

## Media Release

### Keppel accelerates transformation with pivotal proposed acquisition of leading European asset manager Aermont Capital

- *Proposed acquisition of initial 50% stake in PERE's top-ranked European real estate firm with full acquisition expected in 2028.*
- *Strategic acquisition will make Aermont Keppel's European real estate platform, expanding Keppel's asset management capabilities beyond Asia Pacific with significant foothold in Europe, supported by Aermont's experienced senior team.*
- *Expands Keppel's funds under management (FUM) by S\$24 billion<sup>1</sup> post-acquisition, with further upside potential from co-creating new fund products; Initial focus will be to maintain and support Aermont's platform, and collectively harness growth opportunities through joint funds.*
- *Widens Keppel's network of blue-chip limited partners (LPs) through Aermont's longstanding relationships with over 50 global clients.*
- *Attractive implied valuation of c.13x EV/EBITDA; consideration can be paid in mix of cash and treasury shares acquired through Keppel's share buyback programme.*
- *Transaction expected to be immediately earnings accretive to Keppel on completion, boosting recurring income with minimal gearing impact.*

**Singapore, 29 November 2023** – Keppel Corporation Limited (Keppel) has entered into an agreement with Aermont Capital Group SCSp to acquire an initial 50% stake in leading European real estate manager, Aermont Capital (Aermont). This marks a pivotal step in Keppel's transformation to be a global asset manager and operator, giving the Company a strong foothold in Europe and significantly expanding its presence beyond Asia Pacific.

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<sup>1</sup> Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested FUM as at 30 June 2023.

The consideration of up to S\$517 million<sup>2</sup> for the initial 50% stake in Aermont, which can be funded through a combination of cash and treasury shares acquired through Keppel's earlier share buyback programme, implies an attractive valuation of c.13x EV/EBITDA. The acquisition of the initial 50% stake in Aermont is expected to be completed in 1H 2024, subject to identified regulatory and other approvals. On completion, the transaction is expected to be immediately earnings accretive to Keppel. It will bolster Keppel's recurring income and FUM, which is projected to grow to over S\$77 billion from the current S\$53 billion<sup>1</sup>, with an approximate one percentage point impact to the Company's net gearing on a pro forma basis<sup>3</sup>.

Established in 2007, Aermont is an independent asset management business focused on real estate and real estate-related investment activities in Europe. It is a leader in opportunistic real estate investments with a proactive operator-oriented approach emphasising prime assets and leading businesses across core Western European markets. In 2023, PERE ranked Aermont the highest among Europe-based real estate firms in terms of funds raised in the last five years.

As at 30 June 2023, Aermont had a total FUM of S\$24 billion across four active funds and a single asset vehicle, of which approximately S\$10 billion in equity commitments were raised in 2022, reflecting the strong support from Aermont's LPs. Aermont's investments have included assets and businesses in the office, student accommodation, workforce housing, luxury hospitality and production studio infrastructure sectors, among others. Through its funds, Aermont has generated an average realised 25% gross internal rate of return and 2.8x gross multiple on invested capital to date.

Mr Loh Chin Hua, CEO of Keppel Corporation, said, "Aermont Capital runs an established and highly successful asset management platform in Europe, raising the most capital among European real estate funds in the last five years, despite the COVID-19 pandemic. The acquisition of an initial 50% stake in Aermont, with a pathway to an eventual 100% ownership and full integration, marks a major strategic step forward in Keppel's ambition to be a global asset manager and operator, availing us of a highly attractive European platform with strong recurring fees and a premium network of global LPs.

"We are very pleased to welcome Aermont Capital and its experienced team, helmed by its Chairman, Mr Léon Bressler and Managing Partner, Mr Paul Golding, who together with their partners, have built a top performing and impressive franchise in Aermont that has attracted some of the world's most prominent LPs. Aermont's operating culture is very similar to Keppel's, with a strong emphasis on value adding and active management,

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<sup>2</sup> Based on an exchange rate of €1 : S\$1.45

<sup>3</sup> Assuming up to EUR 154 million of the Phase 1 consideration is funded in Keppel treasury shares with the remainder in cash, and calculated on a pro forma basis assuming the acquisition of the 50% stake was completed on 31 December 2022.

while their opportunistic strategy is a good complement to our core and value add investment approach. Keppel looks forward to the partnership and is committed to support and build on the culture that has made Aermont successful, as we add value to each other by harnessing our collective expertise for growth.”

Mr Léon Bressler, Chairman of Aermont Capital, said, “We are looking forward to building a close partnership between Keppel and Aermont. Keppel offers something specific and compelling to our franchise; its technical and operating expertise are well-aligned to key megatrends such as the energy transition, digital transformation and urbanisation. For Aermont, access to that expertise will help us better capitalise on a number of technology-driven opportunities. It will also open the door to new fund strategies, enabling us to eventually offer more to our LPs and to broaden the professional opportunity to our team. Moreover, we will continue building on Aermont’s unique culture rooted in operational expertise, deep value creation and an LP-first approach, all of which Keppel shares. Teaming up with Keppel today therefore makes us stronger, more capable and better positioned, which will be to the benefit all Aermont stakeholders.”

### **Highly synergistic acquisition**

This transaction presents a unique and strategic opportunity for Keppel to acquire a leading European real estate manager at an attractive valuation:

- **Strategic part of Keppel’s growth ambitions as global asset manager and operator:** The acquisition will enable Keppel to expand its asset management capabilities beyond Asia Pacific to Europe, where Aermont’s geographic footprint and investment strategies complement Keppel’s capabilities with minimal overlaps. This move will strengthen Keppel’s value proposition to global LPs.
- **Accelerating growth:** The acquisition will add an initial S\$24 billion to Keppel’s current FUM of about S\$53 billion, marking significant progress towards Keppel’s FUM target of S\$100 billion in 2026. Importantly, Aermont, with additional value add from Keppel, has the potential to further grow its FUM by up to 2.5x to approximately S\$60 billion by 2030 through the co-creation of European credit funds, data centre funds and various private investment vehicles.
- **Expanding network of blue-chip LPs:** Both Keppel and Aermont will benefit from access to a wider combined network of LPs. The acquisition will expand Keppel’s blue-chip clientele through Aermont’s longstanding relationships with over 50 global LPs, including public pension funds, sovereign wealth funds and endowments and foundations from Europe, North America, Asia and the Middle East, the majority of whom are new to Keppel.

- **Deepening talent pool:** The acquisition will bolster Keppel's talent pool with an experienced senior team with a proven track record and extensive networks in Europe, and whose values, culture and operator-oriented approach to creating long term value are a strong fit with Keppel.

Following the acquisition of the initial 50% stake, Keppel will focus on maintaining and supporting the success of Aermont's real estate platform while working with Aermont's team to jointly develop new fund products and initiatives, leveraging Keppel's expertise in alternative assets such as private credit funds and data centres.

After that transition period, Keppel expects to proceed in 2028 to acquire the remaining 50% stake in Aermont subject to identified regulatory approvals. The performance-based deal structure, which can be funded through a mix of cash and treasury shares, will help achieve greater alignment between the interests of Aermont's and Keppel's interests over the long term.

#### **Pro forma financial impact of the initial 50% stake acquisition<sup>4, 5</sup>**

For illustrative purposes only, based on the Group's audited results for the full year ended 31 December 2022 (FY 2022):

(a) had the acquisition been effective on 1 January 2022, the earnings per share for FY 2022 would have increased from 52.1 cents to 52.4 cents;

(b) had the acquisition been effective on 1 January 2022, the Group's recurring income<sup>6</sup> for FY 2022 would have increased from S\$503 million to S\$512 million; and

(c) had the acquisition been effective on 31 December 2022, the net tangible assets per share as at 31 December 2022 would have increased from S\$5.49 to S\$5.50.

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<sup>4</sup> Assuming up to EUR 154 million of the Phase 1 consideration is funded in Keppel treasury shares with the remainder in cash, and calculated on a pro forma basis assuming the acquisition of the 50% stake was completed on 31 December 2022.

<sup>5</sup> The potential impact of purchase price allocation under Singapore Financial Reporting Standard (International) 3 *Business Combinations* has not been taken into account.

<sup>6</sup> Recurring income comprises asset management income and operating income.

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**About Keppel Corporation**

Keppel Corporation Limited is a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity. Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity.

Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts, and has a total portfolio with more than S\$65 billion of assets under management.