



Proposed Acquisition of Philippine Tank Storage International (Holdings) Inc.

8 December 2020

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Overview of Proposed Acquisition





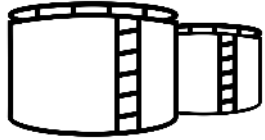
Acquisition Summary

Transaction Overview	<ul style="list-style-type: none">• Proposed acquisition of 80% of share capital in Philippine Tank Storage International (Holdings) Inc. (PTSI), which owns subsidiary Philippine Coastal Storage & Pipeline Corporation (PCSPC)• Metro Pacific Investments Corporation (MPIC), will acquire the remaining 20% stake¹• PCSPC is the largest petroleum products import storage facility in the Philippines
Purchase Consideration and Proposed Financing	<ul style="list-style-type: none">• ~US\$267.0m (~S\$357.6m²) (for KIT's 80% stake), subject to adjustments after completion• To be funded via (i) existing cash, (ii) a two-year bridge facility at KIT, and (iii) part of the proceeds from a six-year non-recourse loan at PTSI
Expected Completion	<ul style="list-style-type: none">• By January 2021

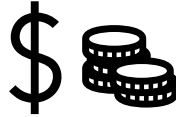
1. KIT is also in discussions with MPIC on a proposed grant of a call option, which will allow MPIC's subsidiary to have a right to purchase up to 30% of PTSI.

More details of the call option will be provided upon the execution of any definitive agreement.

2. Unless otherwise stated, an illustrative exchange rate of US\$1.000: S\$1.3391 is used for all conversions from US Dollar amounts into Singapore Dollar amounts in this announcement.



Storage Capacity
6 million barrels
by early-2021



2019 EBITDA
~\$40 million¹



2014-2019 EBITDA CAGR
5.8%



USD-denominated
“take-or-pay” Contracts
No exposure to petroleum
price and volume risk



Products Stored

- Diesel • Gasoline
- Jet Fuel • Biodiesel
- Ethanol



Blue Chip Customers

- Government Agency
- Oil & Gas Conglomerates
- Multinational Corporations
- Domestic Gasoline Retailers

1. Based on 100% interest

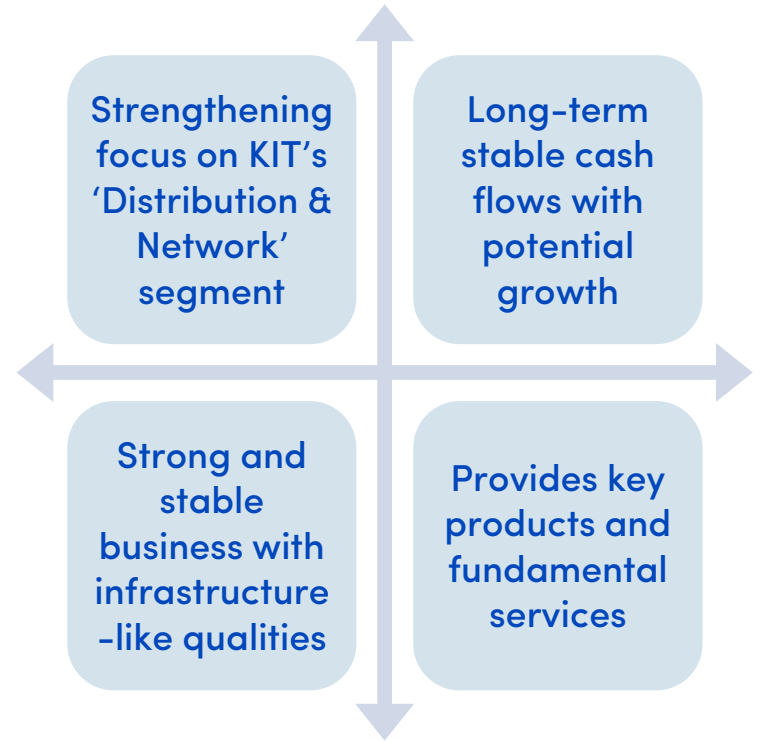
Key Merits



Highly defensive sector with quality infrastructure-like attributes

- 1 PCSPC is the largest petroleum products import storage facility in the Philippines
- 2 Strategically located in the Subic Bay Freeport Zone and an essential service provider
- 3 Strong competitive advantage and leading market position
- 4 Sticky blue chip customer base with USD-denominated “take-or-pay” contracts
- 5 Long-term demand supported by sustained economic growth and healthy demand dynamics

Strategically aligned with KIT's investment focus

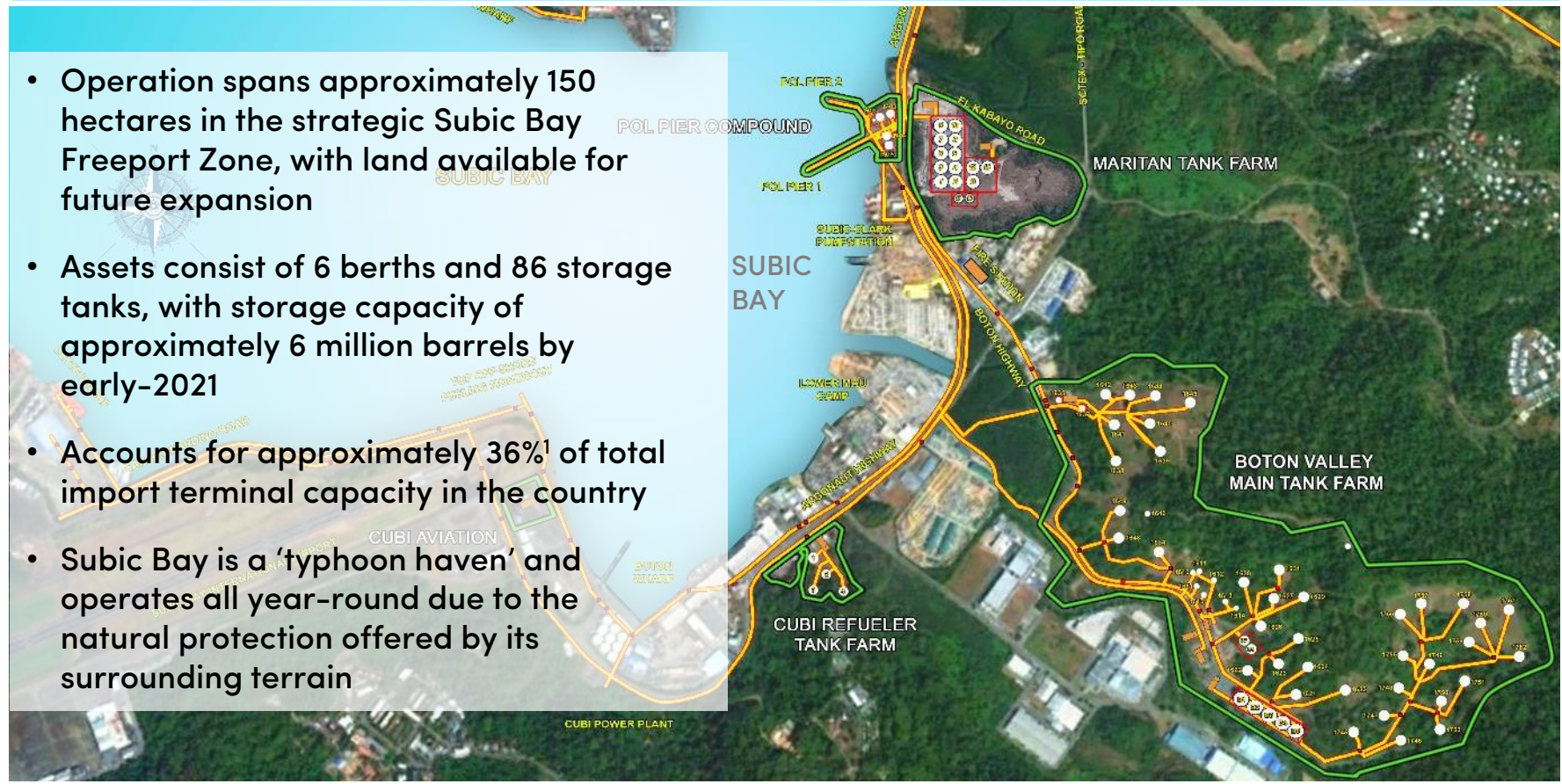


Investment Merits



1 Largest Petroleum Products Storage Facility in the Philippines

- Operation spans approximately 150 hectares in the strategic Subic Bay Freeport Zone, with land available for future expansion
- Assets consist of 6 berths and 86 storage tanks, with storage capacity of approximately 6 million barrels by early-2021
- Accounts for approximately 36%¹ of total import terminal capacity in the country
- Subic Bay is a 'typhoon haven' and operates all year-round due to the natural protection offered by its surrounding terrain



1. Source: IHS Markit



- Strategically located at the Subic Bay Freeport Zone that is easily accessible by major oil refiners located in North and Southeast Asia via specialised vessels
- Well connected to major demand areas of the Luzon region. Metro Manila, Central and North Luzon account for over 50%¹ of the country's petroleum product demand, particularly for jet fuel, kerosene and gasoline
- Petroleum products are a key component in multiple industries that support the Philippines' economic growth
- Maintained high levels of operational readiness during various levels of lockdowns in the Philippines to contain the COVID-19 pandemic – no disruption to operations to date

3 Sustainable Competitive Advantage

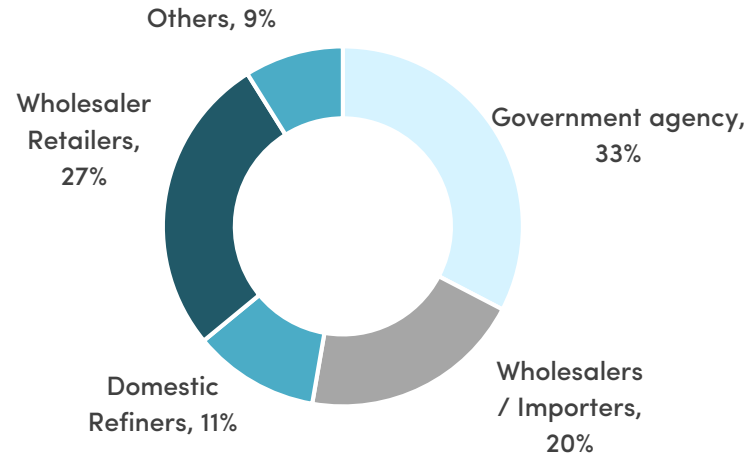


- Storage terminal with the largest capacity and highest number of coastal berths in the Philippines that can accommodate medium-ranged vessels servicing the Asian region
- Strategic locational advantages in the Subic Bay Freeport Zone, including:
 - (1) protection from typhoons,
 - (2) tax incentives, as well as
 - (3) proximity to Manila and greater Luzon region
- Scarcity of suitable waterfront land with deep drafts to build competitive new terminals in the Philippines



4 Sticky Blue Chip Customer Base with “Take-or-Pay” Contracts

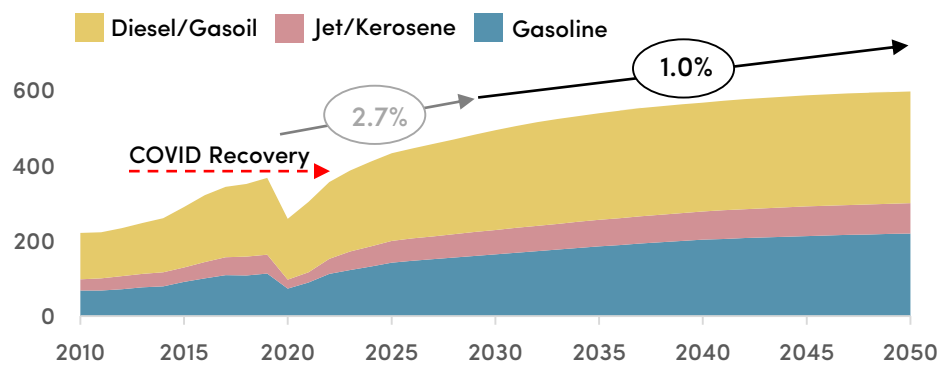
By Customer Type (% as at Oct 2020 contracted storage)



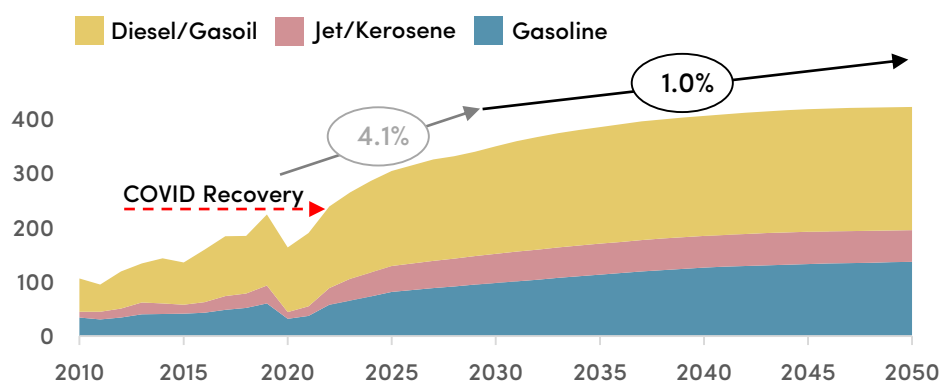
- Large majority are industrial customers or government agencies with “take-or-pay” contracts; significantly mitigates exposure to petroleum price and volume risk
- Strong customer relationships built on robust operational capabilities and consistent delivery of services
- Key to supply chains of customers; essential storage service required by customers to be able to supply and distribute in the local market
- Potential to realise higher renewal rates upon expiry of contracts

5 Strong Long-Term Demand for Clean Petroleum Products

Demand of Key Clean Petroleum Products (2010-50, MB/d)



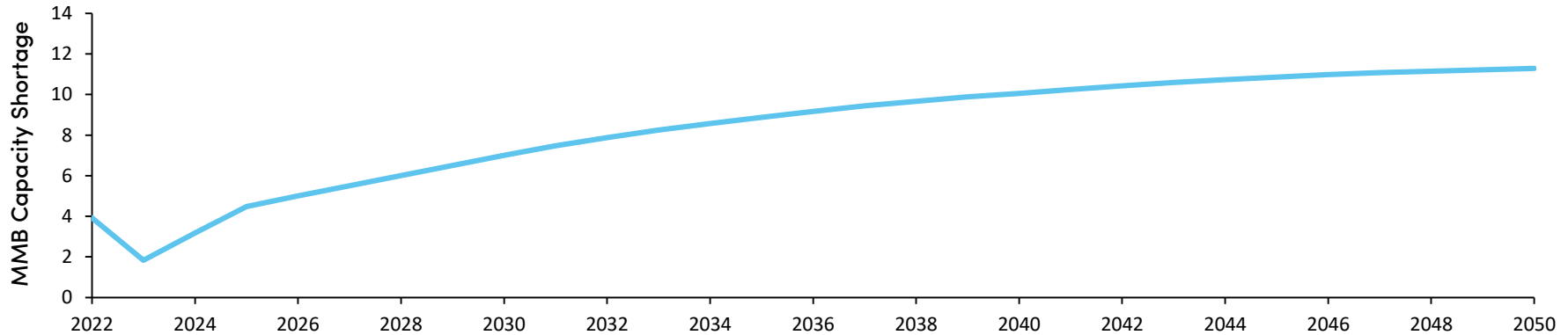
Imports of Key Clean Petroleum Products (2010-50, MB/d)



- Demand for clean petroleum products is projected to increase by 2.7% p.a. from 2019 to 2030 and 1.0% p.a. from 2030 to 2050
- Imported clean petroleum products are projected to increase by higher rates of 4.1% p.a. from 2019 to 2030 and 1.0% p.a. from 2030 to 2050
- Driven by economic growth and higher usage of petroleum products for transportation and aviation
- Closure of Shell Tabangao Refinery is expected to drive import of key petroleum products

Source: IHS Markit

Significant storage capacity shortfall in the long-term will drive additional import terminal capacity requirements

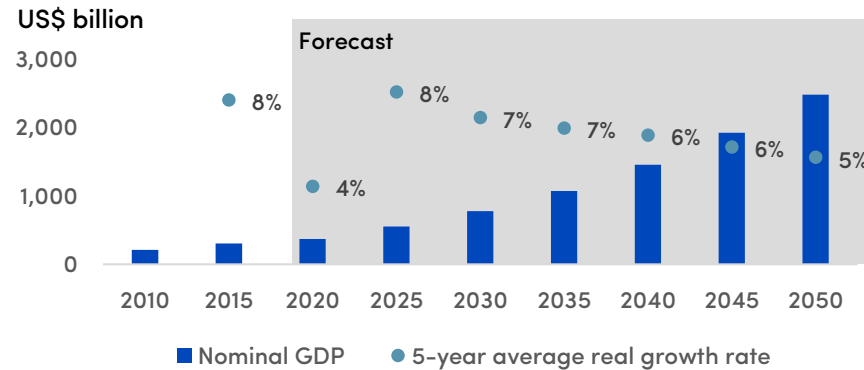


- Closure of Shell Tabangao refinery will require more petroleum products to be imported
- Projected increase in demand for imported petroleum products is expected to drive demand for additional storage capacity. Approximately 7 million barrels of capacity shortfall is expected by 2030 and approximately 11 million barrels by 2050
- PCSPC has future expansion plans in place to capture this projected shortfall in capacity, supporting its long-term growth potential

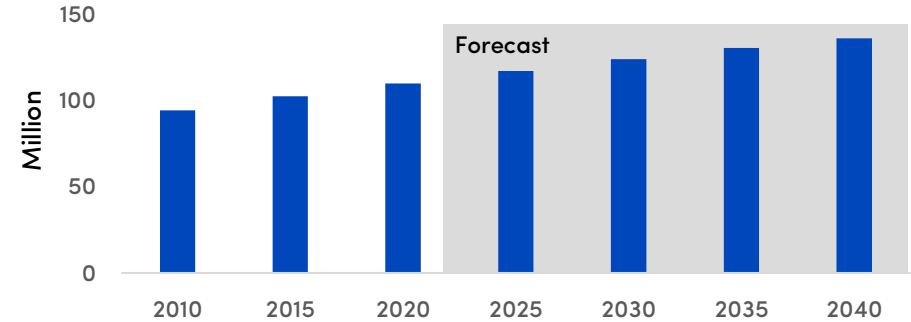
5 Strong Economic Growth in the Philippines



Philippine GDP Growth Projection



Philippine Population Forecast



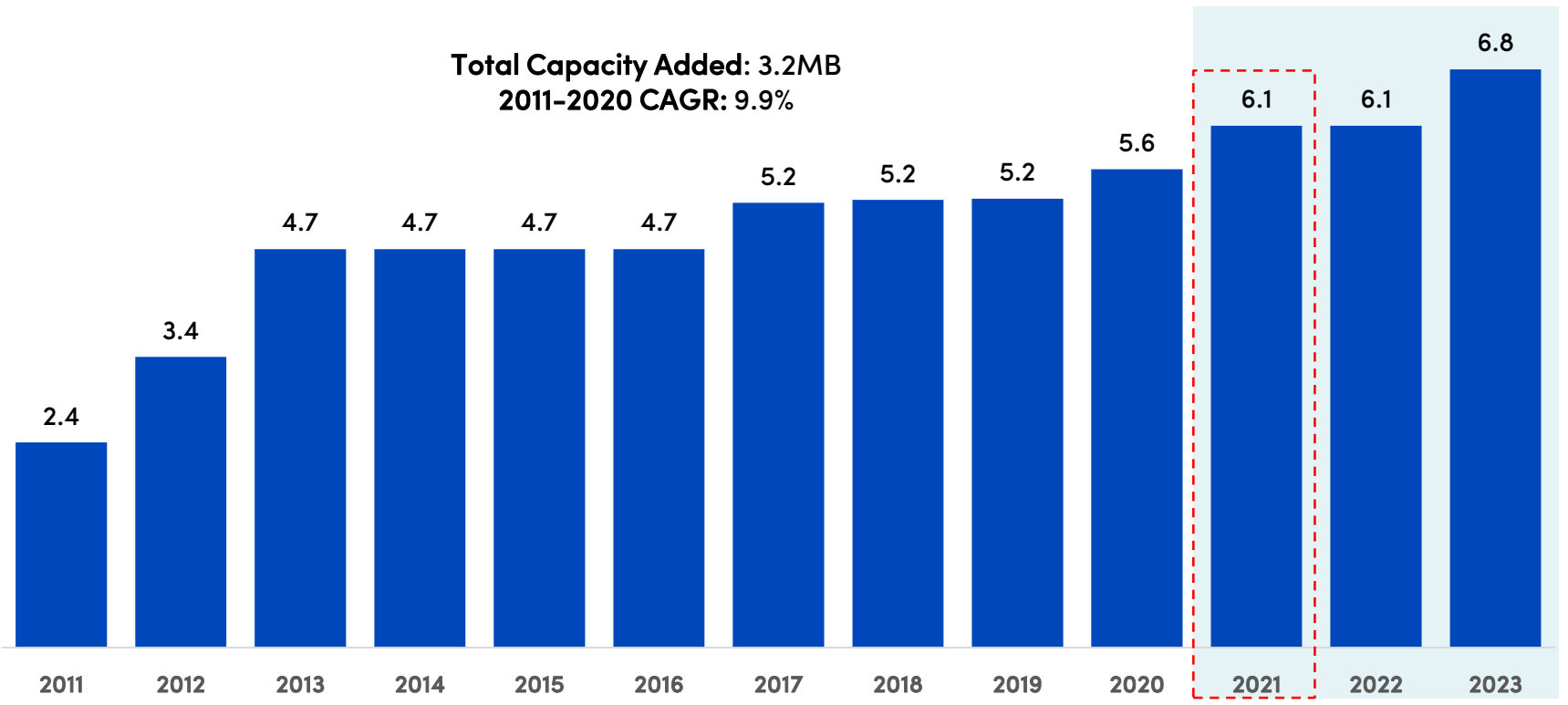
- Long-term demand for petroleum products is driven by strong economic growth in the Philippines, as well as increasing vehicle ownership and air travel as the population grows and income levels rise
 - Being the third largest economy in Southeast Asia since 2017, the Philippines is projected to become the second largest economy by 2030; GDP increased by 5.7% CAGR over the last 10 years
 - Increasing international and domestic air travel due to tourism and geography of the Philippines; decline in air travel due to COVID-19 is temporary, with air travel expected to recover

5 Future Capacity Growth to Support Projected Strong Demand

Capacity additions (MMB)

Forecast

Total Capacity Added: 3.2MB
2011-2020 CAGR: 9.9%



Includes the Maritan Phase 3 Expansion which is expected to be completed by early-2021

Financial Overview



Strengthens Sustainability of Cash Flows



The strategic addition of PCSPC is in line with KIT's growth agenda to **diversify and strengthen the Trust's cash flows** to support long-term sustainable distributions



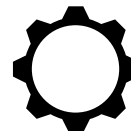
Pro forma
Group Operational Cash Flow
\$133.2m¹
from \$126.3m for 1H 2020



Pro forma
Group Operational Cash Flow from non-Concession Businesses²
57%
from 54% for 1H 2020



Pro forma
Assets Under Management
\$5.7b³
from \$5.0b as at 30 Jun 2020



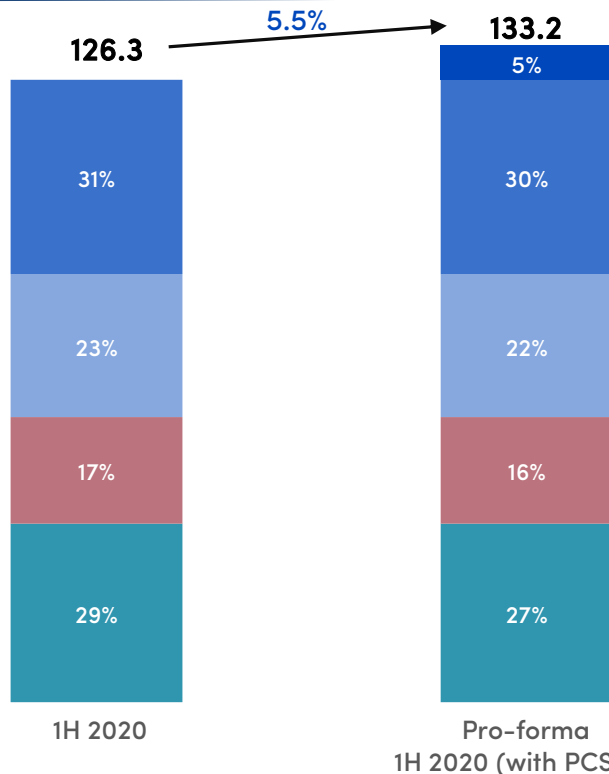
Pro forma
Gearing
38.0%
from 32.8% as at 31 Dec 2019

1. Estimated by adding the pro forma PCSPC 1H 2020 FFO to KIT's 1H 2020 Group Operating Cash Flow
2. Non-Concession Businesses include businesses in the Distribution & Network Segment, comprising City Gas, Ixom and PCSPC
3. The assets of PCSPC was computed based on its latest audited financial statements for the financial year ended 31 December 2019

Strengthens Sustainability of Cash Flows (cont'd)

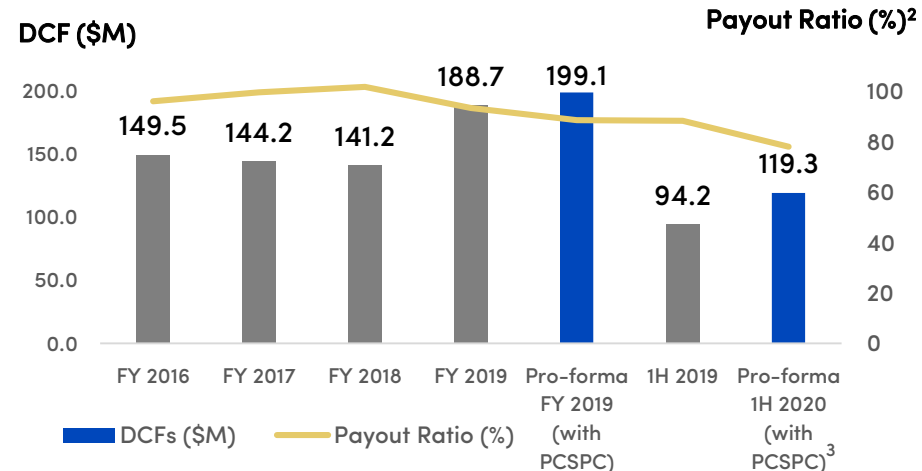


Operational Cash Flows (\$m)¹

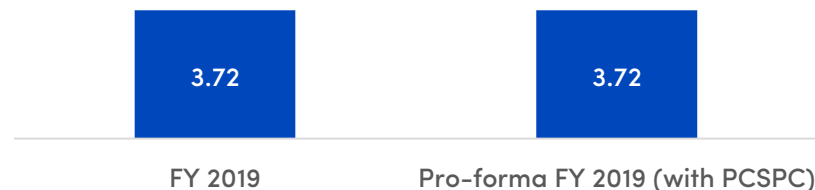


■ Waste & Water ■ Energy ■ DC One ■ City Gas ■ Ixom ■ PCSPC

Distributable Cash Flows (DCFs)



Stable Distribution per Unit

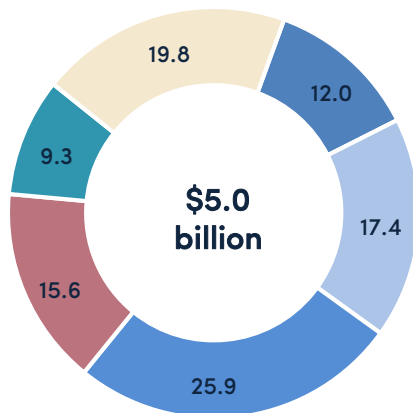


1. Excludes Trust expenses and distribution paid/payable to perpetual securities holders, management fees and financing costs. Refer to slide 24 for the full breakdown of KIT Group's distributable cash flows
2. Pro forma payout ratio is calculated assuming the acquisition is funded by existing cash and new debt to be issued
3. Excludes DC One, which was divested Oct 2019



By Businesses and Assets (%)

As at 30 June 2020

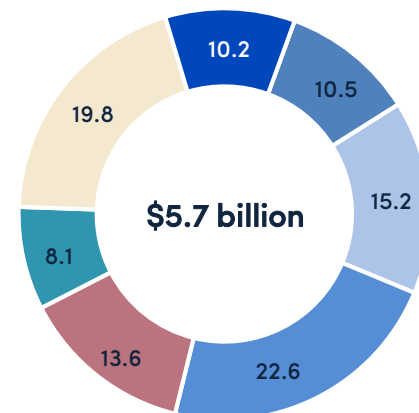


- City Gas
- Basslink
- Ixom
- KMC
- Waste & Water
- Trust assets and non-controlling interest



By Businesses and Assets (with PCSPC¹) (%)

Post-Acquisition



- City Gas
- Basslink
- Ixom
- KMC
- Waste & Water
- Trust assets and non-controlling interest
- PCSPC

1. The assets of PCSPC was computed based on its latest audited financial statements for the financial year ended 31 December 2019

Thank You

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Additional Information



Pro-forma Distributable Cash Flows



	Pro-forma 1H 2020 (with PCSPC) S\$'000	1H 2020 S\$'000	+ / (-) %
Distribution & Network	75,398	68,437	10.2
City Gas	29,011	29,011	-
Ixom	39,426	39,426	-
PCSPC	6,961	-	N/M
Energy	21,607	21,607	-
Waste & Water	36,219	36,219	-
Others¹	(13,954)	(12,945)	(7.8)
Distributable Cash Flows	119,270	113,318	5.3

1. Comprises Trust expenses and distribution paid/payable to perpetual securities holders, management fees and financing costs