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Joint Media Release – KKR and NZ Super Fund

NZ Super Fund to invest up to US\$250 million with KKR's energy practice

Auckland, 21 March 2014: The [NZ Super Fund](#) has made another major energy investment, committing up to US\$250 million to North American gas and oil opportunities with experienced energy investor [KKR](#).

Up to US\$175 million will be directed, on a flexible basis, to new KKR energy private equity investments in North American natural gas exploration and production, midstream, downstream and/or energy infrastructure and services.

The remaining US\$75 million will be invested with the \$2.0 billion KKR Energy Income and Growth Fund, a new KKR fund focused primarily on investing in the development of unconventional gas and oil resources in North America.

Other NZ Super Fund energy sector investments over the past 12 months include US\$100 million in Bloom Energy, which uses solid oxide fuel cell technology to create power, and US\$55 million in wind turbine manufacturer Ogin.

The investments follow extensive research into opportunities in the energy sector by the Fund over the past couple of years.

“These new investments will broaden and diversify the Fund’s current exposure to energy, in line with what is a changing global energy sector,” said the Fund’s General Manager Investments Matt Whineray.

Mr Whineray said the KKR investment was premised on attractive long-term returns in energy and significant market changes including the rapid development of natural gas and unconventional oil assets.

“Developments in North American gas and oil are profoundly changing both global energy markets and markets within North America,” Mr Whineray said. “For example, there is a large and ongoing decline in the burning of coal in the US as energy utilities transition towards gas supplies. Access to these opportunities is, however, difficult to achieve solely through listed markets. Partnering with KKR will give us the benefit of their expertise and deep relationships in the energy sector.”

Mr Whineray said that while the Fund would continue to hold a substantial passive exposure to the energy sector, consistent with its market cap-weighted Reference Portfolio, the KKR mandate offered a number of benefits to the Fund. “These benefits include improved

expected returns, resilience in relation to a rapidly changing sector and greater insight into, and control over, our investment exposures. Our focus on responsible investment will also be bolstered by KKR's expertise in the management of environmental, social and governance factors."

KKR has been investing in the energy sector for more than 20 years and its global energy business covers the full energy supply chain. The company has been at the forefront of shifts in investor interest from conventional to unconventional oil and natural gas resources.

Justin Reizes, Member of KKR and Head of KKR Australia said KKR looked forward to investing on behalf of the NZ Super Fund in what was a fast-growing but capital-starved sector. "The rapid development of unconventional shale basins provides attractive development and infrastructure investment opportunities for long-term investors such as the NZ Super Fund."

According to October 2012 estimates from ICF International and elaborated upon in a [white paper](#) by KKR, developing the resource and the delivery infrastructure to bring this new supply to market will require \$2 trillion in upstream investments for natural gas production (including associated volumes of condensate and natural gas liquids) between 2011 and 2035.

"KKR, which like the NZ Super Fund is a signatory to the United Nations-backed Principles for Responsible Investment, is deeply involved with the companies with which it invests," said Mr Reizes. "We incorporate environmental, social and governance factors into our investment processes and ownership practices, and seek to ensure that best operational practices are in place at the companies with which we invest."

This is the NZ Super Fund's third investment with KKR. It also has investments in other KKR funds, including KKR Asian Fund and KKR 2006 Fund.

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About the NZ Super Fund

The \$25 billion New Zealand Superannuation Fund invests globally in order to help pre-fund New Zealanders' future retirement entitlements. The Fund is managed by a Crown entity, the Guardians of New Zealand Superannuation. Since inception in September 2003 the Fund has returned 9.57% p.a. after costs and before tax.

About KKR

Founded in 1976 and led by [Henry Kravis](#) and [George Roberts](#), KKR is a leading global investment firm with \$94.3 billion in assets under management as of December 31, 2013. With offices around the world, KKR manages assets through a variety of investment funds and accounts covering multiple asset classes. KKR seeks to create value by bringing operational expertise to its portfolio companies and through active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors through its client relationships and capital markets platform. KKR is publicly traded on the New York Stock Exchange (NYSE:KKR) and "KKR", as used in this release, includes its subsidiaries, their managed investment funds and accounts, and/or their

affiliated investment vehicles, as appropriate. For additional information, please visit KKR's website at www.kkr.com.

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