



JOINT MEDIA RELEASE

Keppel Corporation and Keppel Infrastructure Trust to jointly invest in European onshore wind energy portfolio

- First investment in the renewable energy sector by Keppel Infrastructure Trust and its maiden acquisition in Europe

Singapore, 13 July 2022 – Keppel Corporation Limited (Keppel Corporation) and Keppel Infrastructure Fund Management Pte Ltd (KIFM), as Trustee-Manager of Keppel Infrastructure Trust (KIT), are pleased to announce that they are jointly committing €160 million (approximately S\$233.6 million)¹ for a 33.33%² stake in a joint investment vehicle (FundCo), alongside Kommunal Landspensjonskasse (KLP) and MEAG MUNICH ERGO Asset Management GmbH (MEAG), acting for entities of Munich Re Group including ERGO, which will be co-investing in 49% of a portfolio of existing and pipeline onshore wind energy assets across Norway, Sweden and the United Kingdom (Projects) sponsored by Fred. Olsen Renewables AS (FORAS). FORAS, a leading developer, operator, and owner of renewable energy assets, will hold the remaining 51% stake in the Projects.

KLP is Norway's largest pension fund, with assets under management (AUM) more than NOK 900 billion (approximately S\$127 billion) as at 31 March 2022. MEAG is a leading global asset manager, with AUM of €330 billion (approximately S\$482 billion) as at 31 March 2022. MEAG is part of Munich Re, one of the world's leading providers of reinsurance, primary insurance and insurance-related risk solutions. It is intended that KLP and MEAG will each commit €160 million (approximately S\$233.6 million) for a 33.33% stake in the FundCo.

FundCo will initially co-invest in 49% of three operating wind farms in Sweden and Norway with a combined generating capacity of 258 MW (Initial Portfolio). FundCo will further have a five-year exclusive right and obligation to co-invest in 49% of all FORAS' eligible pipeline of onshore wind energy assets (1.3GW) in Sweden and the United Kingdom when they achieve final investment decision, up to a total capital commitment of €480 million (approximately S\$700.8 million).

The transaction will mark Keppel Corporation's expansion in the wind energy business, and will contribute to Keppel's Vision 2030 plans to grow the Group's portfolio of renewable energy assets. The transaction will also mark KIT's first investment in the renewable energy sector, as well as contribute to KIT's target of increasing exposure in renewable energy by up to 25% of equity-adjusted AUM by 2030. Upon the completion of this investment, the Keppel Group would have a total renewable energy portfolio of approximately 1.8 GW, including assets under development.

¹ Based on an exchange rate of S\$1.46 : €1. The purchase consideration for 49% of the Initial Portfolio is approximately €176 million and was based on best practice valuation methods for onshore wind farms at a predefined cost of capital as agreed with FORAS. The book value and net tangible asset of the FundCo based on the Initial Portfolio are expected to be approximately €176 million and approximately €176 million respectively.

² KIT will hold an effective stake of approximately 27.3% and Keppel Corporation will hold an effective stake of approximately 6.0% in the FundCo. These stakes are held through a 18:82 joint venture between Keppel Renewable Investments Pte. Ltd., a wholly owned subsidiary of Keppel Corporation, and Keppel Infrastructure Trust.

According to the European Commission, the EU plans to cut net greenhouse gas emissions by at least 55% and has proposed to increase its current target for renewable sources from at least 32% by 2030 to at least 40%³. Against this backdrop and rising demand for more electricity arising from the electrification of industrial and transport sectors⁴, the outlook for wind, alongside other renewable energy sources, is expected to be positive.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, “Keppel’s investment in this onshore wind portfolio, alongside other sterling investors, reflects our focus on making sustainability our business and contributing to the global efforts to combat climate change. The investment will provide Keppel not only with stable recurring income from the operating assets, but also a strong deal flow pipeline in well-established markets in the Nordics and the UK. We look forward to further strengthening our partnership with KLP and MEAG, as well as Fred. Olsen to build a sustainable future.”

Mr Jopy Chiang, CEO of KIFM, said, “This investment marks KIT’s first investment in the renewable energy sector, and our maiden acquisition in Europe. The Nordic region is one of the most mature renewables markets globally. This momentum of demand for green energy is growing rapidly and is reshaping the energy landscape worldwide. We will continue our focus to seek out quality investment opportunities in this space and help support economies with their energy transition journeys.”

The proposed co-investment in the Initial Portfolio is expected to be completed by 3Q2022. KIT intends to fund its commitment of approximately €131 million (approximately S\$191.6 million) with an optimum combination of internal sources of funds, proceeds from equity and/or debt capital market issuances and/or external borrowings. Assuming all commitment is utilised, KIT’s enlarged portfolio will grow from S\$4.5 billion in March 2022 to S\$4.7 billion⁵.

This transaction is expected to support KIT’s overall distributable income per unit accretion⁶. The above development is not expected to have any material impact on the net tangible assets per share or earnings per share of Keppel Corporation for the current financial year.

For more information, please contact:

Media Relations

Mr Ang Lai Lee
Deputy General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6427
Email: lailee.ang@kepcorp.com

Investor Relations

Ms Ivana Chua
General Manager
Group Corporate Communications
Keppel Corporation Limited
Tel: (65) 6413 6436
Email: ivana.chua@kepcorp.com

³ https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en

⁴ As per AFRY Management Consulting. AFRY Management Consulting makes no representations or warranties, expressed or implied, as to the accuracy or completeness of this information. In no circumstances whatsoever does AFRY Management Consulting or any of their respective directors or officers accept any responsibility.

⁵ On a proforma basis.

⁶ Based on pro forma analysis for the financial year ended 31 December 2021.

Investor Relations

Ms Lilian Goh
Head
Investor Relations and Sustainability
Keppel Infrastructure Trust
DID: (65) 6803 1636
Email: lilian.goh@kepcapital.com

Investor Relations

Ms Emmulin Wee
Senior Manager
Investor Relations
Keppel Infrastructure Trust
DID: (65) 6803 1857
Email: emmulin.wee@kepcapital.com

About Keppel Corporation

Keppel Corporation is one of Singapore's flagship multinational companies with a global footprint in more than 20 countries. Keppel provides solutions for sustainable urbanisation, focusing on four key areas comprising energy & environment, urban development, connectivity and asset management. With sustainability at the core of its strategy, Keppel harnesses the strengths and expertise of its business units to develop, operate and maintain real assets, which provide diverse solutions that are good for the planet, for people and for the Company.

About Keppel Infrastructure Trust

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately S\$4.5 billion in assets under management as at 31 March 2022. Its goal is to deliver sustainable and growing returns to Unitholders, through a combination of recurring distributions and capital growth.

KIT's portfolio of strategic infrastructure businesses and assets provide essential products and services to a wide array of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager with a diversified portfolio in real estate, infrastructure, data centres and alternative assets in key global markets. KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., which invests in, owns and operates competitive energy and infrastructure solutions and services.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, KIFM or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request KIFM to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of KIT is not necessarily indicative of the future performance of KIT. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the KIFM's current view on future events.