

# Asset Management

We tap third-party funds for growth, while delivering sustainable returns to investors and unitholders.

## Earnings Highlights (\$ million)

	2022	2021
Revenue	195	162
EBITDA	94	116
Operating Profit	91	113
Profit before Tax	340	327
Net Profit	311	301

### Progress in 2022

- Assets under management (AUM) grew to \$50 billion<sup>1</sup> from \$42 billion as at end-2021.
- Set AUM target of \$200 billion by end-2030.
- Completed over \$7.7 billion in acquisitions and divestments across different asset classes.
- Listed REITs and Trust continued to drive value, delivering sustainable returns to unitholders.
- Keppel Capital became a signatory to the United Nations-supported Principles for Responsible Investment.
- Leveraged Keppel ecosystem to originate two new flagship funds – Keppel Core Infrastructure Fund (KCIF) and Keppel Sustainable Urban Renewal Fund (KSURF).

### Focus for 2023/2024

- Harness the strengths and capabilities of the Group to grow AUM and expand sources of recurring income.
- Enhance sustainability efforts in line with Keppel's Vision 2030 and continue to create long-term value for investors.
- Grow new flagship funds KCIF and KSURF.
- Launch the follow-on Keppel Asia Infrastructure Fund II.



Keppel announced \$2.8 billion worth of energy & environment and sustainable urban renewal-related investments, jointly undertaken by Keppel and the Keppel Capital-managed private funds and business trust.

## One of Keppel Capital's key strengths is its ability to harness the synergies of the Keppel ecosystem of Developer-Operator-Manager capabilities.

The Asset Management arm of Keppel Corporation comprises Keppel Capital, as well as the Group's holdings in the listed REITs and business trust, and private funds.

While 2022 was a turbulent year for the international economy, with heightened geopolitical tensions and economic uncertainty over rising interest rates and inflationary pressures, Keppel Capital's listed entities and private funds successfully completed over \$7.7 billion in acquisitions and divestments across different asset classes. As at end-2022, Keppel Capital achieved its 2022 target AUM<sup>1</sup> of \$50 billion.

With global markets grappling with volatility and uncertainty, the Group saw an increased demand for real assets with long-term steady cash flows, which provide resilient and stable portfolio returns.

Keppel Capital's investment discipline and diversification across quality real asset classes of infrastructure, real estate and data centres in key geographies reinforced its resilience amidst challenging conditions. 2022 also saw growing international focus on climate action, sustainable urbanisation and the circular economy, as well as increasing digitalisation. These macro trends have increased the demand for assets and businesses that Keppel is involved in, including data centres, renewable energy, alternative assets, and prime real estate, further enhancing Keppel Capital's unique value proposition.

During the year, Keppel announced about \$2.8 billion worth of energy & environment and sustainable urban renewal-related investments, jointly undertaken by Keppel together with the Keppel Capital-managed private funds and/or business trust.

Keppel Capital has also been aligning itself with global initiatives, and is now a signatory to the United Nations-supported Principles for Responsible Investment, in addition to its commitment to the United Nations Global Compact. Also, as a CDP capital markets signatory, Keppel Capital continues to play its part in driving corporate environmental transparency toward a low-carbon, sustainable future.

One of Keppel Capital's key strengths is its ability to harness the synergies of the Keppel ecosystem of Developer-Operator-Manager capabilities. Leveraging these capabilities, two new flagship funds were conceptualised during the year – the Keppel Core Infrastructure Fund (KCIF) and the Keppel Sustainable Urban Renewal Fund (KSURF). Both funds have attracted positive interest from global investors.

<sup>1</sup> Gross asset value of investments and uninvested capital commitments on a leveraged basis to project fully-invested AUM.

## Operating & Market Review

### Asset Management



KDC Fund II entered a strategic partnership with Heying, a wholly-owned subsidiary of Tianjin Zhengxin Group, to jointly develop Huailai Data Centre, a greenfield data centre in Greater Beijing.

KSURF aims to deliver a stable yield with long-term sustainable returns by investing in high-quality investments with predominantly contracted and stable revenues. This strategy leverages Keppel's expertise, network, proprietary technologies and deep operational insights to generate added value for the fund through prudent investment, operational enhancement and best-in-class management of quality infrastructure assets.

KSURF seeks to decarbonise buildings through implementing solutions that enhance energy efficiency and achieve sustainability targets while delivering financial returns. With a 'brown-to-green' strategy focused on the commercial real estate in Asia Pacific, this sustainability-dedicated fund is attracting keen interest from investors.

#### Real Estate

In 2022, Keppel REIT expanded its portfolio with the acquisition of KR Ginza II (formerly known as Ginza 2-chome), marking Keppel REIT's entry into the Tokyo office market – a strategic move to enhance geographical and income diversification. With a CASBEE<sup>1</sup> A rating, the asset reflects Keppel REIT's commitment towards acquiring green and energy-efficient assets.

Exemplifying Keppel's asset-light business model, Keppel Land collaborated with the Group's private funds, the Keppel Asia

Macro Trends Fund IV (KAMTF IV) and the KB Bank Discretionary Fund, to jointly acquire Samhwan Building, a freehold office tower in Seoul, South Korea. Keppel will undertake asset enhancement initiatives and refurbishment works to enhance the asset's operational efficiency, performance and value. With the asset well positioned to benefit from the rising demand for quality office spaces in Seoul, this joint investment is a valuable addition to Keppel Capital, which has managed close to \$3.4 billion of assets in South Korea since 2004.

In line with Keppel's asset-light business model, Keppel Land, Keppel Vietnam Fund (KVF) and a co-investor of KVF acquired three residential land sites in Hanoi, on which the Group will develop about 1,260 homes.

Meanwhile, Keppel Pacific Oak US REIT (KORE) completed the divestments of Powers Ferry and Northridge Center I & II in Atlanta, Georgia, at prices above their last valuations conducted in 2021. This is in line with the Manager's portfolio optimisation strategy, and improves KORE's financial flexibility.

#### Data Centres

The rapid growth of cloud computing platforms and artificial intelligence has accelerated the trend of digitalisation, driving demand for quality and sustainable data centres. Keppel DC REIT continued to grow its portfolio with acquisitions in

China and the UK. In the UK, Keppel DC REIT acquired a data centre in London, strengthening the REIT's presence in the top global data centre hub of London. Strengthening its presence in Asia Pacific, Keppel DC REIT also acquired two data centres in Guangdong, one of China's most established data centre markets and a major technology hub.

On the private funds side, Keppel Data Centre Fund II (KDC Fund II) closed with US\$1.1 billion of total commitments, including co-investment capital. The fund attracted commitments from a diverse group of institutional investors in Asia and Europe, including the Asian Infrastructure Investment Bank. By collaborating with Keppel Data Centres to leverage their technical know-how in data centre management and operations, as well as their expertise in developing green, energy-efficient data centres, Keppel Capital is able to deliver a wider range of client services as well as higher investor returns. During the year, KDC Fund II entered a strategic partnership with Heying, a wholly-owned subsidiary of Tianjin Zhengxin Group, to jointly develop Huailai Data Centre, a greenfield data centre in Greater Beijing, China's tier 1 data centre market. In line with Keppel's commitment to sustainability, the data centre will be equipped with energy-saving technology capable of reducing energy consumption by 50% or more compared to traditional chilled water systems.

<sup>1</sup> Comprehensive Assessment System for Built Environment Efficiency.

## Infrastructure continues to be an exciting space for Keppel, with decarbonisation and sustainable urbanisation trends accelerating demand for such essential real assets.

### Infrastructure

Keppel Infrastructure Trust (KIT) enhanced its portfolio with the completion of five acquisitions in 2022. The acquisitions extend KIT's footprint into new geographies, namely Germany, Norway, Sweden, the Kingdom of Saudi Arabia and South Korea, and marked its maiden participation in the renewable energy sector. The transactions include two wind farm acquisitions in Europe, namely a 20.5% stake in an offshore wind farm in Germany and a 13.4% stake in a European onshore wind platform comprising three wind farm assets across Norway and Sweden. KIT also completed its minority and non-controlling investment in the Aramco Gas Pipelines Company in the Kingdom of Saudi Arabia, a strong and growing business underpinned by one of the world's largest reserves of natural gas.

KIT collaborated with Keppel Asia Infrastructure Fund (KAIF) and Keppel Infrastructure (KI) to jointly acquire Eco Management Korea Holdings (EMK), a waste management and recycling services provider with six waste-to-energy plants and five sludge drying facilities in South Korea. Beyond income diversification, the acquisition supports both South Korea's green agenda and Keppel's Vision 2030.

In Singapore, KIT completed the acquisition of the remaining 30% stake in SingSpring Desalination Plant, enhancing the operational and business continuity of the asset. KIT has also signed a non-binding term sheet with KI to acquire a 50% equity stake in the Keppel Marina East Desalination Plant, Singapore's first and only large-scale dual mode plant which can treat both seawater and rainwater drawn from the Marina Reservoir.

During the year, KAIF together with its co-investor and Keppel Corporation, raised their joint venture's effective stake in Cleantech Solar Asia Pte Ltd, the asset company of Cleantech Renewable Assets from 25.5% to 75.5%. It also completed the acquisition of 800 Super, a joint transaction with KI and KAIF's first investment in Singapore's environment sector.

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### Alternative Assets

Riding on the resilient and fast-growing education sector in Asia Pacific, the

Keppel Education Asset Fund (KEAF) completed the acquisition of a strategic stake in a premium UK international school in Singapore, further adding to its portfolio of quality education assets. During the year, KEAF also completed the retrofitting and refurbishment of a vacant university campus in Tokyo into a premium UK international school. The asset has been handed over to the tenant, and the long-term lease commenced in October 2022. Looking ahead, Keppel Capital is confident that the demand for quality real estate for schools and campuses will continue to be well supported by macro trends including rapid urbanisation, an expanding middle class and rising affluence, as well as a continued focus on quality education.

Keppel-Pierfront Private Credit Fund, which is managed by Keppel Capital's private credit platform Pierfront Capital, announced a final close of approximately US\$700 million in investable capital, including co-investment commitments. The fund will provide loans to companies with defensive infrastructure-like business models and attractive risk-adjusted returns, spanning asset classes such as transportation, renewable energy and core infrastructure.



KIT collaborated with KAIF and KI to jointly acquire EMK, a leading integrated waste management services player in South Korea.