

5 June 2024

KPN and ABP join forces through new TowerCo

KPN and Dutch pension fund ABP have signed an agreement to create a new tower company (TowerCo). This strategic partnership is in line with KPN's 'Connect, Activate & Grow' strategy to optimize the value of its passive infrastructure assets and retain strategic flexibility. It demonstrates KPN's intent to optimize shareholder value and continue to operate the best digital infrastructure in the Netherlands.

With the increasing consumption of data and the deployment of new technologies, there is an increasing need for a strong and stable grid of mobile sites providing continuous coverage in the Netherlands. Following ongoing demand for network growth and densification, increasing direct exposure to Dutch passive telecom infrastructure is strategically imperative for KPN.

TowerCo will hold the passive mobile infrastructure assets of KPN, as well as those of NOVEC and OTC (portfolio companies owned by TenneT and ABP respectively), leading to a portfolio of c. 3,800 towers and rooftops in the Netherlands and also has received a built-to-suit commitment for the next 10 years from KPN. TowerCo and KPN have entered into a long-term master service agreement, stipulating the terms under which KPN will continue to be a tenant of TowerCo for an initial period of 20 years. TowerCo aims to further increase tenancy levels of its network by providing access to attractive and fully modernized towers and rooftops.

Through the transaction KPN gains higher flexibility over a substantial part of its mobile sites, enabling strategic synergies regarding the deployment, maintenance, and optimization of the network infrastructure. This flexibility allows KPN to ensure that its mobile network continues to meet the performance standards required to deliver high-quality services to subscribers, to accommodate new technologies, such as 5G, and to expand coverage into underserved areas. It also allows for the harmonization of contracts into a futureproof agreement covering ~60% of our tower and rooftop portfolio. As part of the transaction some of the existing lease terms have been reset.

In this transaction, ABP is represented by its asset manager APG. KPN will hold a 51% consolidating stake in TowerCo and ABP the remaining 49%, with TenneT selling its stake in NOVEC as part of this transaction. KPN has agreed an upfront cash payment of ~€ 120m to NOVEC/OTC's current shareholders for the stake in the company and the amended lease terms, subject to closing adjustments.

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On a pro forma, full year basis, the consolidated impact of the transaction on KPN's 2024 Adjusted EBITDA AL would be ~€30m; on a similar basis, the impact on KPN's Operating Free Cash Flow would be ~€20m. The transaction has no impact on employment and is subject to approval by the works council and regulator.

Perella Weinberg acted as financial advisor to KPN in this transaction.

The accompanying webcast will be held today, June 5, 2024 at 10:00 CEST. This webcast and related documents can be accessed via our website ir.kpn.com.

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