



+++ Ad-hoc announcement+++

## **German Startups Group achieves further significant commitments from its merger partner**

- Confirmation and hedge of the base case scenario of the valuation of the contribution in kind
- Protection of the existing shareholders against dilution
- Upside opportunity from the expected exceeding of the base case scenario
- Lock-up obligation of the contributing SGT Capital LLC additionally to a major shareholder

**Berlin, 4 August 2020** - The German Startups Group achieves further significant commitments from the contributing SGT Capital LLC regarding its merger, announced on 15 July 2020, with SGT Capital Pte. Ltd., a global alternative investment and private equity asset manager, headquartered in Singapore with a country vehicle in Frankfurt/Main.

To implement the merger, GSG acquires SGT Capital Pte. Ltd. in Singapore, subject to the approval of its Annual General Meeting on 7 August 2020, against the issuance of 50.0 million new GSG shares, under exclusion of subscription rights of existing GSG shareholders, and against the issuance of a mandatory convertible bond, which will, depending on the fund volume raised until 31 December 2022, be converted into at least 1.0 million additional new GSG shares. In the base case scenario of a SGT fund volume of 1 billion USD, the contributors will thus receive a total of 51.0 million GSG shares.

The management team of SGT Capital expects the SGT fund volume of 1 billion USD and thus, the base case scenario of the transaction to be reached already within 2020 and to significantly exceed it in the mid term. In order to affirm this, SGT Capital LLC has agreed to return up to 25.5 million of the 51.0 million GSG shares if the expected fundraising is delayed, or in concrete, if only 500 million USD should be raised by the end of 2021, or, for example, a return of 12.75 million new GSG shares if until then only 750 million USD should have been raised. A partial amount of 411 million USD has already been raised. If, conversely, the investment portfolio of the German Startups Group should be devalued by more than 0.10 EUR per share or 1,085,400 EUR by the end of 2021, the number of shares to be surrendered will decrease slightly in the arithmetically correct ratio. With that, the SGT Capital LLC affirms its fundraising expectations and the existing shareholders of GSG are protected against dilution, if despite the impressive performance of the predecessor fund and the advanced discussions with potential SGT fund investors, due to unforeseen reasons, a part of the fund capital should only have been raised later than expected and than assumed in the base case scenario.



With the negotiated consideration of 51 million new GSG-shares for the contribution in kind, which according to an indicative company valuation by the auditing firm Ebner Stolz has a value of 148.7 million EUR in the base scenario, the GSG share is valued at 2.92 EUR. This base case scenario is now additionally substantiated and secured by the commitment.

In addition, the contributing SGT Capital LLC commits itself, with regard to the comprehensive, long term lock-up, not only towards GSG but also towards the asset manager of two investment funds, which altogether hold 15.6% of GSG. All shareholder groups known to GSG with a stake of more than 10% in GSG have announced their approval of the merger in the meantime.

Upon completion of the merger, the combined company will be renamed in SGT German Private Equity GmbH & Co. KGaA and relocate its headquarter to Frankfurt/Main.

According to a review by the management, listed private equity asset managers, so the future comparable companies of the German Startups Group after its imminent transformation through the to be approved merger, are priced at a price/earnings ratio in relation to the profits expected in the following year of about 17x. Based on the profit forecast issued by the management of GSG of 0.15 - 0.20 EUR in 2021 and 0.20 - 0.30 EUR from 2022 onwards, this results in significantly higher share prices than the current share price.

Upon the approval of the merger by the Annual General Meeting, the German Startups Group intends to shortly issue a public share buyback offer for at least 542,700 shares at a buyback price of 2.00 EUR, provided that this is covered by the authorization of the Annual General Meeting on 17 July, 2019, by then.

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