



(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

PROPOSED INVESTMENT IN ARAMCO GAS PIPELINES COMPANY

1. INTRODUCTION

Keppel Infrastructure Fund Management Pte. Ltd. (the "**KIT Trustee-Manager**"), acting in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**"), is pleased to announce that KIT (through a wholly-owned special purpose vehicle, Saturn1 Infrastructure Holdings Pte Ltd ("**KIT SPV**")) has today entered into a subscription agreement (the "**Subscription Agreement**"), a limited partnership agreement and related documentation to invest in a limited partnership (the "**Investment SPV**" and the investment, the "**Investment**") for the purposes of investing in the gas pipelines business of Saudi Arabian Oil Company ("**Aramco**"). In this regard, investors including BlackRock Real Assets ("**BlackRock**") and Hassana Investment Company (the investment arm of the General Organisation for Social Insurance of the Kingdom of Saudi Arabia) ("**Hassana**"), have formed a special purpose vehicle, GreenSaif Pipelines Bidco S.à.r.l. ("**BidCo**"), which has entered into a conditional share sale and purchase agreement (the "**SPA**") with Aramco (the "**Seller**") for the purchase of 49% of the share capital of Aramco Gas Pipelines Company (the "**Target**" and the purchase, the "**Acquisition**"). Aramco will retain 51% of the shares in the Target. As part of the Acquisition, BlackRock, KIT and certain other investors will be investing in the Target through the Investment SPV.

The sale by Aramco of 49% of the share capital of the Target for a value of USD15.5 billion (the "**Total Purchase Price**") represents one of the largest energy infrastructure deals globally to date. Following the completion of the Investment and completion of the Acquisition ("**Completion**"), it is contemplated that KIT will indirectly hold a minority and non-controlling interest in the Target. See paragraph 4.1 of this announcement for further details on the structure of the Acquisition.

The Investment constitutes a disclosable transaction under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**").

2. THE TARGET

The Target is a newly formed subsidiary of Aramco, which is one of the world's largest integrated energy and chemicals companies.

Immediately prior to the completion of the Acquisition, Aramco will lease for a 20-year period the usage rights in its gas pipeline network to the Target. Concurrently, the Target will grant back to Aramco the exclusive right to use, transport through, operate and maintain the gas pipeline network during the 20-year period in exchange for a quarterly volume-based tariff payable by Aramco, which will be backed by minimum volume commitment. Aramco will at all times retain legal title to, and sole operational control of, the gas pipeline network and will be responsible for all operating expenditure and capital expenditure associated with the gas pipeline network. The transaction will not impose any restrictions on Aramco's production volumes.

Following the completion of the Acquisition (which is subject to satisfaction of certain customary closing conditions, including any required merger control and related approvals), Aramco will hold 51% of the share capital of the Target, with the remaining 49% of the share capital of the Target indirectly held by certain other investors including KIT through the Investment SPV.

As the Target is a newly formed entity, there are no financial statements available for the Target for the last three years.

The anticipated asset book value of the Target at Completion will be USD31.6 billion (SGD42.7¹ billion).

3. RATIONALE FOR THE ACQUISITION²

3.1. Invest in a strong and growing business backed by favourable gas demand dynamics

Saudi Arabia is one of the world's largest economies and has a strong credit profile (rated A1 / A- / A by Moody's, S&P and Fitch respectively). Supported by Saudi Arabia's Vision 2030 which aims to bolster the Kingdom's fiscal position and diversify its economy, the Kingdom has demonstrated strong macroeconomic growth in recent years with real gross domestic product having increased at a compound annual growth rate ("**CAGR**") of 3.2% from 2010 to 2019³. Saudi Arabia has also seen continued

¹ Unless otherwise stated, an illustrative exchange rate of US\$1.00:S\$1.35 is used for all conversions from US Dollar amounts into Singapore Dollar amounts in this announcement.

² The statements made in this section in relation to Aramco are made as of the date of this announcement.

³ Source: IMF World Economic Outlook October 2021 Database.

improvements to its investment climate and stability, being ranked amongst the top 10 globally in terms of business climate improvement⁴.

Gas demand in the Kingdom, which is primarily driven by domestic consumption, is expected to increase at a CAGR of 3.7% from 2021 to 2030⁵, supported by strong macroeconomic growth and favourable governmental policies including Saudi Arabia's reform strategies such as the National Transformation Program and Vision 2030 to diversify and grow the economy. Demand for natural gas is expected to be driven by growth in demand for power generation, and from the industrial and refining sectors⁶. The government has also put in place initiatives such as the Liquids Displacement Programme to displace liquid fuels across utilities, industrial, and agriculture sectors, which is expected to further drive demand for domestic gas.

3.2. Top-tier counterparty with strong operational track record

The structure benefits from the reliability of Aramco as its counterparty. Aramco is one of the largest listed companies globally, with a market cap of approximately USD2.0 trillion as at 7 February 2022. It is an integrated energy and chemicals company operating across the entire oil and gas value chain. Aramco is also one of the highest rated energy companies globally with an A1 and A rating by Moody's and Fitch, respectively.

The KIT Trustee-Manager believes the assets have historically been managed by Aramco under stringent, world-class engineering and maintenance standards. Through the lease and leaseback structure and given the strategic importance of the gas pipeline network, the KIT Trustee-Manager believes Aramco will continue to manage the assets with high operating standards and maintain strong performance.

3.3. Strongly contracted nature of investment with downside protection

The Acquisition is expected to provide long-term, predictable cash flows to KIT given the 20-year lease and leaseback arrangement.

Aramco will provide minimum volume commitment throughout the lease period, which the KIT Trustee-Manager believes will provide downside revenue protection to BidCo and, ultimately, the investors.

⁴ Source: World Bank Group's Doing Business 2020 Report.

⁵ Source: Aramco's 2020 Bond Prospectus (16 November 2020).

⁶ Source: Aramco's 2020 Bond Prospectus (16 November 2020).

In addition, with Aramco retaining legal title to, and sole operational control and responsibility of the gas pipeline network post the Acquisition, there is no operating cost and capital expenditure cost exposure for BidCo, and ultimately, the investors.

The KIT Trustee-Manager also believes that the governance framework of the Acquisition and Investment is robust and provides BidCo and the investors with adequate contractual protection in line with precedent transactions in the region.

3.4. Supports the transition of the Saudi economy towards a more sustainable energy future

The proposed transaction holds positive Environmental, Social and Governance features, supporting the transition of the Saudi economy towards a more sustainable energy future, with gas expected to play a key role in this transition. It is also aligned with Aramco and Saudi Arabia's net zero objectives by 2050⁷ and 2060⁸, respectively. In particular, Aramco is fully committed to sustainable practices and is an industry leader in reducing greenhouse gas emissions.

3.5. Enhances resiliency of KIT's portfolio

The Investment will enhance KIT's income diversification, as well as provide greater stability in the long term. Upon Completion, KIT's total assets under management is expected to grow from SGD4.5 billion to approximately SGD4.6⁹ billion, with no single asset contributing more than 28.1% (a decrease from 28.9%) and no single geography contributing more than 60.1% (a decrease from 66.4%) on a pro forma basis.

The Investment is also in line with the KIT Trustee-Manager's investment and business strategy of acquiring and investing in good quality core and core plus infrastructure businesses that generate long-term stable cash flows with potential for growth.

4. THE ACQUISITION

4.1. Structure

In connection with the Acquisition, it is intended that KIT will acquire an indirect minority and non-controlling interest in the Target, by way of an investment in the Investment SPV. KIT has entered into the Subscription Agreement, limited partnership

⁷ Source: Aramco.

⁸ Source: Saudi Green Initiative Press Release.

⁹ The proforma figure is computed based on assets under management as at 31 December 2021 that excludes Basslink which is in voluntary administration, and assuming that the Estimated KIT Purchase Consideration is fully funded by existing cash and external debt.

agreement and related documentation in relation to the Investment in the Investment SPV.

4.2. Consideration

The Total Purchase Price (i.e. USD15.5 billion) will be payable by BidCo in cash on the date of completion of the Acquisition. The portion that is payable by KIT shall be in accordance with its indirect shareholding interests in the Target as at the date of completion of the Acquisition, and taking into account the leverage applied for the Acquisition. Accordingly, the estimated aggregate amount payable by KIT is USD250 million (SGD337.5 million) (the "**Estimated KIT Purchase Consideration**").

The Total Purchase Price was arrived at following a highly-competitive, global auction which was driven by the quality of Aramco as a counterparty and operator and the strategic nature of the underlying assets for the Kingdom of Saudi Arabia.

4.3. Conditions to Completion

Completion of the Acquisition is conditional on, *inter alia*, the receipt of certain regulatory approvals.

4.4. Terms

The SPA contains customary provisions relating to the Acquisition, including representations and warranties and pre-completion covenants regarding the Target, limitations of the Sellers' liabilities and other commercial terms.

5. METHOD OF FINANCING

The KIT Trustee-Manager intends to fund the Estimated KIT Purchase Consideration with internal sources of funds and existing debt facilities, including a two-year bridge facility ("**Loan Facility**") taken up by KIT.

Post-Acquisition, the KIT Trustee-Manager will evaluate different funding options to repay the Loan Facility, which may include proceeds from equity and/or debt capital market issuances at the appropriate time, taking into account the then prevailing market conditions and the interests of holders of units in KIT ("**Unitholders**"), including to support overall distributable income per unit accretion.

6. FINANCIAL EFFECTS

6.1. Assumptions

The pro forma financial effects of the Investment presented below are strictly for illustration purposes and do not reflect the actual financial position of the KIT and its subsidiaries (the "**KIT Group**") following Completion. They have been prepared based on the latest announced financial statements of KIT for the financial year ended 31 December 2021, taking into account the Estimated KIT Purchase Consideration and estimated acquisition expenses as well as the assumption that the Investment is fully funded by existing cash and external debt.

6.2. Pro Forma Net Profits

The pro forma financial effects of the Investment on net profits are not available or meaningful for the following reasons: (a) there are no historical financial statements of the Investment SPV and Target, as each of the Investment SPV and the Target is a newly formed company, (b) pro-forma historical financial information relating to the gas pipeline network is not available, and (c) historical financial information relating to the gas pipeline network is not meaningful or comparable prior to and after Completion taking into consideration (i) that the lease and leaseback arrangement was only implemented immediately prior to Completion, (ii) that such historical financial information includes operating expenses and capital expenditure that would not be applicable post-Completion, and (iii) the different capital structure pre and post Completion and that KIT is only holding an indirect minority and non-controlling interest in the Target through the KIT SPV.

6.3. Pro Forma NAV

The table below sets out the pro forma financial effects of the Investment on the NAV per unit in KIT as at 31 December 2021, as if the Investment was completed on 31 December 2021:

	Actual	Adjusted for the Investment
NAV per Unit (SG cents) ¹⁰	22.3	21.7 ¹¹

¹⁰ Excludes Basslink, which is in voluntary administration.

¹¹ The slight reduction in NAV per Unit is mainly due to the estimated acquisition expenses being charged to the income statement and the assumption that the Estimated KIT Purchase Consideration and estimated acquisition expenses are fully funded by existing cash and external debt.

6.4. Pro Forma Distributable Income per Unit¹²

The pro forma financial effects of the Investment on distributable income per Unit are not available or meaningful for the following reasons: (a) there are no historical financial statements of the Investment SPV and Target, as each of the Investment SPV and Target is a newly formed company, (b) pro-forma historical financial information relating to the gas pipeline network is not available, and (c) historical financial information relating to the gas pipeline network is not meaningful or comparable prior to and after Completion taking into consideration (i) that the lease and leaseback arrangement was only implemented immediately prior to Completion, (ii) that such historical financial information includes operating expenses and capital expenditure that would not be applicable post-Completion, and (iii) the different capital structure pre and post Completion and that KIT is only holding an indirect minority and non-controlling interest in the Target through the KIT SPV.

6.5. Pro Forma Gearing¹³

The table below sets out the pro forma financial effects of the Investment on the gearing of the Group for the financial year ended 31 December 2021, as if the Investment was completed on 31 December 2021:

	Actual	Adjusted for the Investment
Gearing (%)	20.3	27.7 ¹⁴

7. Other Information

7.1. Directors' Service Contracts

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

¹² Rule 1010(9) of the Listing Manual requires that the issuer disclose the effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year. The effect of the Investment on the distributable income per Unit is used instead as it is a more appropriate measure for a business trust.

¹³ Gearing means net debt of the KIT Group divided by the total assets of the KIT Group.

¹⁴ This figure is calculated on the assumption that the Estimated KIT Purchase Consideration is fully funded by existing cash and external debt.

7.2. Interests of Directors and Controlling Unitholders

As at the date of this announcement and to the best of the KIT Trustee-Manager's knowledge, 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 Investment.

7.3. Disclosure under Rule 1006 of the Listing Manual

The relative figures¹⁵ for the Acquisition under Rule 1006(c) of the Listing Manual are as follows:

	Acquisition (SGD million)	KIT Group (SGD million)	Percentage (%)
<u>Rule 1006(c)</u> Estimated KIT Purchase Consideration compared with KIT's market capitalisation as at 7 February 2022	337.5	2,720.2	12.4

As the relative figures for the Investment under Rule 1010 of the Listing Manual exceed 5% but do not exceed 20%, the Investment is classified as a "disclosable transaction" under Chapter 10 of the Listing Manual.

7.4. Document for Inspection

Copies of the Subscription Agreement are 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.

¹⁵ (a) In relation to the relative figure in Rule 1006(b) of the Listing Manual, SGX-ST has ruled that KIT is permitted to use funds from operation ("**FFO**") as the base for the calculation, 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. "**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. For this Investment, the relative figure under Rule 1006(b) of the Listing Manual is not applicable for the reasons set out in paragraph 6.2 of this announcement.

(b) 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 Investment, compared with the number of Units previously in issue, is not applicable to the Investment as the KIT Purchase Consideration will be paid entirely in cash.

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

Tan Wei Ming, Darren
Company Secretary
8 February 2022

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.

None of Aramco, the Target or any of their respective employees, agents or representatives shall have any liability whatsoever (in negligence or otherwise) for this announcement, statements made in the related oral presentation of these materials or any loss howsoever arising from any use of these materials or its contents, any related oral presentation or otherwise arising in connection with this announcement. This announcement has not been prepared by Aramco or any member of the Aramco group (including the Target) and none of such entities have verified any information contained herein. Investors may not rely on Aramco (including the Target) or any member of the Aramco group or any of its employees, agents or representatives in connection with this announcement or statements made in the related oral presentation of this announcement. Investors will have no recourse to Aramco, the Target or any of their respective affiliates in respect of the offering.