

Media Release

Keppel Infrastructure Trust and Philippine partner to acquire Philippine Coastal Storage & Pipeline Corporation

- Acquisition of the largest petroleum products import storage facility in the Philippines
- A quality infrastructure business that will strengthen KIT's portfolio

Singapore, 8 December 2020 – Keppel Infrastructure Fund Management Pte Ltd (KIFM), as the Trustee-Manager of Keppel Infrastructure Trust (KIT), is pleased to announce that KIT and Metro Pacific Investments Corporation (MPIC) have today entered into a conditional sale and purchase agreement with Philippine Investment Alliance for Infrastructure (PINAI)¹, a fund, to acquire 100% interest of Philippine Tank Storage International (Holdings) Inc. (PTSI) which owns Philippine Coastal Storage & Pipeline Corporation (PCSPC), the largest petroleum products import storage facility in the Philippines.

Upon completion of the proposed acquisition, it is intended that KIT will indirectly hold 80% of the shares in PTSI and MPIC will indirectly hold 20% of the shares in PTSI. The purchase consideration payable by KIT will be in proportion to its respective shareholding in PTSI and is estimated to be US\$267.0 million (approximately S\$357.6 million), subject to adjustments after the completion of the proposed acquisition.

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.

Mr Matthew Pollard, CEO of KIFM, said, "The strategic acquisition of PCSPC will allow KIT to diversify, grow and strengthen the resilience of KIT's distributable cash flow. As the largest petroleum products import storage facility in the Philippines, where demand for petroleum products is expected to grow, PCSPC presents an attractive opportunity for KIT to capture opportunities arising from the strong macroeconomic outlook as well as robust growth fundamentals for imported petroleum products in the Philippines."

A strong, reliable and resilient asset

PCSPC is the largest petroleum products import storage facility in the Philippines, which comprises three tank farms and one marine terminal area, with a combined land size of approximately 150 hectares. Strategically located in the Subic Bay Freeport Zone, PCSPC is well placed to capture demand from Metro Manila, as well as Central and North Luzon, which account for more than half of oil product demand in the Philippines.

The Subic Bay Freeport Zone is a tax-friendly zone that is easily accessible by major oil refiners located in North and Southeast Asia via specialised vessels. The surrounding area has deep draft

¹ The PINAI comprises Government Service Insurance System, Langoer Investments Holding B.V. and Macquarie Infrastructure Holdings (Philippines) Pte. Limited.

levels that is conducive to facilitate berthing of specialised vessels. The Subic Bay Freeport Zone is also naturally sheltered from typhoons, which provides PCSPC's clients with year-round access.

When PCSPC completes a conversion in early 2021, it will have 86 storage tanks with a storage capacity of approximately 6 million barrels, which will account for approximately 36%² of the total import terminal storage capacity in the country.

In addition, the PCSPC serves a stable base of blue-chip customers, which include a government agency, oil & gas conglomerates, multinational corporations and domestic gasoline retailers. A large majority of customers are on "take-or-pay" contracts, which significantly reduces PCSPC exposure to petroleum price and volume risks.

As an essential service provider, PCSPC continued to operate throughout the various levels of lockdown in the Philippines, with no major operational disruptions to date.

Being the third largest economy in Southeast Asia since 2017, the Philippines is projected to be the second largest economy in Southeast Asia by 2030 and is projected to grow 6.5% from 2020 to 2021³. Sustained economic growth and healthy demand dynamics will support the long-term demand for various fuel products across multiple industries in the Philippines.

In addition, the Philippines is an attractive tourist destination in Southeast Asia, with travel and tourism accounting for 12.7% of GDP in 2019⁴. When the demand for international and domestic air travel improves, demand for imported petroleum products is expected to increase, thereby driving the demand for additional import storage capacity.

Mr Pollard added, "PCSPC's strong fundamental attributes are highly defensive, given its strategic location and leading market position. In addition, it provides essential services to creditworthy customers in a market that exhibits strong growth prospects. The addition of PCSPC to our portfolio will strengthen the Trust's ability to provide long-term sustainable distributions to our unitholders."

The proposed acquisition is expected to be completed by January 2021 and KIFM intends to fund the purchase consideration payable by KIT via existing cash and debt. Upon completion of the acquisition, KIT's enlarged portfolio will grow from S\$5.0⁵ billion to S\$5.7 billion. The proposed acquisition will also diversify KIT's portfolio with exposure to the distribution and network segment and reduce the portfolio's concentration of concession assets through the addition of a resilient business with potential for long-term growth.

Please refer to KIT's SGXNET announcement for more details.

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² Excluding storage capacities within refineries which are captive.

³ IHS Markit

⁴ <https://psa.gov.ph/tourism/satellite-accounts/id/162606>

⁵ As at 30 June 2020

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About Keppel Infrastructure Trust

Keppel Infrastructure Trust (KIT) is a listed business trust that provides investors with the opportunity to invest in a large and well-diversified portfolio of core infrastructure assets located in jurisdictions with well-developed legal frameworks that support infrastructure investment. The Trust aims to provide long-term, regular and sustainable distributions to its Unitholders.

Keppel Infrastructure Holdings Pte. Ltd., a wholly-owned subsidiary of Keppel Corporation Limited, is the Sponsor of KIT.

The Trustee-Manager of KIT is Keppel Infrastructure Fund Management Pte Ltd (KIFM), which is a wholly-owned subsidiary of Keppel Capital, a premier asset manager in Asia with assets under management of approximately S\$33 billion in real estate, infrastructure and data centre properties in key global markets as at December 2019.

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, KIFM 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 KIFM 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 KIFM's current view on future events.