

Media Release

Keppel Infrastructure Trust to invest in Aramco Gas Pipelines Company

As part of a consortium, the Trust will invest in this world-class infrastructure business, which is expected to generate long-term stable cash flows with potential for growth.

Singapore, 8 February 2022 – Keppel Infrastructure Fund Management Pte Ltd (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT), has entered into a subscription agreement, a limited partnership agreement and related documentation to invest in Aramco Gas Pipelines Company, an entity with cash flows derived from the gas pipelines network of Saudi Arabian Oil Company (Aramco).

It is intended that KIT will invest US\$250 million, alongside investors including BlackRock Real Assets and Hassana Investment Company (the investment arm of the General Organization for Social Insurance of the Kingdom of Saudi Arabia), for an indirect minority and non-controlling stake into a special purpose vehicle (SPV), which has entered into a conditional share sale and purchase agreement with Aramco. The SPV will acquire a 49% stake in Aramco Gas Pipelines Company, which will lease usage rights in Aramco's gas pipeline network in Saudi Arabia for a 20-year period. Concurrently, Aramco Gas Pipelines Company 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, which will be backed by minimum volume commitments. Aramco will retain the legal title to, and the sole operational control of, the pipeline assets.

The acquisition is expected to provide long term, predictable cash flows to KIT through investing into a strong and growing business that is underpinned by one of the world's largest reserves of natural gas. Driven by domestic consumption, gas demand in Saudi Arabia is expected to increase at a CAGR of 3.7% from 2021 to 2030¹, primarily due to an increase in demand from the power generation and the refining and industrial sectors. Favorable governmental policies will also support the strong outlook for gas demand.

Aramco, the counterparty for the lease and leaseback transaction, is one of the largest listed companies globally, with a market capitalisation of approximately US\$2.0 trillion as at 7 February 2022.

Mr. Jopy Chiang, CEO of the Trustee-Manager, said, "As the world pivots towards a more sustainable energy future, gas is expected to continue to play a key role in the global energy transition. The strategic addition of this gas pipeline business will allow KIT to diversify its income base geographically, as well as provide greater stability in the long term by replenishing the portfolio through the addition of another resilient business.

¹ Source: Aramco's 2020 Bond Prospectus (16 November 2020).

“Given the strong fundamentals and the partnership with a top-tier counterparty with a world class operational record, the investment in Aramco Gas Pipelines Company is in line with the KIT’s strategy of acquiring and investing in good quality infrastructure businesses that generate long-term stable cash flows with potential for growth.”

Following the completion of the acquisition (which is subject to satisfaction of certain customary closing conditions, including any required merger control and related approvals), KIT’s total assets under management from S\$4.5 billion as at 31 December 2021, to approximately S\$4.6 billion.

The KIT Trustee-Manager intends to fund the acquisition with internal sources of funds and existing debt facilities, including a two-year bridge facility taken up by KIT.

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

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About Keppel Infrastructure Trust

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately S\$4.5 billion in assets under management. Its goal is to deliver sustainable and growing returns to Unitholders, through a combination of recurring distributions and capital growth.

KIT’s portfolio of strategic infrastructure businesses and assets provide essential products and services to a wide array of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers. Its assets are segmented into the three core sectors of Distribution & Network, Energy and Waste & Water.

Businesses and assets in the Distribution & Network segment provide essential products and services in the areas of gas production, manufacturing and distribution of essential chemicals, storage of petroleum products, as well as telecoms and electricity transmission. These businesses and assets are well-positioned to deliver resilient cash flows with potential for growth that is supported by favourable market dynamics and demand over the long term.

The Energy and Waste & Water segments comprise assets that are integral to the provision of power, waste treatment and water purification. The contract terms for these assets are backed by recurring fixed capacity or availability payments, providing KIT with stable cash flows.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management Pte. Ltd., a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager with a diversified portfolio in real estate, infrastructure, data centres and alternative assets in key global markets.

KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., which invests in, owns and operates competitive energy and infrastructure solutions and services.

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