



SGT GERMAN PRIVATE EQUITY

+++ Ad-hoc announcement +++

SGT German Private Equity - Elimination of the convertible bond of 257 million EUR resolved in connection with the merger, for the benefit of its shareholders

- Elimination of the issuance of the convertible bond of 257 million EUR and the imminent dilution of up to 103 million shares, without replacement
- Retrospective, fundamental improvement of the conditions of the ongoing merger
- Many times higher upside opportunity for its shareholders

Frankfurt/Main, 27 October 2020 – Today, the SGT German Private Equity, a listed private equity asset manager, has agreed with the shareholders of the merger partner SGT Capital Pte. Ltd., SGT Capital LLC, retrospectively to their merger resolved at the Annual General Meeting on 7 August 2020 that the convertible bond of 257.46 million EUR, that was resolved as a compensation for the contribution in kind, will not be issued, but cancelled without replacement. This relieves the liabilities' side of the future balance sheet of the merged company substantially and eliminates the imminent dilution of the existing shareholders of up to 103 million shares.

The reason for the concession of the elimination of the planned issuance of the convertible bond is a surprisingly asymmetrical accounting effect under IFRS, being opposed to advise previously obtained, which would have caused significant book losses upon each fund raising achievement for the launched private equity fund beyond the base case scenario of 1 billion USD fund volume, hence would have repeatedly hit the profit and loss statement strongly.

With the elimination of the convertible bond, the shareholders will retrospectively benefit from a fundamental improvement of the conditions of the ongoing merger.

The management continuously expects sustainable, predictable net profits for the merged company from market standard asset management fees in a range of about 0.20 to 0.30 EUR p.a. from 2022 onwards, depending on the respective fund volume scenario. Due to the elimination of the imminent dilution from the convertible bond, this range increases ceteris paribus to about 0.20 to 0.80 EUR net profit p.a. from 2022 onwards, which is mainly intended to be distributed to the shareholders or used for share buybacks. Hence, SGT German Private Equity is granting its shareholders a many times higher upside opportunity.

The compensation for the contribution in kind of SGT Capital Pte. Ltd., which is to be contributed to SGT German Private Equity for the purpose of the agreed merger, and has a fair value ranging from 148.7 up to 618.3 million EUR, depending on the respective fund volume scenario, according to an indicative company



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valuation by auditors, is therefore limited to 50 million newly issued SGTGPE shares. Hence, the value of the compensation to be received amounts to 2.97 up to 12.37 EUR per new share issued.

The company will convene an Extraordinary General Meeting within the next few days in order to pass a resolution upon the cancellation of the convertible bond. The management is assuming an approval of the shareholders, since the elimination represents a major advantage for them.

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