



JOINT MEDIA RELEASE

Keppel and Keppel Infrastructure Trust propose to amend and extend Capacity Tolling Agreement and O&M contract for KMC Plant by 10 years

Singapore, 1 April 2024 – The Infrastructure Division of Keppel Ltd (Keppel) and Keppel Infrastructure Trust (KIT), through its Trustee-Manager, Keppel Infrastructure Fund Management Pte Ltd (KIFM), propose to enter into an agreement to amend and extend the Capacity Tolling Agreement (CTA) for the Keppel Merlimau Cogen (KMC) Plant by 10 years, from 2030 to 2040. KIT owns a 51% stake in KMC, with the other 49% being held by Keppel. The KMC Plant is a combined cycle gas turbine power plant, with a generation capacity of approximately 1,300 MW, situated on Jurong Island, Singapore.

The CTA, if amended and extended, is expected to generate up to \$1,080 million in long term capacity payments for KMC. This will provide a stable base of contracted cash flows to underpin a refinancing of KMC's existing loan facility, which will unlock value for both shareholders with the resumption of the asset's contributions to Keppel and KIT. In addition, the operations and maintenance (O&M) contract between KMC and Keppel's Infrastructure Division is also proposed to be amended and extended by another 10 years to 2044, which is worth up to about \$342.84 million¹. The extension of the CTA and the O&M contract would strategically position Keppel as one of the major power generators in the Singapore electricity market and would further augment its market position as a leading Singapore energy player.

The KMC Plant was the first independent power project to enter the Singapore electricity market since the implementation of the National Electricity Market of Singapore in January 2003. KMC Plant has been operational since 2007 with a strong track record of efficiency and reliability.

In 2022, KMC upgraded one of the Plant's turbine units which increased the unit's efficiency and extended its maintenance intervals. With this upgrade, KMC is estimated to abate up to approximately 50,000,000 kilowatt-hour equivalent of carbon emissions each year. With certain modifications, the KMC Plant will also be able to co-fire hydrogen blended with natural gas as feedstock and deliver lower carbon power to the grid in future. This ensures that KMC will be able to contribute to the progressive decarbonisation of Singapore's power sector.

Ms Janice Bong, Managing Director, Power and Renewables, of Keppel's Infrastructure Division, said, "We are pleased to build on our partnership with KIT through the proposed extension of KMC's CTA for another decade. KMC is a strategic component of Keppel's asset-light integrated power business, bolstering our ability to provide customers with stable and competitive power supply through our end-to-end value chain.

"As the co-owner and operator of KMC, Keppel has been continually working with KIT to upgrade and enhance the asset to be one of the most efficient power plants in Singapore. We will continue working with stakeholders to explore ways to future-proof KMC, including enhancements to reduce carbon emissions as well as prepare the plant to capture opportunities in the hydrogen economy. This seamless horizontal collaboration with KIT on KMC is a prime example of how

¹ To be adjusted annually based on Singapore Consumer Price Index.

Keppel creates value as a global asset manager and operator for our stakeholders, including investors, customers and the communities that we operate in.”

Mr Kevin Neo, CEO of KIFM, said, “With the proposed CTA extension, we will be able to prolong cash flows from the KMC Plant by another 10 years, which puts us in a strong position to restructure KMC’s loan facility towards resuming contributions sooner. Through the proposed extension of the O&M contract with Keppel, KIT can further tap Keppel’s deep operating capabilities to undertake strategic asset enhancements to the KMC Plant that will improve its emissions intensity and allow it to contribute to the decarbonisation of Singapore’s power sector.”

The proposed amendment and extension of the CTA, and the O&M contract are subject to approval from Keppel shareholders and KIT unitholders at their respective extraordinary general meetings. KIT unitholders should refer to the Circular to Unitholders dated 1 April 2024 issued by KIT which is available on SGXNet and on KIT’s website at <https://www.kepinfratrust.com/investor-information/agm-and-egm/>, and Keppel shareholders should refer to the Circular to Shareholders to be released by Keppel in due course and which will be made available on SGXNet and on Keppel’s website at <https://www.keppel.com/en/investors/agm-egm/>, for fuller details of the proposed amendment and extension of the CTA and O&M contract.

If the capital restructuring of KMC was effected on 1 January 2023, the pro forma effects on KIT’s distributable income and distribution per unit (DPU) will be:

	Pro Forma Effects for FY2023		
	Actual⁽²⁾	Adjusted for KMC Capital Restructuring	% Change
Distributable Income of the KIT Group (S\$ million)	217.8	241.6	10.9%
DPU of the KIT Group (cents)	3.86	4.28 ⁽²⁾	11.0%

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² Based on audited consolidated financial statements of the KIT Group for FY2023 and excludes effects of the capital optimisation at Ixom.

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About Keppel Ltd

Keppel Ltd. (SGX:BN4) is a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity. Headquartered in Singapore, Keppel operates in more than 20 countries worldwide, providing critical infrastructure and services for renewables, clean energy, decarbonisation, sustainable urban renewal and digital connectivity. Keppel creates value for investors and stakeholders through its quality investment platforms and diverse asset portfolios, including private funds and listed real estate and business trusts.

About Keppel Infrastructure Trust

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately S\$8.1 billion in assets under management as at 2 January 2024. 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.

KIT is managed by Keppel Infrastructure Fund Management Pte Ltd and is sponsored by Keppel, a global asset manager and operator with strong expertise in sustainability-related solutions spanning the areas of infrastructure, real estate and connectivity.

IMPORTANT NOTICE

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