



(Business Trust Registration Number 2007001)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

## ANNOUNCEMENT

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### PROPOSED ACQUISITION OF 100% OF IXOM

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#### 1. INTRODUCTION

Keppel Infrastructure Fund Management Pte. Ltd. ("**KIT Trustee-Manager**"), in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**"), is pleased to announce that KIT has today agreed to acquire 100% of the shares in Ixom HoldCo Pty Ltd ("**Ixom**"), for an enterprise value of AUD1,100 million (SGD1,097<sup>1</sup> million) from certain funds managed by Blackstone and certain management shareholders of Ixom ("**Sellers**") ("**Acquisition**").

#### 2. ABOUT IXOM GROUP

Ixom (together with its subsidiaries, "**Ixom Group**") is amongst the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals which are key to fundamental industries, as well as industrial and specialty chemicals. The Ixom Group manufactures and distributes water treatment chemicals such as liquefied chlorine, chlorine derivatives and caustic soda (chlor-alkali). The Ixom Group is the sole manufacturer of liquefied chlorine in Australia, as well as a leading provider of manufactured caustic soda. The Ixom Group is also one of the largest bulk and packaged chemical distribution businesses in Australia and New Zealand dealing in chemicals such as sulphuric and nitric acids. The chemicals manufactured and distributed by the Ixom Group are fundamental components used in a range of industries which have favourable demand outlooks, including water treatment, dairy and agriculture, mining, construction and nickel refining.

The audited net profit after tax and earnings before interest, taxes, depreciation and amortisation ("**EBITDA**") of the Ixom Group for the financial year ended 30 September 2017 were AUD51 million (SGD51 million) and AUD128 million (SGD128 million), respectively, and the unaudited net profit after tax and EBITDA of the Ixom Group for the nine-month period ended 30 June 2018 were AUD33 million (SGD33 million) and AUD93 million (SGD93 million), respectively.

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<sup>1</sup> Unless otherwise stated, all AUD:SGD exchange rates set out in this announcement are based on an exchange rate of AUD1:SGD0.9973 as at 14 November 2018.

### **3. RATIONALE FOR ACQUISITION**

#### **3.1 Unique Opportunity to Acquire a Strong and Stable Infrastructure Business**

The Ixom Group's business is supported by a large network of well-positioned infrastructure. Its assets and facilities, which include bulk liquid storage facilities and chlor-alkali manufacturing facilities, are located throughout key regions in Australia and New Zealand, with dedicated third party bulk tankers in select regions to support the import, manufacturing and distribution of water treatment chemicals which are key to fundamental industries and industrial and specialty chemicals.

The Ixom Group's business is underpinned by the scale and well-positioned locations of its business, assets, facilities and distribution network, which are in close proximity to key ports, airports and customers. The locations of the Ixom Group's business allow it to benefit from reliability of supply for its business, and to ensure that it is well-positioned to distribute its products to its customers.

#### **3.2 Strong Markets with Favourable Long-Term Industry Growth Trends**

The Ixom Group's business is driven by the provision of key chemicals for fundamental industries with favourable long-term industry growth trends. The chemicals manufactured and distributed by the Ixom Group include liquefied chlorine (which is used in the water treatment process), caustic soda (which is used in the "cleaning in place" process to remove fatty oils and protein solids in dairy products) and hydrochloric acid (which is used in the nickel refining process, involving leaching nickel from ore with hydrochloric acid) – these are chemicals that are fundamental and vital to the operations of customers in the market.

Supported by favourable industry fundamentals, such as continued urban population growth and forecasted increase in global demand for products produced using the chemicals manufactured and distributed by the Ixom Group (such as milk), the Ixom Group's business is well-positioned to capture these opportunities with the potential for long-term growth.

#### **3.3 Large and Diversified Customer Base**

The Ixom Group's business produces stable and resilient distributable cash flows – for the financial year ended 30 September 2017, approximately 80% of the Ixom Group's EBITDA was derived from infrastructure assets. Stable and resilient distributable cash flows are reinforced by the Ixom Group's position as one of the leading players in its chosen market and its large and diversified customer base comprising many blue-chip companies and municipalities.

The chemicals manufactured and distributed by the Ixom Group, being key chemicals to fundamental industries, leads to a general preference by its customers for local suppliers to benefit from reliable long-term contracts, certainty of supply and the provision of customised solutions by the Ixom Group. No single customer of the Ixom Group contributed more than 6% of the total revenue of the Ixom Group for the financial year ended 30 September 2018.

### 3.4 Strengthen KIT's Portfolio Mix and Overall Value Proposition

The Acquisition is a logical fit with KIT's long-term value proposition. The Ixom Group's business model is aligned with KIT's investment strategy to acquire industrial infrastructure assets that generate long-term stable cash flows with potential growth. The Ixom Group's value proposition extends KIT's capabilities into the water treatment chemicals sector in Australia and New Zealand.

The strategic addition of the Ixom Group to KIT's business will strengthen KIT's portfolio mix and overall value proposition and is a natural fit with KIT's existing portfolio. For example:

- (a) the Ixom Group's business in Australia and New Zealand has similar characteristics with KIT's City Gas portfolio in Singapore. Both businesses provide fundamental services to a diversified customer base comprising commercial, residential and industrial customers. The process by which such resources are manufactured is simple and generates stable cash flows, leading the Ixom Group and City Gas to be amongst the leading players in their respective industries and geographies; and
- (b) KIT's SingSpring Desalination Plant and Keppel Seghers Ulu Pandan NEWater Plant in Singapore share similar operational processes and product knowledge with the Ixom Group's business in Australia and New Zealand. All three businesses are involved in the water treatment value chain – the SingSpring Desalination Plant and Keppel Seghers Ulu Pandan NEWater Plant in Singapore utilise chlorine, sodium hypochlorite, caustic soda and hydrochloric acid in their water treatment process, which are the same chemicals the Ixom Group produces and distributes to its customers in Australia and New Zealand. As these businesses also share similar operational and safety procedures, the Acquisition serves as a natural extension of KIT's current operations.

## 4. ENTERPRISE VALUE AND PURCHASE PRICE

The enterprise value represents an EBITDA<sup>2</sup> multiple of 8.2 times for the financial year ended 30 September 2018. The purchase price for 100% of the shares in Ixom, AUD777 million (SGD775 million) ("**Purchase Price**"), is based on the consolidated balance sheet of the Ixom Group as at 31 July 2018 and is subject to customary adjustments and indemnities by the Sellers in respect of leakage of value of the Ixom Group between 31 July 2018 and the date of completion of the Acquisition ("**Completion**").

## 5. METHOD OF FINANCING

### 5.1 Financing

The KIT Trustee-Manager intends to fund the Acquisition initially through a bridge facility ("**Bridge Facility**") of up to SGD750 million (AUD752 million) and through a five-year senior secured debt funding of AUD532 million (SGD531 million) ("**Term Loan**"). The Term Loan will be used to repay an existing Ixom Group loan<sup>3</sup> of AUD432 million (SGD431 million) and

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<sup>2</sup> Based on Ixom's management's normalised EBITDA.

<sup>3</sup> Based on the consolidated balance sheet of the Ixom Group as at 31 July 2018.

the balance will be used to pay a portion of the Purchase Price.

Post-Acquisition, the KIT Trustee-Manager intends to repay the Bridge Facility with proceeds from an equity fund raising (“**Equity Fund Raising**”). The final decision regarding the proportion of debt and equity to be employed to fund the Acquisition will be made by the KIT Trustee-Manager at the appropriate time, taking into account the then prevailing market conditions and the interests of holders (“**Unitholders**”) of units in KIT (“**Units**”).

## 5.2 Equity Fund Raising

The structure and timing of the Equity Fund Raising have not been determined by the KIT Trustee-Manager. The Equity Fund Raising may, at the KIT Trustee-Manager’s discretion and subject to the then prevailing market conditions, comprise a combination of one or more of<sup>4</sup>:

- (a) a non-renounceable preferential offering of new Units to eligible existing Unitholders on a *pro rata* basis (“**Preferential Offering**”);
- (b) a renounceable rights issue of new Units to eligible existing Unitholders on a *pro rata* basis (“**Rights Issue**”); and
- (c) a Preferential Offering and a private placement of new Units to institutional and other investors (“**Placement**”),

and will be undertaken at an issue price to be subsequently determined by the KIT Trustee-Manager, in consultation with the joint bookrunners in relation to the Equity Fund Raising, so as to raise gross proceeds of up to an amount sufficient to repay the Bridge Facility ultimately drawn down. The KIT Trustee-Manager will determine the exact structure of the Equity Fund Raising closer to the launch of such offering, having regard to, among other things, market conditions at such time.

## 5.3 Undertaking by Keppel Infrastructure Holdings Pte. Ltd.

As at the date hereof, Keppel Infrastructure Holdings Pte. Ltd. (“**KIHPL**”)<sup>5</sup> holds approximately 18.2% of all the Units<sup>6</sup>. KIHPL intends to subscribe for its *pro rata* entitlement under the Preferential Offering and/or the Rights Issue, as the case may be. If and to the extent a Placement is undertaken, KIHPL intends to take part in the Placement so as to maintain its unitholding of approximately 18.2% in KIT after the Equity Fund Raising, subject to compliance with the applicable rules in the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual (“**Listing Manual**”).

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<sup>4</sup> In no order of preference.

<sup>5</sup> KIHPL is a wholly-owned subsidiary of Keppel Corporation Limited.

<sup>6</sup> This percentage is computed based on the total number of Units of 3,858.3 million Units as at the date hereof.

## 6. FINANCIAL EFFECTS

Purely for illustrative purposes only, the *pro forma* financial effects of the Acquisition and the Equity Fund Raising on KIT and its subsidiaries (“KIT Group”) are set out in the tables below.

### Actual and *pro forma* as at and for the nine-month period ended 30 September 2018 (“3Q 2018”)

	Actual as at and for 3Q 2018	<i>Pro forma</i> as at and for 3Q 2018 - Acquisition and Equity Fund Raising	
		Preferential Offering and Placement (“Scenario A”)	Rights Issue (“Scenario B”)
Number of Units in issue (million)	3,858.3	5,249.9	5,865.4
Net asset value (“NAV”) of KIT Group per Unit (SG Cents)	27.9	30.7	27.5
Annualised distribution per Unit (“DPU”) <sup>7</sup> (SG Cents)	3.72	3.72	3.45
Annualised DPU yield <sup>7</sup> (%)	8.1 <sup>8</sup>	8.7 <sup>9</sup>	8.6 <sup>10</sup>
Annualised funds from operations <sup>11</sup> (“FFO”) of KIT Group (SGD million)	157	218	218
Annualised FFO of KIT Group per Unit (SG Cents)	4.08	4.15	3.71
Gearing <sup>12</sup> of KIT Group (%)	40.2	41.0	41.0

### Actual and *pro forma* as at and for the financial year ended 31 December 2017 (“FY 2017”)

	Actual as at and FY 2017	<i>Pro forma</i> as at and for FY 2017 – Acquisition and Equity Fund Raising	
		Scenario A	Scenario B
Number of Units in issue (million)	3,857.4	5,249.0	5,864.5
NAV of KIT Group per Unit (SG Cents)	29.9	32.4	29.0
DPU <sup>7</sup> (SG Cents)	3.72	3.72	3.45

<sup>7</sup> The DPU and DPU yield set out herein should not be interpreted as being representative of the future DPU or DPU yield.

<sup>8</sup> Calculated based on an illustrative price of SGD0.46 per Unit, being the Unit price immediately prior to the trading halt on 15 November 2018.

<sup>9</sup> Calculated based on an illustrative issue price of SGD0.43 per Unit.

<sup>10</sup> Calculated based on an illustrative theoretical ex-rights price of SGD0.40 per Unit and an illustrative issue price of SGD0.30 per Unit.

<sup>11</sup> FFO means profit after tax adjusted for reduction in concession or lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interest adjustments.

<sup>12</sup> Gearing means net debt of the KIT Group divided by the total assets of the KIT Group.

DPU yield <sup>7</sup> (%)	8.1 <sup>8</sup>	8.7 <sup>9</sup>	8.6 <sup>10</sup>
FFO of KIT Group (SGD million)	178	244	244
FFO of KIT Group per Unit (SG Cents)	4.61	4.65	4.16
Gearing of KIT Group (%)	39.9	40.6	40.6

**Schedule 1** hereto sets out the bases and assumptions on which the *pro forma* financial effects of the Acquisition and the Equity Fund Raising have been prepared.

## 7. SHARE SALE AGREEMENT

### 7.1 Structure

KIT has incorporated an Australian company, IX Infrastructure Pty Ltd (“**KIT Purchaser**”)<sup>13</sup> for the purposes of entering into a share sale agreement (“**SSA**”) with the Sellers. The Acquisition will be effected by the KIT Purchaser through a purchase of all the outstanding shares in Ixom.

The KIT Trustee-Manager has agreed to guarantee and indemnify the performance by the KIT Purchaser of its obligations under or in connection with the SSA, and the default or delay by the KIT Purchaser of such obligations, in favour of the Sellers.

### 7.2 Conditions to Completion

Completion is estimated to take place in or about the first quarter of 2019 or on such other date as may be agreed between the KIT Purchaser and the Sellers, and is conditional on the following conditions (“**Conditions**”) being satisfied before 18 April 2019 (“**Cut Off Date**”):

- (a) the approval of the Australian Foreign Investment Review Board for the Acquisition;
- (b) the approval of the New Zealand Overseas Investment Office for the Acquisition; and
- (c) the approval of the Unitholders for (i) the Acquisition and (ii) subject to the Acquisition having been approved, the Equity Fund Raising (“**Unitholders’ Approval**”) in each case by way of ordinary resolution.

Further, the KIT Purchaser may terminate the SSA if, on or before 31 March 2019, a material adverse change which is not capable of being remedied or, if capable of being remedied, has not been remedied to the reasonable satisfaction of the KIT Purchaser on or before 31 March 2019, has occurred.

### 7.3 Terms

The SSA contains customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion covenants regarding the operation of the

<sup>13</sup> The KIT Purchaser is 100% owned by IX Holdings Pte. Ltd., a newly-incorporated Singapore company which is 100% owned by Citylink Investments Pte. Ltd. In turn, Citylink Investments Pte. Ltd. is 100% owned by KIT.

business, limitations of the Sellers' liabilities and other commercial terms.

In connection with the Acquisition, the KIT Purchaser and Ixom have purchased insurance policies under which they may seek to recover certain losses from the relevant insurers. Such policies cover losses arising from breaches of warranties and indemnities given by the Sellers and certain environmental liabilities of the Ixom Group, subject to certain limitations and exclusions.

## 8. MATERIAL TRANSACTION

The relative figures<sup>14</sup> for the Acquisition under Rules 1006(b) and 1006(c) of the Listing Manual are as follows:

	Acquisition (SGD million)	KIT Group (SGD million)	Percentage (%)
<b>Rule 1006(b)</b> FFO attributable to the Ixom Group compared with the FFO of the KIT Group, in each case, for the nine-month period ended 30 September 2018 <sup>15</sup>	50	118	42.4
<b>Rule 1006(c)</b> The Purchase Price compared with KIT's market capitalisation as at immediately prior to the trading halt on 15 November 2018	775	1,775	43.7

As the relative figures for the Acquisition under Rules 1006(b) and Rules 1006(c) of the Listing Manual exceed 20%, the Acquisition is classified as a "major transaction" under Chapter 10 of the Listing Manual and, accordingly, is subject to the approval of Unitholders at an extraordinary general meeting of KIT to be convened.

## 9. RECOMMENDATION, VOTING INTENTION AND STATEMENT OF SUPPORT

The board of directors of the KIT Trustee-Manager ("**KIT Directors**") recommends that Unitholders vote in favour of the Acquisition and the Equity Fund Raising ("**KIT Board Recommendation**") and each KIT Director intends to vote, or cause to be voted, all the Units in which he or she owns or controls as at the relevant voting record date in relation to the relevant meeting of Unitholders in favour of the Acquisition and the Equity Fund Raising ("**KIT Director Voting Intention**").

<sup>14</sup> The relative figure under Rule 1006(d) of the Listing Manual in relation to the number of Units issued by KIT as consideration for the Acquisition, compared with the number of Units previously in issue, is not applicable to the Acquisition as the Purchase Price will be paid entirely in cash.

<sup>15</sup> The SGX-ST has ruled that KIT is permitted to use FFO as the base for the calculation of the relative figure in Rule 1006(b) of the Listing Manual, on the basis of KIT's submissions that FFO of the KIT Group is more reflective (than net profits) of the underlying business performance of the KIT Group.

KIHPL, as an approximately 18.2% Unitholder, is supportive of the Acquisition (“**KIHPL Statement of Support**”) and KIHPL intends to vote, or cause to be voted, all the Units in which it owns or controls as at the relevant voting record date in relation to the relevant meeting of Unitholders in favour of the Acquisition and the Equity Fund Raising (“**KIHPL Voting Intention**”).

## 10. PERFORMANCE BOND

### 10.1 Payment of Performance Bond

The KIT Purchaser has agreed to pay to the Sellers an amount equivalent to AUD50 million (SGD50 million) (“**Performance Bond**”) within 15 business days after:

- (a)
  - (i) the issue of a circular to Unitholders in relation to the Unitholders’ Approval which does not contain the KIT Board Recommendation, the KIT Director Voting Intention, the KIHPL Statement of Support and the KIHPL Voting Intention;
  - (ii)
    - (x) any KIT Director or KIHPL withdraws, changes or modifies the KIT Board Recommendation, a KIT Director Voting Intention, the KIHPL Voting Intention or the KIHPL Statement of Support, as the case may be; or
    - (y) the KIT Trustee-Manager, any KIT Director or KIHPL (or its subsidiary or a director of KIHPL or its subsidiary) makes a public statement which is contrary to the KIT Board Recommendation, a KIT Director Voting Intention, the KIHPL Voting Intention or the KIHPL Statement of Support, as the case may be; or
  - (iii) a KIT Director or KIHPL does not vote, or cause to be voted, all the Units which he, she or it owns or controls as at the relevant voting record date in relation to the relevant meeting of Unitholders in favour of the Unitholders’ Approval;
- (b) the SSA is terminated pursuant to the Conditions not having been satisfied, or having become incapable of being satisfied, by the Cut Off Date, in circumstances where there has been a breach by the KIT Purchaser or the KIT Trustee-Manager, as the case may be, of its obligation to satisfy the Conditions (including to use all reasonable endeavours to ensure that the Conditions are satisfied as expeditiously as possible) and such breach has resulted in the failure of a Condition to be satisfied or being incapable of satisfaction; or
- (c) if Completion has not occurred by the fifth business day after the Cut Off Date, other than in circumstances where:
  - (i) the SSA has been validly terminated as a result of the Conditions not having been satisfied, or having become incapable of being satisfied, by the Cut Off Date;
  - (ii) the SSA has been validly terminated as a result of a material adverse change



as described above; or

- (iii) there has been a breach by the Sellers of the SSA and such breach has resulted in Completion not occurring by the fifth business day after the Cut Off Date.

## **10.2 Payment Conditions**

The Performance Bond shall not be payable or, if paid, shall be refunded to the KIT Purchaser or deducted from the Purchase Price:

- (a) in the case of **paragraph 10.1(a)**, if the Unitholders' Approval is obtained; and
- (b) in the case of **paragraphs 10.1(b) and (c)**, if Completion takes place.

## **11. OTHER INFORMATION**

### **11.1 Circular**

Further details on the Acquisition and the Equity Fund Raising will be set out in a circular to be issued to Unitholders in due course, together with a notice of the extraordinary general meeting that the KIT Trustee-Manager proposes to convene for the purpose of seeking the Unitholders' Approval.

### **11.2 Directors' Service Contracts**

No person is proposed to be appointed as a director of the KIT Trustee-Manager in connection with the Acquisition or any other transactions contemplated in relation to the Acquisition.

### **11.3 Interests of Directors and Controlling Unitholders**

As at the date of this announcement and based on information available to the KIT Trustee-Manager as at the date of this announcement, save for the unitholding interests in KIT held by certain directors of the KIT Trustee-Manager and by the controlling Unitholders, none of the directors of the KIT Trustee-Manager or the controlling Unitholders has an interest, direct or indirect, in the Acquisition.

### **11.4 Document for Inspection**

A copy of the SSA is available for inspection during normal business hours at the registered office of the KIT Trustee-Manager (prior appointment with the KIT Trustee-Manager will be required) at 1 Harbour Front Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this announcement up to and including the date falling three months from the date of this announcement.

**BY ORDER OF THE BOARD**  
**KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.**  
**(Company Registration Number: 200803959H)**  
**As Trustee-Manager of Keppel Infrastructure Trust**

Winnie Mak / Joyce Ng  
Company Secretaries  
15 November 2018

**IMPORTANT NOTICE**

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the KIT Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the KIT Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of KIT is not necessarily indicative of the future performance of KIT. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the KIT Trustee-Manager's current view on future events.

**Schedule 1**  
**Bases and Assumptions of *Pro Forma* Financial Effects**

**Bases and Assumptions**

The *pro forma* financial effects analysis of the Acquisition and the Equity Fund Raising presented above have been prepared based on the following key bases and assumptions:

- the *pro forma* financial effects analysis has been prepared based on:
  - (in relation to the *pro forma* financial effects for 3Q 2018) the unaudited consolidated financial statements of the KIT Group for and as at the nine-month period ended 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) the audited consolidated financial statements of the KIT Group for and as at the financial year ended 31 December 2017; and
  - (in relation to the *pro forma* financial effects for 3Q 2018) the unaudited consolidated financial statements of the Ixom Group for and as at the nine-month period ended 30 June 2018 and (in relation to the *pro forma* financial effects for FY 2017) the audited consolidated financial statements of the Ixom Group for and as at the financial year ended 30 September 2017;
- the *pro forma* financial effects analysis has been prepared without taking into account the differences in the generally accepted accounting standards of Singapore and Australia under which the financial statements of the KIT Group and the Ixom Group, respectively, have been prepared, as well as for the differences in the accounting policies used in the preparation of such financial statements;
- assuming insofar as:
  - the NAV of the KIT Group per Unit and gearing of the KIT Group are concerned, that the Acquisition and the Equity Fund Raising had been completed as at (in relation to the *pro forma* financial effects for 3Q 2018) 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) 31 December 2017; and
  - the DPU, FFO of the KIT Group and DPU yield are concerned, that the Acquisition and the Equity Fund Raising had been completed with effect from (in relation to the *pro forma* financial effects for 3Q 2018) 1 January 2018 and (in relation to the *pro forma* financial effects for FY 2017) 1 January 2017;
- the Purchase Price will be funded and paid out of:
  - an up to SGD750 million (AUD752 million) 364-day floating rate Bridge Facility at an “all-in” finance cost of approximately 2.3% per annum, which will be repaid using the net proceeds from the Equity Fund Raising; and
  - an approximately AUD532 million (SGD531 million) floating rate Term Loan taken by the KIT Purchaser and secured on the assets of the Ixom Group, at an “all-in” finance cost ranging from 4.3% to 5.4% per annum, of which:

- a part of such Term Loan will be used to repay an existing Ixom Group loan of AUD432 million<sup>16</sup> (SGD431 million) and secured on the assets of the Ixom Group as at the date hereof; and
  - the balance will be used to pay the Purchase Price;
- with respect to the Equity Fund Raising<sup>17</sup>:
  - in Scenario A, the Preferential Offering and the Placement will be undertaken at an illustrative issue price of SGD0.43 per Unit so as to raise gross proceeds of approximately SGD600 million (AUD602 million) to repay the Bridge Facility; and
  - in Scenario B, the Rights Issue will be undertaken at an illustrative theoretical ex-rights price of SGD0.40 per Unit and an illustrative issue price of SGD0.30 per Unit so as to raise gross proceeds of approximately SGD600 million (AUD602 million) to repay the Bridge Facility;
- in relation to the DPU, FFO of the KIT Group and DPU yield, after adjusting for certain one-off acquisition-related capital expenditure and certain capital expenditure incurred in relation to upgrades of the Ixom Group's systems;
- in relation to the DPU, FFO of the KIT Group and DPU yield, and with respect to the gross proceeds to be raised pursuant to the Equity Fund Raising, excluding transaction costs and upfront fees of AUD52 million (SGD52 million), of which SGD11 million (AUD11 million) comprises a management fee payable to the KIT Trustee-Manager in connection with the Acquisition; and
- the allocation of the Purchase Price between the identifiable assets of the Ixom Group and goodwill of the Ixom Group will be carried out after the Completion.

### **Illustrative Purposes Only**

The *pro forma* financial effects analysis of the Acquisition and the Equity Fund Raising is prepared for illustrative purposes only to show:

- what the NAV of the KIT Group per Unit and gearing of the KIT Group as at (in relation to the *pro forma* financial effects for 3Q 2018) 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) 31 December 2017 would have been if the Acquisition and the Equity Fund Raising had been completed as at (in relation to the *pro forma* financial effects for 3Q 2018) 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) 31 December 2017, respectively; and

<sup>16</sup> Based on the consolidated balance sheet of the Ixom Group as at 31 July 2018.

<sup>17</sup> Neither Scenario A nor Scenario B is necessarily the method by which the Equity Fund Raising will be undertaken. The KIT Trustee-Manager will, in implementing the Equity Fund Raising, consider such other combinations of a Preferential Offering, Rights Issue and Placement, as may be applicable, in light of market conditions and the interests of Unitholders.

- what the DPU, FFO of the KIT Group and DPU yield for (in relation to the *pro forma* financial effects for 3Q 2018) the nine-month period ended 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) the financial year ended 31 December 2017 would have been if the Acquisition and the Equity Fund Raising had been completed with effect from (in relation to the *pro forma* financial effects for 3Q 2018) 1 January 2018 and (in relation to the *pro forma* financial effects for FY 2017) 1 January 2017, respectively.

The *pro forma* financial effects analysis may not, because of its nature, give a true picture of what the amount of the NAV of the KIT Group per Unit, DPU, FFO of the KIT Group, gearing of the KIT Group and DPU yield (in relation to the *pro forma* financial effects for 3Q 2018) as at and for the nine-month period ended 30 September 2018 and (in relation to the *pro forma* financial effects for FY 2017) as at and for the financial year ended 31 December 2017 might have been if the Acquisition and the Equity Fund Raising had actually been completed (in relation to the *pro forma* financial effects for 3Q 2018) as at 30 September 2018 or with effect from 1 January 2018 and (in relation to the *pro forma* financial effects for FY 2017) as at 31 December 2017 or with effect from 1 January 2017, as the case may be.