(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))

SIAS-Keppel Infrastructure Trust Dialogue Session on the Proposed Acquisition of an Additional 39% Interest in Keppel Merlimau Cogen held on 8 June 2026, 12.00 p.m.

Transcript of the Question & Answer Session

KN: Kevin Neo, Chief Executive Officer, Keppel Infrastructure Fund Management Pte. Ltd. (KIFM)
RB: Raymond Bay, Chief Financial Officer, KIFM
JD: Tan Jun Da, Director, Portfolio Management, KIFM
DG: David Gerald, President and Chief Executive Officer, SIAS

DG: Given the inherent conflict structure in an interested person transaction, how does the Board assure Unitholders that the negotiation process was sufficiently independent and robust? Why should minority Unitholders have confidence that the process achieved the best reasonably obtainable terms for Keppel Infrastructure Trust (KIT)? What roles, if any, did the Independent Directors play in the negotiation?

KN: The Board has implemented a Directors' Conflict of Interest Policy to guide Directors in identifying, disclosing and managing situations of actual or potential conflicts, as well as situations which may be perceived to be conflicts of interest.

Five out of Six Directors are deemed independent and they participated in the deliberation of the transaction including engaging in robust discussions with the Independent Financial Adviser (IFA) and independent valuer on their opinion and assumptions respectively, reviewing the proposed terms of the transaction as negotiated and presented by Management to the Board and verifying the circular which included the independent Directors' recommendation to Unitholders that the transaction is in the best interests of Unitholders and not prejudicial to minority Unitholders.

While the negotiations were mainly conducted by Management and not the Directors, the Directors were directly involved in the evaluation and approval processes as mentioned.

DG: What is the current valuation of KIT's existing 51% stake in Keppel Merlimau Cogen (KMC) based on KIT's own books, and how does this compare with the valuation implied by the proposed transaction?

KN: There are three valuation parameters that we would like to clarify: first, the historical book value of KMC that is recorded on KIT's books; second, the fair value of KIT's 51% interest in KMC; and third, the implied valuation of the proposed acquisition of an additional 39% interest.

KMC has been carried at historical depreciated cost in KIT's financial statements since 2015. However, we provide annual disclosure of the fair value of the KIT portfolio, which includes the fair value of KIT's 51% interest in KMC based on independent external valuation. As at 31 December 2025, the fair value of the 51% interest in KMC was higher than its book value. The valuation implied by the proposed transaction is lower, mainly because the indicated equity value is on a non-controlling interest basis, and it is not uncommon for non-controlling interest to be at a lower value.

DG: Could the independent directors elaborate on how they independently assessed the reasonableness of the valuation assumptions underpinning the discounted cash flow model, particularly assumptions relating to licence renewal beyond 31 December 2032, a tax rate assumption of zero, discount rates as low as 6.25%, and long-term capital expenditure requirements?

KN: The Audit and Risk Committee (ARC) and the Independent Directors of the Board undertook a thorough and independent review of the valuation jointly with the support of the independent valuer and the IFA. The focus was on assessing if the key assumptions were reasonable and supportable in the context of the asset. These included the key assumptions such as the license renewal of the Electricity Licence (having considered the asset's strategic importance to Singapore's power system, strong operating track record and industry practice whereby KMC will seek to renew, closer to the date of expiry), tax rates (reviewed against regulations such as the Qualifying Project Debt Securities framework), discount rates (benchmarked against comparable infrastructure assets and comparable transactions) and capital expenditures whereby the projections incorporate independent technical assessments performed to determine the accuracy, validity and sufficiency of the capex until the asset's end of life.

DG: What was the process used to identify the independent valuer?

KN: The Trustee-Manager assessed reputable firms for the appointment of the independent valuer and IFA. Deloitte, being one of the 'Big Four' accounting firms, was selected after internal checks to confirm that they were not conflicted prior to the engagement as the independent valuer for this transaction, and PPCF was selected as the IFA due to their proven capabilities in the industry.

DG: What is the latest update on any second order impact of renewed inflation? How much would KIT be affected should inflation continues to trend upwards and eventually triggering a recession?

KN: The overall impact on the KIT portfolio remains limited. While we continue to closely monitor second-order effects from renewed inflation and geopolitical developments, we have not observed any material impact on KIT's portfolio to date.

For KMC, its tolling agreement with Keppel Electric ensures that KIT receives stable cash flows so long as the plant remains operationally available and does not bear a substantial portion of the operations and maintenance (O&M) costs and growth capex. This significantly mitigates exposure to inflationary-driven costs and was demonstrated during COVID-19 when KMC's performance stayed resilient.

DG: What is Management's priority in 2027? Will KIT increase its dividend payout?

KN: We aim to work the existing portfolio harder to generate more sustainable income for Unitholders over time. In addition, we are looking to make disciplined new investments that will further strengthen our portfolio's resilience, as well as contribute to stronger Distributable Income for KIT. We aim to maintain a stable and sustainable Distribution Per Unit. Our current trading yield of about 7.4% remains attractive.

DG: What were the main criteria used for the acquisition and divestment of PCSPC?

KN: Our acquisition strategy is to invest in essential infrastructure assets and resilient businesses with stable, long-term cash flows, as part of disciplined capital allocation to recycle capital. KMC fits well into this strategy, and moreover we are very familiar with this asset, having owned 51% interest in the asset since 2015. KMC provides stable cashflows across economic cycles. Transactions must also be accretive for KIT and its Unitholders and we also assess an investment's internal rate of return benchmarked against its risk profile, to ensure the price we pay is fair and appropriate.

DG: Would you consider a rights issue to fund this transaction?

KN: The Proposed Acquisition will be funded by internal sources of funds and/or debt, and there are no plans to raise equity for this transaction. We have sufficient debt headroom to fund this transaction and look to redeploy the remaining divestment proceeds from PCSPC and from the partial sale of our stake in Ventura.

DG: When would the hydrogen capability of KMC be realised? Would it contribute to additional earnings or is it merely a substitute for gas generation capability?

KN: The hydrogen capability at KMC is part of our longer-term strategy to decarbonise and future-proof the asset. Four of KMC's turbines are now hydrogen-ready.

This provides the flexibility to blend hydrogen with natural gas when hydrogen becomes commercially available in Singapore. The current tolling agreement is based on plant availability, so there is no revenue upside from hydrogen capability. However, this investment enhances the long-term value and relevance of the asset.

DG: Considering the recent attacks against the Gulf states by Iran, how risky is the Aramco Gas Pipelines Company (AGPC)? In the event that the pipeline is damaged, would it be a total loss of earnings from AGPC?

KN: KIT owns a minority interest in Aramco, which owns the sole gas pipeline network in Saudi Arabia. To date, operations are ongoing and the pipeline has not been damaged by the conflict. The pipeline is used solely for domestic consumption within Saudi Arabia and therefore not impacted by the situation in the Strait of Hormuz.

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