



**Keppel Corporation Limited** Tel: (65) 62706666  
(Co Reg No. 196800351N) Fax: (65) 64136452  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632  
www.keppcorp.com

## **ACQUISITION OF 50% INTEREST IN PIERFRONT CAPITAL FUND MANAGEMENT PTE. LTD.**

Keppel Corporation Limited (the "**Company**" or "**KCL**", together with its subsidiaries, the "**Group**") wishes to announce that KC Management One Pte. Ltd. ("**KC Management One**"), a wholly-owned subsidiary held through Keppel Capital Holdings Pte. Ltd. ("**Keppel Capital**"), has entered into a conditional sale and purchase agreement ("**SPA**") to acquire 50% of the issued and paid up ordinary shares ("**Shares**") in the capital of Pierfront Capital Fund Management Pte. Ltd. ("**Pierfront Capital**") from Pierfront Capital Mezzanine Fund Pte. Ltd. ("**PCMF**") for an aggregate cash consideration of US\$6,776,000 (equivalent to approximately S\$9,400,000 at the rate of US\$1:S\$1.3877 ("**Applicable Rate**")), plus an amount of US\$1,000,000 (equivalent to approximately S\$1,388,000 at the Applicable Rate)<sup>1</sup> which shall be payable on completion (the "**Acquisition**").

### **Pierfront Capital & PCMF**

Established in November 2015, PCMF is a Singapore-based alternative credit investment company in which Temasek Holdings (Private) Limited ("**THPL**") holds an ultimate interest of approximately 90.91% and Sumitomo Mitsui Banking Corporation holds an ultimate interest of approximately 9.09%. Pierfront Capital is a wholly owned subsidiary of PCMF and acts as the investment manager of PCMF.

Under the terms of the shareholders agreement to be entered into between KC Management One, PCMF and Pierfront Capital, the core business of Pierfront Capital will be to act as the investment manager of private funds that would deploy credit investment strategies over real assets (the "**Keppel-Pierfront Private Credit Funds**").

### **Consideration**

The aggregate cash consideration of US\$7,776,000 for the Shares was arrived at on a willing buyer willing seller basis taking into account establishment costs, projected working capital requirements and potential synergies between Pierfront Capital's business and Keppel Capital's fund management business. This cash consideration will be financed through internal working capital.

Based on the unaudited management accounts of Pierfront Capital for the period ended 30 September 2019, the book value and net tangible assets value of the Shares was approximately negative US\$175,000.

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<sup>1</sup> Under the SPA, PCMF has undertaken to increase the share capital of Pierfront Capital prior to completion of the Acquisition by injecting an amount equivalent to US\$2,000,000 as additional equity (the "**Additional Equity Amount**"). The cash consideration to be paid by KC Management One to PCMF for the Acquisition includes 50% of the Additional Equity Amount which will be used to fund future working capital requirements of Pierfront Capital.

The foregoing transaction is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the current financial year.

### **Conditions Precedent**

The completion of the Acquisition is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived in accordance with the SPA):

- (a) the finalization and execution of definitive agreements for the establishment of "Keppel-Pierfront Private Credit Fund, L.P.", being the first Keppel-Pierfront Private Credit Fund; and
- (b) Pierfront Capital having been issued with a Capital Markets Services Licence for fund management by the Monetary Authority of Singapore upon licensing conditions satisfactory to the parties to the SPA.

### **Interested Person Transaction**

As at the date of this announcement, THPL is a controlling shareholder of KCL. THPL and PCMF are "interested persons" within the definition set out in Rule 904(4)(a) of the Listing Manual. KC Management One, being a subsidiary of KCL, is an "entity at risk" within the definition set out in Rule 904(2)(b) of the Listing Manual.

Accordingly, the Acquisition constitutes an interested person transaction under Chapter 9 of the Listing Manual. However, Rule 905 and Rule 906 do not apply to the Acquisition as the aggregate value of the transaction does not exceed 3% of the Group's latest audited net tangible assets.

### **Directors' and Controlling Shareholders' Interest**

Except as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition other than through their shareholding interests in the Company.

### **Document for Inspection**

A copy of the SPA may be inspected at the registered office of the Company at 1 Harbourfront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of three (3) months from the date of this announcement.