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Equity consortium closes acquisition of stakes in New York's Astoria Energy facilities

Birmingham, Alabama, June 30, 2020 – Harbert Power Fund III, LLC (“HPF III”), Harbert Power Fund V, LLC (“HPF V”) and NM Harbert Astoria LLC (“Harbert Astoria”) are pleased to announce their participation in the sale of 100% of the holdings in Astoria Power Partners LLC (“APP”) and approximately 55% of the holdings in Astoria Power Partners II LLC (“APP II” together, the “Platform”) to a newly formed holding company, Astoria Power Partners Holding, LLC (“APPH”).

The selling owners of APP include ENGIE, Mitsui & Co, Harbert Power Fund III, LLC, Harbert Power Fund V, LLC, JEMB Family L.P., and funds managed by Ares EIF Management, LLC, and selling owners in APP II include ENGIE, Harbert Power Fund III, LLC, JEMB Family L.P., NM Harbert Astoria LLC, and TIAA.

APPH, the buyer, is comprised of a consortium of equity investors including APG, MEAG (Munich Re’s asset manager acting for investors from within Munich Re Group), Clal Insurance Company, and other US institutional investors.

APP wholly-owns Astoria Energy LLC, which owns and operates a 615 MW dual-fuel combined cycle generating facility located in Astoria, Queens, NY (“Astoria Energy”). Astoria Energy sells all of its output on a merchant basis into the New York Independent System Operator administered wholesale power market.

APP II wholly-owns Astoria Energy II LLC, which owns and operates a 615 MW dual-fuel combined cycle generating facility adjacent to Astoria Energy (“Astoria Energy II”). Astoria Energy II sells all of its output bilaterally to the New York Power Authority under a long-term power purchase agreement.

Astoria Energy and Astoria Energy II, clean state-of-the-art generating facilities with a remarkable operating track record, serve to simultaneously improve air quality, reduce wholesale power prices, and improve electric system reliability for consumers in New York City.

“The sale of ENGIE’s interest in Astoria Energy and Astoria Energy II is a step in our transition in the US from merchant generator to an ‘energy as a service’ solution provider” said Gwenaelle Avice-Huet, Executive Vice President of ENGIE and CEO of ENGIE North America.

“As an original developer, and the longest-participating partner in Astoria Energy, JEMB Family has been pleased to provide reliable electricity for many years to New York City, its corporate home. We congratulate the management team for such incredible professionalism and leadership, and wish the new owners well,” said Morris Bailey, head of JEMB.

Steven Hason, Head of Americas Real Assets at APG said, “As a pension investor, we are continuously looking for attractive infrastructure investments that help us realize stable and long-term returns for our pension clients. This transaction represents an opportunity to invest in facilities that provide reliable baseload electricity to New York City and will provide system stability through New York’s energy transition.

We look forward to working with our partners who share our long-term investment goals with regard to this critical infrastructure asset.”

Holger Kerzel, Member of the Board of Management at MEAG, stated, “We are keen to invest in the United States, given the large US share of Munich Re’s insurance portfolio. Electricity supply for New York City is an attractive investment opportunity for Munich Re, given the moderate risks and stable and sustainable returns. The high level of long-term income stability will cover the liabilities in the insurance business of our clients. We are pleased to have teamed up with professional partners in this investment project to form a successful long-term relationship.”

Yossi Dory, Clal’s Chief Investment Officer, said, “We are proud to invest alongside reputable investors such as APG and MEAG in long-term, high-quality assets with a proven track record and excellent performance. The Astoria projects, which are the backbone of the New York City electric power system, will create long-term, sustainable returns for our pension, provident, and insurance members.”

Charles McCall, CEO of APP and APP II, stated “This is a remarkable transaction and marks a fantastic transition for our companies. With the coordinated sale of the Platform, our selling shareholders realized fair value for their interests and our new ownership group was able to establish a meaningful foothold in arguably the most attractive privately held infrastructure in the US power space. Working in close concert with our advisors and project counsel, our management team is proud to have helped deliver this result.”

The sellers were represented by Morgan Stanley and PJ Solomon, serving as financial advisors, and Morgan, Lewis & Bockius LLP as legal counsel. Holland & Knight and Sidley Austin LLP acted as legal counsel to APPH.

About Harbert Management Corporation

Harbert Astoria, HPF III and HPF V are sponsored by HMC, an alternative asset management firm with approximately \$7.2 billion in Assets Under Management as of May 31, 2020. HMC is a privately owned firm formed in 1993 to sponsor alternative asset investment funds. HMC serves foundations and endowments, fund of funds, pension funds, financial institutions, insurance companies, family offices, and high net worth individuals across multiple asset classes. Investment strategies include European and U.S. real estate, seniors housing, U.S. growth capital, credit solutions, infrastructure, European growth equity, and absolute return funds. Additional information about HMC can be found at www.harbert.net.

About ENGIE North America

ENGIE North America Inc. offers a range of capabilities in the United States and Canada to help customers decarbonize, decentralize and digitalize their operations. These include comprehensive services to help customers run their facilities more efficiently and optimize energy and other resource use and expense; clean power generation; energy storage; and retail energy supply that includes renewable, demand response, and on-bill financing options. Nearly 100% of the company’s power generation portfolio is low carbon or renewable. Globally, ENGIE S.A. is the largest independent power producer and energy efficiency services provider in the world, employing 170,000 people in 70 countries. For more information on ENGIE North America, please visit our LinkedIn page or Twitter feed, www.engiena.com and www.engie.com.

About APG

APG is the largest pension delivery organization in the Netherlands; its approximately 3,000 employees provide executive consultancy, asset management, pension administration, pension communication, and employer services. APG performs these services on behalf of pension funds and employers in the sectors of education, government, construction, cleaning and window cleaning, housing associations, energy and utility companies, sheltered employment organizations, and medical specialists. APG manages approximately €512 billion (April 2020) in pension assets for the pension funds in these sectors. APG works for approximately 22,000 employers, providing the pension for one in five families in the Netherlands (about 4.7 million participants). APG has offices in Heerlen, Amsterdam, Brussels, New York, and Hong Kong. APG has been an active infrastructure investor since 2004, investing approximately €15.0 billion to date and managing 35 direct stakes in portfolio companies. APG’s investments include assets within energy and utilities, telecommunications, and transport infrastructure. APG’s Global Infrastructure team is comprised of 35 investment professionals. For more information, please go to <https://www.apg.nl/en/news>

About MEAG

MEAG manages the assets of Munich Re and ERGO. MEAG located in Munich, Germany, has representations in Europe (Luxemburg, Malta), North America (New York), Asia (Hong Kong) and offers its extensive know-how to institutional and private investors. MEAG manages an overall investment portfolio valued at €324 billion including virtually all important asset classes such as bonds, equities, real estate, and direct infrastructure equity and debt. Among MEAG’s recently closed US infrastructure investments are a 25% stake in SouthWest Water Company as well as a debt investment in the 527 MW Carlsbad Energy Center in California. MEAG also advised on the acquisition of 330 Madison Avenue in New York City and Washington Building at 1440 New York Avenue. Last year, MEAG invested in 91,000 hectares of forest land in Texas and Louisiana. More at www.meag.com

About Clal

Clal Insurance Company (together with its subsidiaries) is primarily engaged in the insurance industry and the management of different long-term saving plans. Clal is one of the largest insurance companies in Israel, managing approximately \$65 billion, with approximately 4,200 employees, and in cooperation with approximately 1,800 insurance agents. The group’s activities are focused primarily on three segments: long-term savings, life insurance, non-life insurance and health insurance. Clal has extensive experience in the infrastructure market with a special focus on the power sector. Clal has been active across several U.S. power markets, including PJM, NYISO, ISO-NE, and ERCOT, participating as a lender and as an equity investor in transactions for a total capacity of over 6.5 GW.