



## JOINT MEDIA RELEASE

### Keppel Corporation and Keppel Infrastructure Trust to jointly invest in German offshore wind farm

- *Joint investment to acquire 25% stake<sup>1</sup> in Borkum Riffgrund 2, an operating 465MW German offshore wind farm*
- *Second investment in the renewable sector, further reinforcing Keppel Infrastructure Trust's strategy to grow its Energy Transition segment*
- *Increases Keppel Corporation's renewable energy portfolio to approximately 2.2GW, and triples Keppel Infrastructure Trust's renewable energy portfolio to over 700 MW*

**Singapore, 12 August 2022** – Keppel Corporation Limited (Keppel Corporation or together with its subsidiary, the Group) and Keppel Infrastructure Fund Management Pte Ltd (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT), are pleased to announce that they are jointly investing €305.0 million (approximately S\$445.3 million<sup>2</sup>) to acquire a 50.01%<sup>3</sup> stake in a special purpose vehicle (SPV) that holds 50% of Borkum Riffgrund 2 (BKR2), an offshore wind farm in Germany. The SPV is currently wholly owned by Gulf International Holding Pte. Ltd., a subsidiary of Gulf Energy Development Public Company Limited (Gulf), one of Thailand's largest private power producers. Post-acquisition, Gulf will retain a 49.99% stake in the SPV. Ørsted, the world's leader in offshore wind power with over 30 years of experience in developing offshore wind, owns the remaining 50% stake in BKR2 (See Annex for transaction structure).

Operating since 2019, BKR2 has an operating capacity of approximately 465 MW and is located 59km off the coast of Lower Saxony in the North Sea, Germany, which is an area with high wind availability as reflected in the high average historical capacity factors of more than 40%. The region is next to the Wadden Sea, an UNESCO World Heritage site. Hence, it is unlikely for wind farms to be built at the Wadden Sea, mitigating potential reduction in wind availability to BKR2.

BKR2 operates under the German EEG 2014 market premium mechanism, which has an attractive Feed-in-Tariff and guaranteed floor price till 2038, providing strong cash flow visibility for the project. This arrangement de-risks the asset. The project also holds a 20-year power purchase agreement and a 20-year operations and maintenance agreement (OMA), until 2038, with Ørsted. The long-term OMA has a largely fixed operational cost base which provides significant cost certainty and cash flow visibility. As the 50% shareholder of BKR2, Ørsted will continue to operate BKR2 with a strong alignment of interest.

To meet its climate commitments, Germany has been rapidly growing its renewable energy market, and has committed to phasing out coal and nuclear power. In February this year,

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<sup>1</sup> KIT and Keppel Corporation will hold an effective stake of approximately 20.5% and 4.5% in BKR2 respectively. These stakes are held through a 18:82 joint venture between Keppel Renewable Investments Pte. Ltd.(KRI), a wholly owned subsidiary of Keppel Corporation, and KIT.

<sup>2</sup> Based on an exchange rate of S\$1.46 : €1.

<sup>3</sup> The purchase consideration for 50.01% of the SPV is approximately €305.0 million (approximately S\$445.3 million) and was based on willing-buyer and willing-seller basis, taking into account the reasons as set out in paragraph 2 of this media release. As at 31 December 2021, the net liabilities value and net tangible liabilities value of the SPV were approximately €108.1 million, the book value and net tangible asset value of BKR2 were approximately €356.2 million.

Germany brought forward its 100% renewables target by 15 years to 2035, and announced the country's plan to triple the pace of capacity expansion for wind and solar<sup>4</sup>. Against the backdrop of reduced reliance on coal and nuclear, and coupled with increase in electricity demand due to decarbonisation and electrification of key sectors, the price outlook for renewable energy in Germany is expected to be favourable.

Following Keppel Corporation and KIT's investment in onshore wind farm assets across Sweden and Norway announced on 13 July 2022, this transaction further accelerates the growth of the Group's exposure in renewable energy assets and is another indication of the Group's commitment towards Keppel's Vision 2030. Upon the completion of this investment, the Group will have a total renewable energy portfolio of approximately 2.2 GW<sup>5</sup>, including assets under development. The transaction will also contribute to KIT's target of increasing exposure to renewable energy assets by up to 25% of equity-adjusted AUM by 2030, increasing KIT's exposure from 4% to 11%<sup>6</sup>.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "The demand for renewable energy is expected to intensify as the world journeys towards its net zero goal. We are pleased to strengthen our partnership with best-in-class partners such as Gulf and Ørsted through this transaction, and look forward to future collaboration opportunities. This transaction is aligned with Keppel's Vision 2030, which see renewables, clean energy and decarbonisation solutions playing increasingly integral roles as we make sustainability our business. It also demonstrates how we can harness the Group's eco-system and business networks to source for and capture opportunities to scale up in our focus areas and grow recurring income."

Mr Jopy Chiang, CEO of KIFM, said, "This will mark KIT's first investment in an offshore wind farm, and our second investment in the European renewable energy market, further reinforcing our strategy to grow our Energy Transition segment and almost tripling KIT's renewable energy portfolio to over 700 MW. Underpinned by favourable tailwinds such as energy security, electrification and higher projected demand for green energy in the future, this investment underscores the global acceleration towards decarbonisation and net-zero. The Trust will continue to make inroads to capture more opportunities in the renewable energy sector, in support of our ESG target."

The transaction is expected to be completed in the fourth quarter of 2022. KIFM intends to fund the investment with an optimal combination of internal sources of funds, equity and/or debt capital market issuances and/or external borrowings. Keppel Corporation, through its wholly owned subsidiary, KRI, will also fund its share of the investment by way of capital contributions to the joint venture. Upon completion of the transaction, KIT's assets under management will grow from S\$4.7 billion as at 30 June 2022 to approximately S\$5.0 billion. Including the investment in the onshore wind assets in Sweden and Norway announced on 13 July 2022, as well as the investment in Eco Management Korea announced on 8 August 2022, KIT's assets under management will grow to approximately S\$6.1 billion.

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<sup>4</sup><https://www.bloomberg.com/news/articles/2022-02-28/germany-brings-forward-goal-of-100-renewable-energy-to-2035>

<sup>5</sup> On a gross basis

<sup>6</sup> Based on KIT's pro-forma assets under management

This transaction is expected to support KIT's overall distributable income per unit accretion<sup>7</sup>. 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.

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**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 Capital**

Keppel Capital is a premier asset manager in Asia. It is the asset management arm of Keppel Corporation Limited, a multi-business company providing solutions for sustainable urbanisation, to meet the growing need for energy, infrastructure, clean environments, high quality homes and offices, and connectivity.

With assets under management of approximately S\$42 billion as at end-2021, Keppel Capital has a diversified portfolio that includes real estate, infrastructure and data centre assets in key global markets.

Keppel Capital aims to create value and deliver sustainable returns for institutional and retail investors through a range of products including listed REITs, business trusts, private funds, separate accounts and pooled investment vehicles.

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<sup>7</sup> Based on pro forma analysis for the financial year ended 31 December 2021.

### **About Keppel Infrastructure Trust**

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately S\$4.7 billion in assets under management as at 30 June 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.

## Annex – Transaction Structure

