activity. In total, 17 infrastructure and renewable energy funds held a final close during Q2, raising a total of £28bn – almost twice the amount raised in Q2 2018 (previously the largest Q2 on record).

Asset management

GRESB

- We are constantly aiming to improve our overall ESG framework and are currently progressing several related workstreams at both fund and asset levels.
- In particular, we submitted our investments across Fund I and II to the GRESB rating process in June-21.
- The GRESB assessment process is aligned with international reporting frameworks including the UNPRI and the recommendations made by both the Paris Climate Agreement and UN SDG's. GRESB aims to promote a high standard of ESG reporting and has been widely adopted as a reference in terms of ESG rating across the infrastructure and real estate investment communities.
- Following our submission to GRESB, we expect to receive feedback in the course of Q3 2021. All outputs and recommendations will be used by ASI's investment team to develop a roadmap that will be aimed at enhancing our existing ESG reporting framework at each asset and fund levels. This will be a significant additional tool to continue building on the ESG value creation plans already in place across our investments.

Fund I – portfolio as at 30 June 2021

Auris – The business experienced another strong quarter of performance, with cumulative volumes 242 GWh ahead of the plan for 2021 driven by colder than expected winter weather. The new deputy-CEO, who joined the business in Q1 2021, continues to focus on the development of Auris Energy Services ("AER"), building on the successful acquisition of Q-Heat in 2020 to enter the geothermal market.

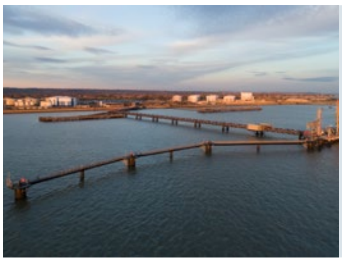
Nordic Power – The business performed well. Volumes began to pick up in June due to increased snow melt and are expected to be in line with budget in Q3 and Q4 2021. Power prices have recovered from last year's historically low levels supported by a cold and dry start of the year which has reduced hydro production in H1-21 and subsequently supported price increases in Norway. As mentioned at the start of this document, Nordic Power finalised a merger process with Aventron Norway in July 2021, allowing us to gain geographical diversification, as well as access to an experienced management team and to increase scale as we work towards securing a long-term PPA.

RockRail Moorgate – All 25 units in the Moorgate fleet are on lease to Govia and in service. The focus continues to be on increasing the asset's operational performance up the reliability growth curve, with performance metrics healthy over the quarter. We also continue to see the environmental benefits of the new fleet, saving over 4,000 tonnes of C02 in the first full year of service.

RockRail East Anglia – Performance of the East Anglia fleet continues to be robust, with all 58 units on lease with Abellio and in service. As with Moorgate, the focus continues to be on increasing the asset's operational performance up the reliability growth curve. We also continue to see the environmental benefits of the new fleet, with carbon emissions down 11%, preventing c.14,000 tonnes of CO2 from entering the atmosphere.

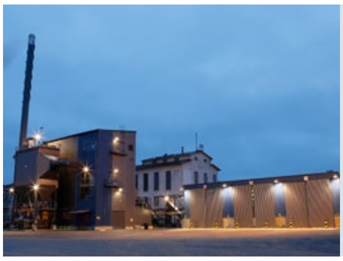
RockRail South West – As at the end of Q2 2021 there is a total of 17 units on lease to the operator. Following Alstom's takeover of Bombardier from the start of 2021 our main focus remains on ensuring Alstom continue to deliver as per the latest delivery programme. We are currently in the process of finalising a deal with both the manufacturer and operator which will re-set the delivery programme and increase.

NGT – NGT performed well during the quarter. As previously reported, we continue to monitor the potential introduction of marginal gas field tax incentives as the proposals progress through the Dutch legislative system and will work alongside company management to understand the positive implications of the outcome and the potential longer term, monetary benefits to the NGT system.



Oikos – Oikos registered another period of solid performance. The investment continues to benefit from steady revenues and cashflows from the long-term take-or-pay storage contracts that are in place and overall for H1 2021, the results show both revenue and EBITDA are tracking on budget. Work is continuing with the South Side development opportunity at the site ('Project Hydra') with the majority of current tasks focused on the pre-planning phase of the project. A review of the next steps in the project plan is expected to occur during Q3 2021.

Fund II portfolio – as at 30 June 2021



Riihimäen Kaukolämpö Oy – H1 2021 saw a return to more traditional cold weather conditions, giving the business a positive boost and outperformance vs. budget in volumes, revenues and EBITDA. The company continues to explore potential opportunities to collaborate with other local networks with regards to potential long term heating storage and fuel sourcing solutions.

Unitank – Unitank performed well during Q2 2021. As vaccination programs were rolled out across Europe we have seen restrictions ease and international air travel resumed, translating to a material rebound in total throughput volume, with total throughput volume only c.2% behind 2020. Outside of ongoing operations, the company has successfully closed its first bolt-on acquisition by acquiring TLS Stuttgart, a 55,000cbm storage facility in the South West of Germany from two oil majors. The deal was closed in July 2021 with both sellers signing long-term contractual agreements with minimum volume guarantees. This terminal compliments Unitank's existing geographical footprint and reinforces the criticality of Unitank to Germany's mid & downstream supply chains.

Central European Renewable Investments ("CERI") – The business registered another strong quarter. Production was slightly below expectations as a result of the prolonged winter conditions in the region although strong production in Q2 significantly reduced the gap to budget. At the end of the quarter, a total of 235 projects, with a total capacity of 228.6 MW had been taken over, which represents the entirety of the Aurora 1, Aurora 2, Eos, Helios, Helios 2 and Ra portfolios.

Loimua – The business experienced another solid quarter of performance, with heat volumes in H1 2021 ahead of the same period in 2020, driven primarily by colder weather conditions experienced in Finland, versus one of the warmest winters on record the year prior. Commercial discussions surrounding the development of the New Customer Solutions business continue, with first major customers expected to be contracted in the second half of 2021.

Rock Rail West Coast – The project remains in the early stages of its timeline, with manufacturing continuing to progress during the quarter. We continue to receive regular updates from Hitachi with respect to any potential delays associated with the COVID-19 pandemic. At this early stage the asset management team have focused on establishing the appropriate corporate governance for the business and continues to actively monitor the key processes linked to delivery of the rolling stock.

Airband – The business performed well during Q2. Operationally the business has been going from strength to strength for construction and planning, as it continues to outperform the budget in both "total homes passed" and "cost per premises passed" metrics. A new commercial director has joined the business to spearhead the push for increased connections to reach budgeted levels for the year. The key focus will be on reducing lead times from sales to install and evolving the product offering to remain competitive.

Outokummun Energia – Favourable weather conditions drove Outokummun Energia's performance in Q2 2021. Since buying the business in December 2020 the asset management team have revamped the management team, appointing a new CEO and Head of District Heating (Feb. 2021) and a new CFO (Jun. 2021). In addition, a strategic review of the electricity retail business has been completed, with a unanimous decision taken by the Board of Directors to sell this business segment. An advisor has been appointed to lead the sale process, which we anticipate will be concluded by Q4 2021.

Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

Our European Core Infrastructure expertise

The Core infrastructure team invests in European mid-market, core and core-plus infrastructure assets. This asset class has the potential to provide diversification benefits, an attractive income and protection from inflation. It also offers a broad range of compelling asset-specific opportunities. Through this strategy we aim to deliver a net return of 8-10%, with an annual yield of 4-5%.[2]

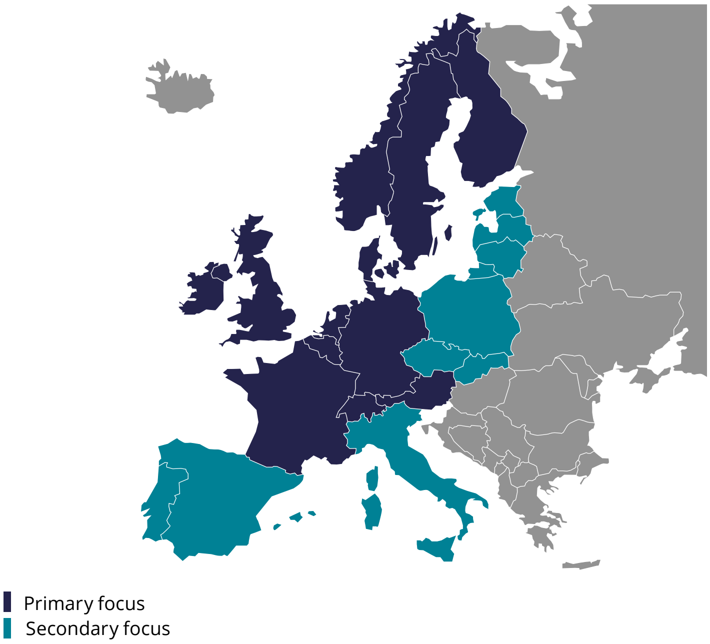
Our investment approach

We believe that infrastructure is a long-term asset class that is capable of delivering attractive and consistent returns to investors. We invest in operational core/core-plus assets, with limited construction risk.

We take a long-term buy-and-hold approach, with a focus on the following:

- Mid-market assets in less competitive areas
- Assets that provide essential services and have predictable cash flows
- Regulated assets or those with a strong contractual framework
- Lower-risk assets that require limited operational development
- Majority stakes or minority interests, where we have appropriate governance rights
- Assets that are aligned with our core ESG principles and where we are able to drive further positive change

Our geographical focus



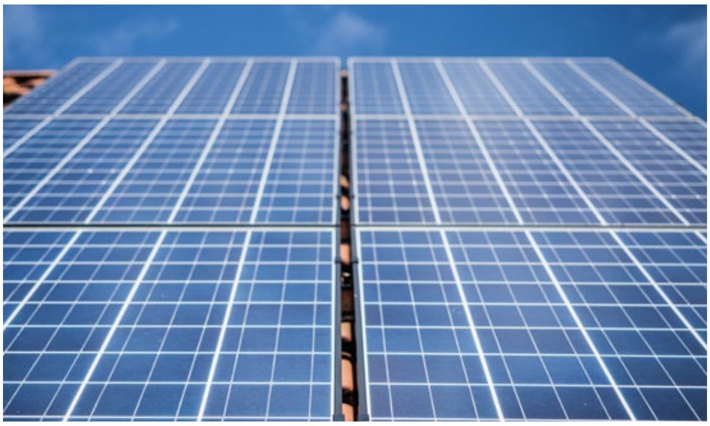
Sector focus

Utilities

- District heating
- Gas/electricity distribution
- Transmission pipelines
- Water and waste

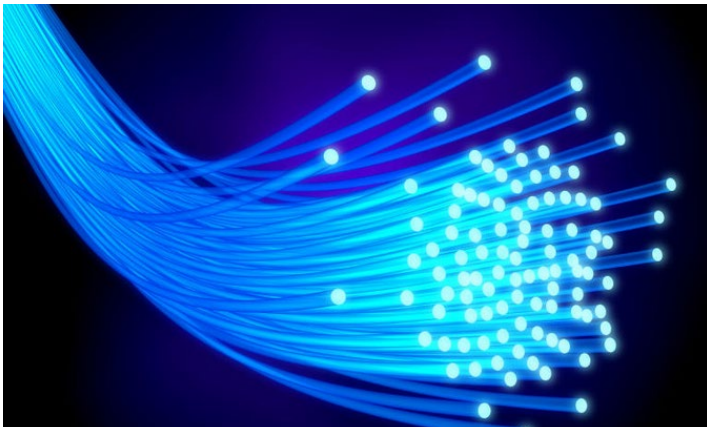
Transport

- Rolling stock
- Ports
- Regulated/major regional airports
- Toll roads



Energy

- Operational renewables – solar/wind/hydro
- CHP (heat/power generation)
- Midstream/liquid bulk storage



Digital

- Fibre
- Data centres
- Smart meters

Overview – Fund I

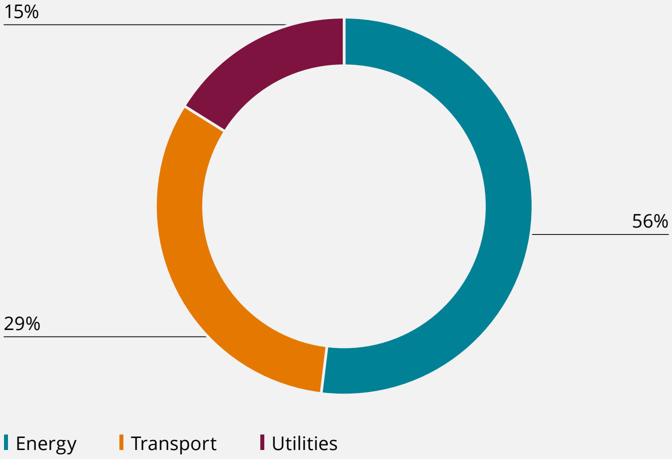
SL Captial Infrastructure Fund I

Fund I targeted direct investments in European mid-market core and core-plus assets across the energy, utilities and transport sectors. The Fund is fully invested in seven assets across gas distribution, hydroelectric power, rolling stock and energy storage businesses in four countries (Finland, Norway, UK and the Netherlands). The portfolio continues to perform well and the focus remains on active asset management of the investments.

Fund Performance	30/06/2021
Committed capital	£516.4m
Percentage drawn	90.4%
Gross IRR	9.7%
Net IRR	8.3%
Average net yield	4.5%[2]

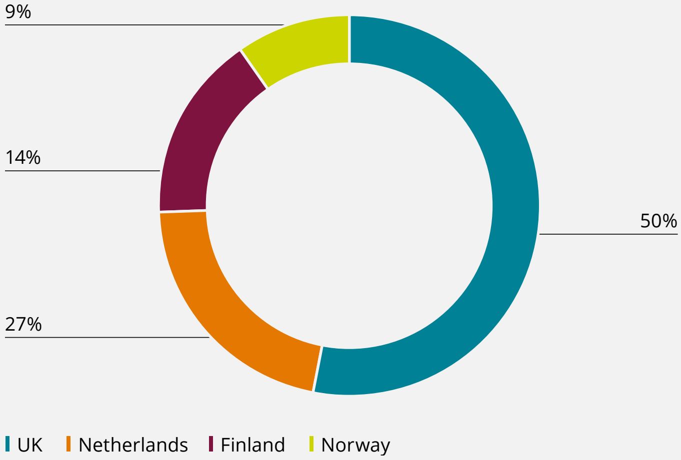
Asset	Description	Location	Investment Date	Invested	Ownership
Auris Kaasunjakelu	Gas distribution pipeline	Finland	Jun-15	£76.4m	100%
Nordic Power	Fifteen hydroelectric power plants	Norway	Jun-15	£45.8m	100%
Rock Rail Moorgate	Rolling stock operating on Great Northern Franchise	UK	Feb-16	£38.9m	94%
Rock Rail East Anglia	Rolling stock operating on East Anglia Franchise	UK	Oct-16	£49.5m	48%
Rock Rail South Western	Rolling stock operating on South Western Franchise	UK	Jun-17	£65.5m	66%
Noordgastransport (NGT)	Natural gas transportation pipeline	Nether-lands	Sep-17	£143.2m[3]	18/20%
Oikos	Liquid bulk storage terminal	UK	May-19	£108.0m	100%
Total invested capital as at 30/06/2021				**£527.3m**	

Fund sector split (invested capital)



Source: Aberdeen Standard Investments as at 30 June 2021.

Fund geographical split (invested capital)



Source: Aberdeen Standard Investments as at 30 June 2021.

Fund I is closed and not allowing new subscriptions.

[2] as at 31/12/2020.

[3] Following the original investment of £82.9m in September 2017, £41.0m of cost was returned in April 2018 as a result of the recapitalisation of the asset and immediately re-invested into the second transaction meaning the total Fund investment into Noordgastransport is £102.1m.

Overview – Fund II

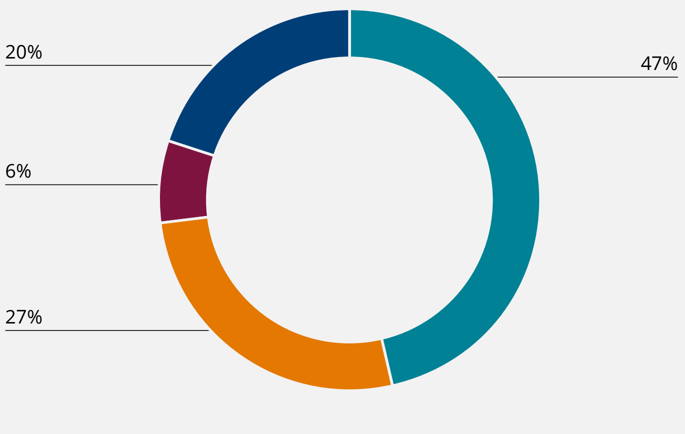
SL Captial Infrastructure Fund II

Continuing the strategy of Fund I, Fund II targets direct investments in European mid-market core and core-plus assets across the energy, utilities and transport sectors. The Fund has made seven investments across the district heating, energy storage, solar power, rolling stock and telecom/fibre sub-sectors. These assets are geographically diverse, spanning Finland, Poland, Germany, Belgium and the UK. The Fund has had a robust start, benefiting from strong deployment, while the portfolio is performing in line with expectations.

Fund Performance	30/06/2021
Committed capital	€669m
% drawn / committed	51.4%/79.9%[4]
Gross IRR	7.6%
Net IRR	5.9%
Average net yield	n/a

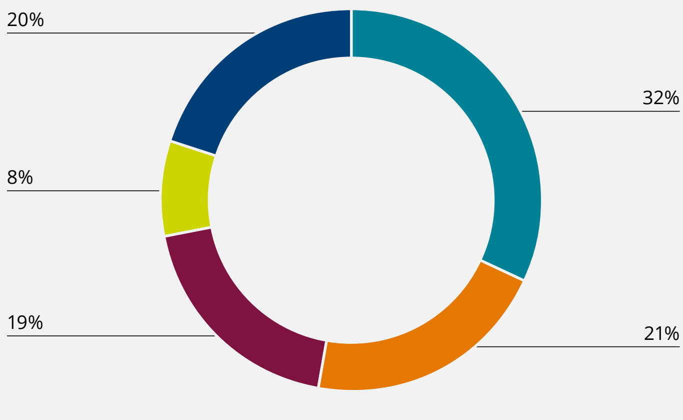
Asset	Description	Location	Investment Date	Invested	Ownership
Riihimäen Kaukolämpö Oy	District heating network	Finland	Feb-19	€34m	49%
UNITANK	Portfolio of liquid bulk storage terminals	Germany & Belgium	May-19	€58m	50%
ASI Poland Solar	Portfolio of up to 385MW Solar PV	Poland	Jul-19	€131m[5]	91%
LOIMUA	Heat production and portfolio of district heating networks	Finland	Jul-19	€146m[6]	33.9%
Rock Rail West Coast	Rolling stock operating on West Coast rail franchise	UK	Dec-19	€47m[7]	94%
Airband	Fibre broadband and rural connectivity services	UK	Nov-20	€38m/ €102m[8]	27.5%/ 53%[9]
Outokummun Energia Oy	Electricity distribution networks and district heating network	Finland	Dec-20	€37.9m	66%
Total invested capital as at 30/06/2021				**€556m**	

Fund sector split (invested capital)



Source: Aberdeen Standard Investments as at 30 June 2021.
Includes outstanding commitments subtracted from the remaining investable capital

Fund geographical split (invested capital)



Source: Aberdeen Standard Investments as at 30 June 2021.
Includes outstanding commitments subtracted from the remaining investable capital

Fund II is closed and not allowing new subscriptions.

4 Includes outstanding commitments.
5 On 16 September 2020, SLCI II syndicated a 8.99% stake to SL Capital Infrastructure Fund II Top-up Co-investment Fund SCSp.
6 Reduction in original investment represents junior refinancing of €20.65m and syndication of €12.5m (3.6%) equity to co-investment vehicle.
7 Includes £17.5m of deferred equity.
8 Outstanding commitment remaining of €67m.
9 Initial holding 27.5% but anticipated to increase to 53% as a result of further planned equity injections to fund build out of network.

Important Information

For professional investors only – Not for public distribution.

Past performance is not a guide to future results. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

Risk factors for Fund I & II

Liquidity Risk - The funds are closed-ended vehicles with 10-12 year terms with limited shorter term liquidity options for investors

Infrastructure investment risk

- Infrastructure covers a wide range of sectors and assets may have certain characteristics which have associated risks. These may include exposure to regulatory risk, risk of tax changes, interest rate sensitivity, FX exposure and demand risk. In addition because assets do not trade on public markets, valuation and pricing may be difficult to determine. Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated
- Investors should have the financial ability and willingness to accept the risks and lack of liquidity associated with an investment in a closed-ended partnership.

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