

PRESS RELEASE

26 January 2021

EQT continues to grow globally – joins forces with Exeter Property Group, creating a global leader in value-add real estate investing

EQT AB (publ) announces the signing of a combination (the “**transaction**”) with Exeter Property Group (“**Exeter**” which also includes funds), a leading global real estate investment manager with more than USD 10bn of assets under management (“**AuM**”).

- Total consideration of USD 1,870m, comprising new EQT AB shares USD 800m and cash USD 1,070m (including refinancing of USD 300m of existing Exeter debt)
- The combination accelerates EQT AB's strategic growth ambition within Real Estate, creating a scaled thematic investment platform with global reach
- Transaction is consistent with EQT AB's strategy and financial targets and is expected to be accretive to EQT AB's earnings in 2021
- Further strengthen EQT as a global leader in value-add investment strategies across private equity, infrastructure and real estate

The transaction is part of EQT AB's strategic growth ambitions within real estate and creates a scaled thematic investment platform across North America and Europe. It also provides Exeter management with the ability to continue their track-record as a top performing real estate investment manager. Furthermore, the transaction provides the ability to utilize synergies to further enhance investment performance and for the combined platform to benefit from EQT's integrated approach to digitalization and sustainability.

Majority owned by Ward Fitzgerald and other Exeter management team, Exeter is focused on acquiring, developing and managing logistics/industrial, life science/office and residential properties mainly across the US and Europe. Founded in 2006, Exeter has built the business based on a hands-on, vertically integrated operator approach. With 37 local deal offices, Exeter combines local execution with a global reach, mirroring EQT's local-with-locals approach. For 2020, Exeter is expected to generate approximately USD 135m in revenues and approximately USD 80m in EBITDA (excluding carried interest). The proposed consideration is expected to equate to a mid-teens EBITDA multiple on a run-rate basis at completion.

Strategic rationale

- **Transformative for EQT Real Estate:** The combination with Exeter creates a scaled, global real estate investment platform, adding one of the largest and well performing value-add real estate investment managers in the world to EQT's successful platform. At its core, Exeter acquires, develops and manages high-quality properties to deliver superior real estate solutions for its tenants and thus seeks to generate market-leading returns for its investors. The combination will enhance EQT's ability to provide investors with more diverse investment offerings and is expected to create private investment portfolios with strong and stable returns
- **A thematic investor with an established track record:** Exeter's investment philosophy aligns with EQT's, applying a highly thematic value-creation approach and a local-with-locals focus. With a long track-record of scaling these strategies successfully, Exeter has delivered market-leading returns with exceptional consistency

- **High degree of cultural alignment:** Exeter's corporate culture is consistent with EQT's, with a deep commitment to performance, integrity and transparency for its fund investors
- **Diversifies EQT further:** Adding a scaled franchise alongside EQT's leading Private Equity and Infrastructure strategies strengthens the firm's position in North America, an important strategic region for EQT as a whole. Following the closing of the transaction, EQT will have ~240 FTEs in North America and estimates that 30 percent of capital raised in 2020 will have been sourced from the region (pro-forma for the combination)
- **Creates a global leader in value-add strategies:** Exeter is a leading investment manager in the attractive logistics/industrial space in the US and Europe, with a growing presence in US life science/suburban office and residential multi-family segments which is highly complementary to EQT's existing strength in European Real Estate. Exeter has an established track-record based on a formula that seeks to be repeatable and scalable on a global basis, including in Asia-Pacific and Latin America, where Exeter has started to establish a foothold in logistics/ industrials
- **Multiple drivers of future growth to become a multi-strategy, global real estate leader:** The combined real estate platform has several avenues for its global growth strategy: drive further development of Exeter's logistics/industrials business, scale the US life science/office and residential platforms, continue to develop EQT's existing European real estate platform and further strengthening the Asia-Pacific logistics/industrial business to take advantage of similar thematic growth drivers in the region
- **Complementary client relationships:** Exeter brings a wide range of high-quality client relationships to the EQT platform, with approximately 90 existing fund investors. The combination of EQT Real Estate and Exeter will provide clients with a greater breadth of opportunities that are consistent with EQT and Exeter's existing "local-with-locals" approach. Exeter's client base will complement EQT's existing strength in North America and more than 60 new clients to the EQT platform. Furthermore, EQT is expected to bolster Exeter's relationship with European and Asia-Pacific clients
- **Compelling financial impact:** Exeter has consistently delivered profitability and growth, with revenues and EBITDA growing at a CAGR of 23 percent and 25 percent respectively between 2018 and 2020 (excluding carried interest). The overall transaction is expected to be accretive to EQT AB's earnings per share in 2021

Christian Sinding, CEO and Managing Partner of EQT AB: *"We are excited to accelerate our strategy of building a globally-scaled real estate platform and diversifying the firm within private markets by joining forces with Exeter. We have a high bar for strategic M&A, and Exeter is one of the few opportunities we have identified which clears and well surpasses it. With its value-creation-focused investment approach, one of the strongest track-records in value-add real estate globally, and importantly, a people-and-performance-centric culture, we are all well-aligned. I am delighted to welcome Ward and the Exeter team to the EQT family, and we are looking forward to working together to take EQT Exeter to the next level."*

Lennart Blecher, Head of EQT Real Assets and Deputy Managing Partner: *"Scaling EQT's real estate platform has been a key priority for EQT Real Assets. The combination of Exeter and EQT's existing real estate business is highly complementary and creates a leader in thematic value-add real estate investments, allowing EQT to scale up local execution while also adding a prolific single asset deal platform. Exeter is a hidden gem with very strong performance due to a clear operational mindset. We believe this is synergistic for both parties, with EQT able to bring multiple benefits to the*



Exeter business with the strength of our industry and client relationships and our future-proofed operating platform.”

Ward Fitzgerald, CEO and Founder of Exeter: *“EQT is a fantastic strategic and cultural fit for our business. We share a similar philosophy and investment approach, and we have a complementary global platform which can accelerate the growth of opportunities that we make available to both current and future clients. For our day-to-day activities, it will be business as usual. We will continue to be fully focused on driving returns by utilizing our unique local execution of small and mid-cap acquisitions, adhering to our real estate solutions ethic to our over 1,200 corporate client/tenants and directly performing our own leasing, property management and development. We are excited about the opportunity ahead of us to become more of a global leader in real estate by teaming with EQT.”*

Key transaction details

- EQT AB will acquire 100 percent of the Exeter management company and 25 percent of the right to carried interest in selected existing Exeter funds (including Exeter US Industrial Value Fund V). In addition, EQT AB will be entitled to 35 percent of the carried interest of future funds, which is in line with existing EQT policies
- Total consideration of USD 1,870m on a cash and debt free basis, of which approximately USD 800m to be satisfied through issue of EQT AB ordinary shares and the remaining in cash, with the number of shares to be issued determined by the 30 day VWAP¹ of EQT AB shares as of signing (equal to approximately 33 million shares, corresponding to a dilution of approximately 3.3 percent²)
- Ward Fitzgerald and other Exeter management shareholders will receive 65 percent of their consideration in newly issued EQT AB ordinary shares and 35 percent in cash, creating high degree of alignment
- Ward Fitzgerald and other Exeter management shareholders to join EQT AB and enter into lock-up agreements consistent with the lock-up arrangements for existing EQT partners
- The funds managed by TA Associates, which own c. 40 percent of Exeter, will receive 25 percent in newly issued EQT AB ordinary shares (which will not be subject to a lock-up) and 75 percent cash
- Cash consideration (~USD 1,070m) to be financed through a mix of cash and existing debt facilities
- The issuance of new EQT AB ordinary shares is based on the authorization granted by the annual general meeting held in 2020
- The transaction is subject to customary closing conditions, including anti-trust and certain fund investor clearances, with completion expected to take place in the second quarter of 2021

¹ The volume weighted average closing price of EQT's common shares for the 30 trading days preceding the date that is one the date of the agreement.

² Subject to adjustment based on Exeter's balance sheet at closing.

Unaudited US GAAP financial information for the Exeter Group³

USDm	2018	2019	2020E
AUM (USDbn)	6.5	7.1	10.2
Revenue	87	109	~135
EBITDA	50	63	~80
EBITDA margin	58 percent	58 percent	~60 percent

Exeter senior management lock-up and employment

Share consideration for Ward Fitzgerald and other Exeter management shareholders will be subject to customary lock-up provisions, consistent with the lock-ups of current EQT partners, of which 25 percent is to be released in Q4 2022, 25 percent in Q4 2023 and 50 percent in Q4 2024. The lock-up agreements will also include a forfeit mechanism. Ward Fitzgerald and certain key members of the team will enter into new employment agreements at the time of completion. The terms and conditions will contain customary restrictive covenants, including non-compete and non-solicitation provisions.

Combination

EQT Exeter will be part of EQT Real Assets (consisting of EQT Infrastructure and EQT Real Estate today). The combined real estate platform will operate under a joint EQT Exeter brand following closing and the existing EQT Real Estate business line will be integrated into EQT Exeter. The ambition is that Exeter's professionals will remain in place and will retain their participation interests in fund performance. EQT is committed to maintaining the leadership, business model, personnel, and culture that have supported Exeter's success to date under the leadership of Ward Fitzgerald. Ward will join EQT AB's Executive Committee. EQT Exeter will be run independently but will be able to utilize the broader EQT operating platform, in order to scale efficiently while retaining the key success factors of Exeter.

Group targets

There will be no change to the group financial targets as a result of the acquisition of Exeter, with the combined real estate platform expected to grow faster than wider private market's long-term growth rate and with EBITDA margins in line with the wider EQT AB group. The group's dividend policy remains unchanged. Furthermore, carried interest is still expected to be between 25-30 percent of overall group revenues in the medium term.

EQT AB full year results

EQT AB also today announces its full year results for the year ended 31 December 2020, more information can be found at www.eqtgroup.com from 07.00 am CET.

³ The entitlement to carried interest acquired by EQT is in more recent generation funds that are yet to generate carried interest. Therefore, the financial information in the table does not include historical carried interest.

Advisers

J.P. Morgan acted as financial adviser to EQT AB in relation to the transaction, while Kirkland & Ellis and Vinge acted as legal counsel. Berkshire Global Advisors acted as financial adviser to Exeter, and Goodwin Proctor acted as legal counsel.

Contact person for MAR purposes

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