KEPPEL INFRASTRUCTURE TRUST

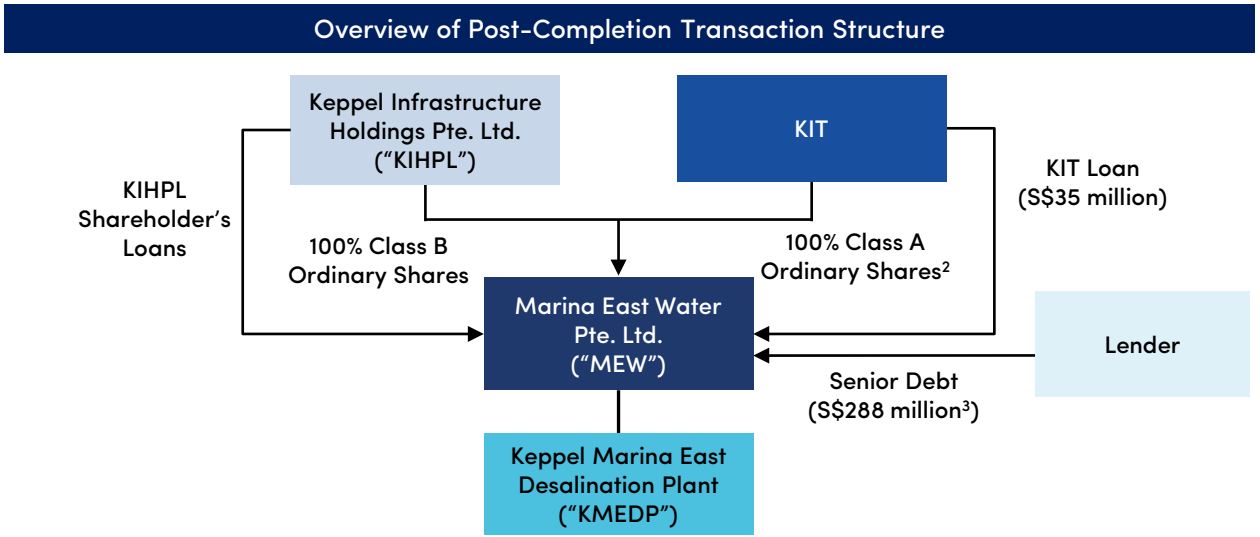
# Extraordinary General Meeting

11 December 2024

# Proposed Acquisition of 50% Equity Interest in Marina East Water Pte. Ltd. which owns the Keppel Marina East Desalination Plant

# Transaction Overview

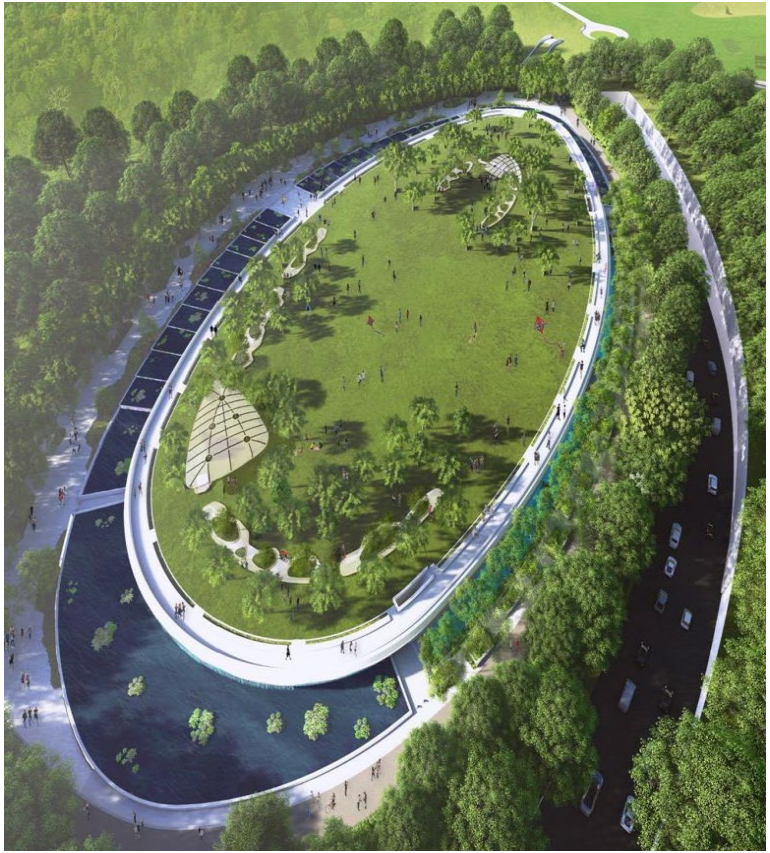
- Proposed acquisition of 50% equity interest in Marina East Water Pte. Ltd. ("MEW") which owns Keppel Marina East Desalination Plant ("KMEDP"). The enterprise value of MEW is approximately S$323 million.
- Following completion, Keppel Infrastructure Holdings Pte. Ltd. ("KIHPL") and KIT will each hold a 50% joint-controlling equity interest in MEW, with KIT receiving the entire economic benefit from MEW.
- On 25 Apr 2022, MEW had drawn down S$315.0 million on a term loan facility[1], which has since commenced amortisation. As at the Latest Practicable Date, S$288.2 million remains outstanding on the facility. At completion, KIT will extend a non-interest bearing shareholder's loan of S$35.0 million to MEW.




1. No further amounts may be drawn down under this facility as the availability period for further drawdowns has lapsed, and this facility will not be repaid at completion.
2. Following completion, KIT will hold 100% of the Class A Ordinary Shares in MEW. Class A Ordinary Shares entitle the holder to the entire economic benefit from MEW.
3. Amount outstanding on the term loan facility as at the date of Announcement based on the amortisation of the term loan facility.

# Overview of KMEDP

| | |
|---|---|
| **Description** | ▪ Singapore's fourth desalination plant<br>▪ First and only dual-mode desalination plant in Singapore capable of treating seawater and reservoir water |
| **Capacity** | ▪ 137,000 $m^3$ per day |
| **Owner** | ▪ MEW, a wholly-owned subsidiary of KIHPL |
| **Customer / Offtaker** | ▪ The Public Utilities Board ("PUB"), Singapore's national water agency |
| **Contract Terms** | Commenced commercial operations on 29 June 2020<br>▪ 25-year concession until 29 June 2045 ("Concession Period") |
| **Operations & Maintenance Operator** | Marina East Water O&M Pte. Ltd. ("MEWOM"), a wholly-owned subsidiary of KIHPL<br>▪ Provides operation, maintenance and repair ("O&M") services to MEW in respect of KMEDP and certain ancillary facilities throughout the Concession Period |
| **Awards** | ▪ Desalination Plant of the Year, Global Water Awards 2021<br>▪ ABC Waters Certification (Gold) by PUB in 2019 |



# Key Investment Highlights

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1

Accretive acquisition which secures long term and stable cash flows

2

Deepens exposure to water treatment solutions in Singapore, enhancing the strength and resilience of KIT's portfolio

3

High quality and energy-efficient asset

# Accretive Acquisition Securing Long Term and Stable Cash Flows

## FY 2023 *pro forma* Distribution per Unit (DPU) to increase by 0.4%[1]

**Long term and stable cash flows which enhances KIT's cash flow visibility**

- ✓ Water Purchase Agreement ("WPA") with PUB, Singapore's national water agency
- ✓ **Long term concession** until 2045 ensures **visibility of contributions**
- ➢ KIT benefits from **stable cash flow** backed by **AAA-rated Singapore sovereign credit**[6]

**Operational stability ensured with existing O&M operator**

- ✓ Existing O&M operator MEWOM **continues to be responsible** for overall day-to-day operations, maintenance and repair of the plant
- ✓ O&M services to be provided until the expiry of the concession period, **ensuring operational stability** as KIT benefits **from proven water operations capabilities** of O&M operator

**Funds from Operations[1]**

▲ **3.6%**

From S$287.9m[2] in FY2023 to S$298.4m *pro forma* post Proposed Acquisition

**DPU (S$ cents)[1]**

▲ **0.4%**

From 3.86 cents[3] in FY2023 to 3.87 cents[4,5] *pro forma* post Proposed Acquisition

**Net Gearing[1]**

▲ **0.4pp**

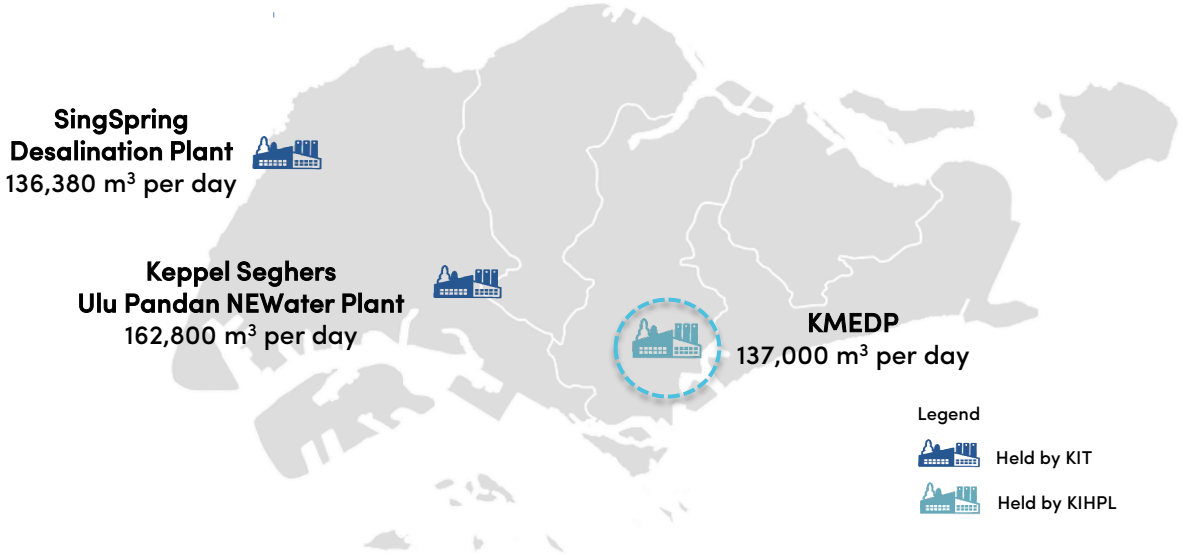
From 39.8% as at 31 Dec 2023 to 40.2% *pro forma* post Proposed Acquisition

1. Please refer to section 7 of the Circular on the assumptions used in the preparation of the *pro forma* financial effects of the Proposed Acquisition.
2. Excluding effects of the Ixom capital optimisation which was distributed as a special distribution to Unitholders.
3. Based on DPU declared for FY2023, excluding special distribution of 2.33 cents paid in Nov 2023.
4. Assuming all distributable income generated by MEW will be distributed to KIT. The *pro forma* DPU following the Proposed Acquisition set out herein should not be interpreted as being representative of the future DPU.
5. Assuming cash distribution received from MEW, net of corporate expenses, is fully distributed to Unitholders.
6. Singapore sovereign credit is rated AAA and Aaa by Standard & Poor's and Moody's, respectively.

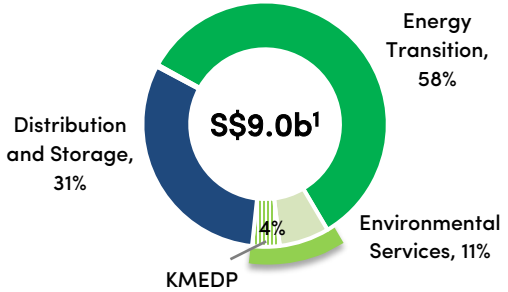
# Deepen Exposure to Water Treatment and Enhances Portfolio Resilience

## Allows KIT to continue to play a critical role in contributing to Singapore's water security

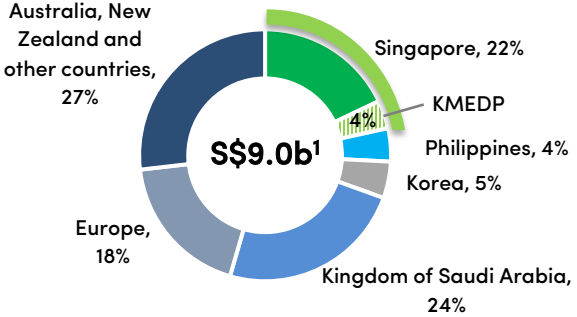
- Strategic addition of KMEDP deepens KIT's exposure to water treatment solutions in Singapore, enhancing the strength and resilience of its portfolio
- Upon Completion, KIT's AUM contribution from the Environmental Services segment increases to 11%, from 7% as at 30 Sep 2024, with AUM contribution from Singapore increasing to 22% from 19% as at 30 Sep 2024




### AUM by Business and Assets




### AUM by Geography




1. Based on Assets under Management (AUM) as at 30 Sep 2024. Please refer to 3Q 2024 Operational Updates presentation slides announced on 23 Oct 2024 for more information. Represents KIT's economic interest in the enterprise value of its investments plus cash held at the Trust.

# High Quality and Energy-Efficient Asset

## State of the art, innovative and award-winning facility with one of the most compact footprint

**Operational flexibility and optimised operational costs as a dual-mode desalination plant**

- ✓ Reservoir water treatment energy consumption only one-third that of seawater desalination

**Dissolved Air Flotation (DAF) pre-treatment process using fine air bubbles to separate and remove solid particles**

- ✓ 30% reduction in footprint

KMEDP

**Ultraviolet radiation as primary disinfection process**

- ✓ Eliminates need for dedicated chemical handling
- ✓ Smaller footprint compared to chlorine-treatment process

**Direct coupling of ultrafiltration and reverse osmosis process**

- ✓ Improved energy efficiency due to minimised pumping cycles
- ✓ Space savings due to efficient configuration

**Integrated stormwater management**

- ✓ Excess stormwater runoff from green roof collected in bioretention basins and rainwater harvesting ponds, preventing excessive rainfall from entering public drainage systems
- ✓ Collected water recycled in water features and used for irrigation

**Shared community space**

- ✓ Underground treatment facilities with ~20,000 sq m green rooftop space for community activity and recreation

# Thank You

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