



(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))

**RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM  
UNITHOLDERS FOR THE ANNUAL GENERAL MEETING AND EXTRAORDINARY  
GENERAL MEETING ON 19 APRIL 2022**

Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust (the “**Trustee-Manager**”), wishes to thank all unitholders of Keppel Infrastructure Trust (“**Unitholders**”) who have submitted their questions in advance of the Annual General Meeting and Extraordinary General Meeting to be held on 19 April 2022.

The Trustee-Manager’s responses to substantial and relevant questions received from Unitholders shall be published in this announcement. For Unitholders’ ease of reference and reading, the Trustee-Manager wishes to inform Unitholders that it had summarised and consolidated certain related and similar questions under relevant topic headings, and made editorial amendments to some of the questions to ensure that the meaning of each question is clear. For the avoidance of doubt, the editorial amendments do not change the meaning of the questions.

























Keppel Infrastructure Fund Management Pte. Ltd.  
(Company Registration No. 200803959H)  
(as trustee-manager of Keppel Infrastructure Trust)

Darren Tan  
Company Secretary  
14 April 2022

## **Important Notice**

The value of units in Keppel Infrastructure Trust (“**Units**”) and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the 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 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 Keppel Infrastructure Trust is not necessarily indicative of the future performance of Keppel Infrastructure Trust.

## ANNEX A - LIST OF SUBSTANTIAL AND RELEVANT QUESTIONS AND ANSWERS

Questions					
1.	<p><b>What are your acquisition plans for the year, and which sectors are you looking at?</b></p> <ul style="list-style-type: none"> <li>▪ The infrastructure landscape and opportunity set are evolving with an increasing shift towards low carbon economies. Hence, beyond the traditional asset classes that provide long-term, regulated and contracted cash flows, the Trustee-Manager is actively looking to expand into new sectors that support sustainable urbanisation, such as energy transition, environmental and renewable asset classes.</li> <li>▪ We also want to capitalise on the growth of the digital economy to invest in digital and communications assets such as telecom towers, fibre-to-home or network infrastructure.</li> <li>▪ We also want to capitalise on the growing landscape of socio-economic infrastructure, which is well supported by strong demographics and underlying GDP/inflation linkages in the business model. These are the key sectors that we have identified for growth:</li> </ul> <hr/> <p><b>KIT WILL FOCUS ON EVERGREEN, YIELD ACCRETIVE BUSINESSES AND ASSETS THAT WILL BENEFIT FROM SECULAR GROWTH TRENDS</b></p> <p><b>Key Asset Classes</b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Traditional asset classes with long-term utility-like contracted cash flows.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Utilities         </div> <div style="text-align: center;">  Transmission and Distribution         </div> </div> </td> <td style="width: 50%; vertical-align: top;"> <p>Asset classes that benefit from the low-carbon economy.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Energy Transition         </div> <div style="text-align: center;">  Environmental         </div> <div style="text-align: center;">  Renewables         </div> </div> </td> </tr> <tr> <td style="width: 50%; vertical-align: top;"> <p>Asset classes that support the digital economy.</p> <div style="text-align: center;">  Digital Communications         </div> </td> <td style="width: 50%; vertical-align: top;"> <p>Socio-economic infrastructure that furthers economic growth and enhances social wellbeing.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Transportation         </div> <div style="text-align: center;">  Social         </div> </div> </td> </tr> </table> <hr/> <ul style="list-style-type: none"> <li>▪ We have a strong acquisition pipeline across the asset classes above, many of which are in mature, developed economies with strong, established legal and regulatory frameworks. Many of these sectors are also among the key growth areas under Keppel’s Vision 2030. This will allow us to capitalise on the group’s wide network for proprietary deal flow and co-investment opportunities. We will also continue to actively pursue third party deals in the core and core plus infrastructure space, focusing on evergreen, yield accretive businesses and assets to grow and reposition the Trust and improve portfolio resiliency for the long term.</li> </ul>	<p>Traditional asset classes with long-term utility-like contracted cash flows.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Utilities         </div> <div style="text-align: center;">  Transmission and Distribution         </div> </div>	<p>Asset classes that benefit from the low-carbon economy.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Energy Transition         </div> <div style="text-align: center;">  Environmental         </div> <div style="text-align: center;">  Renewables         </div> </div>	<p>Asset classes that support the digital economy.</p> <div style="text-align: center;">  Digital Communications         </div>	<p>Socio-economic infrastructure that furthers economic growth and enhances social wellbeing.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Transportation         </div> <div style="text-align: center;">  Social         </div> </div>
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2.	<p><b>What are your plans to grow your top and bottom lines, as well as Distributions per Unit (DPU)?</b></p> <ul style="list-style-type: none"> <li>▪ We delivered KIT’s first DPU increase of 1.6% to 3.78 cents for FY 2021, breaking away from the fixed payment of 3.72 cents that KIT has paid out since 2016.</li> <li>▪ To continuing growing the Trust and DPU, it is important for us to create a bigger and better platform to reposition KIT for growth. We take a three-pronged approach:             <ol style="list-style-type: none"> <li>1. Portfolio optimisation: We want to work our assets and businesses harder to improve the resiliency of our cash flows by building new growth engines and exploring bolt-on acquisitions. Ixom’s recent acquisitions of SCR Solution and Bituminous Products, as well as City Energy’s transformation and expansion into the IoT-enabled home solutions and electric vehicle charging services, are some good examples. We will also look to extract further value from the KIT portfolio to redeploy proceeds for growth.</li> </ol> </li> </ul>				

	<p>2. KIT will continue to leverage the Keppel network for proprietary deal flow across the operating business verticals. We will continue to lean on our sponsor, Keppel Infrastructure’s development capabilities and operational track record, as well as draw on Keppel Capital’s evergreen capital solutions and its infrastructure platform for co-investment and incubation opportunities.</p> <p>3. The Trustee-Manager will continue to actively pursue third party deals, focusing on the core and core plus infrastructure spectrum. Core infrastructure will provide the Trust with low risk and stable returns, similar to the concession assets in our portfolio. This will help us replenish our concession cash flows as they come due. However, in order for us to grow our distributions, we will need to acquire evergreen assets and businesses in the core plus infrastructure space which offers strong inflationary hedge characteristics with GDP- linked revenues for continued growth and potential capital appreciation.</p> <ul style="list-style-type: none"> <li>▪ We have set a target to grow KIT’s assets under management (AUM) to \$18 billion by 2030, and to achieve this, we will broaden our global reach and deepen our talent pool in investment origination, deal execution and portfolio management to scale up and accelerate growth plans.</li> </ul>
<p><b>3.</b></p>	<p><b>The concession of the Senoko WTE Plant will expire in 2024. How much did the plant contribute to Distributable Income in FY 2021? Are there plans to extend its concession? How is the Trustee-Manager addressing the loss of Distributable Income from concessions assets?</b></p> <ul style="list-style-type: none"> <li>▪ We are looking at a short-term extension of the Senoko WTE concession, but discussions with NEA will only take place closer to the end of the concession period. The Waste &amp; Water segment contributed 37% of KIT’s Distributable Income in FY 2021.</li> <li>▪ A strategic review of Ixom will allow KIT to share the proceeds with Unitholders, recycle and redeploy the proceeds to replenish Distributable Income from the expiring concession assets to improve KIT’s cash flow profile.</li> <li>▪ Continued growth and deployment of capital such as the recent investment in the Saudi Aramco Gas Pipelines Company in February 2022 has further diversified the portfolio, adding to the resiliency of the cash flow profile.</li> <li>▪ We will continue to leverage our sponsor - Keppel Infrastructure’s development capabilities and operational track record, as well as draw on Keppel Capital’s evergreen capital solutions and its infrastructure platform for co-investment and incubation opportunities.</li> <li>▪ We have and will continue to actively pursue third party deals in the core and core plus infrastructure space, focusing on evergreen, yield accretive assets and businesses to sustain and grow DPU.</li> </ul>
<p><b>4.</b></p>	<p><b>What caused the delay in completing the acquisition of the remaining 30% interest in SingSpring?</b></p> <ul style="list-style-type: none"> <li>▪ The acquisition is subject to approvals from lenders and regulators.</li> <li>▪ We are working towards obtaining the required approvals to complete the acquisition in 1H 2022.</li> </ul>
<p><b>5.</b></p>	<p><b>How is KIT affected by the voluntary administration at Basslink? Any further risks to KIT?</b></p> <ul style="list-style-type: none"> <li>▪ Following the expiry of the Standstill Agreement with the State of Tasmania and Hydro Tasmania, the Basslink group of companies entered into voluntary administration on 12 November 2021. The operations of Basslink is presently under the control of the receiver and manager appointed by the lenders.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ With this, we have deconsolidated Basslink from KIT's balance sheet. We do not expect any liabilities from the asset going forward.</li> </ul>
6.	<p><b>Will the repayment of the Keppel Merlimau Cogen Plant's (KMC) loan result in negative Distributable Income from KMC? If yes, what are the mitigation plans?</b></p> <ul style="list-style-type: none"> <li>▪ The Distributable Income from KMC will be set aside to partially amortise the loan from June 2023 to June 2027. The remaining KMC loan is expected to be refinanced upon maturity.</li> <li>▪ KIT will mitigate the lower expected Distributable Income set aside for loan amortisation by scaling up and securing new income streams through acquisitions and investments, value creation and capital recycling strategies. KIT will also assess the possibility of securing an extension of the Capacity Tolling Agreement to reprofile KMC's loan amortisation over a longer period.</li> </ul>
7.	<p><b>How does the increasing energy prices affect KIT and its portfolio?</b></p> <ul style="list-style-type: none"> <li>▪ There is no material impact to KIT's portfolio.</li> <li>▪ Other than the Keppel Seghers Ulu Pandan NEWater Plant, the rest of KIT's businesses and assets in Singapore have no negative financial exposure to fluctuations in energy prices. Senoko WTE Plant and Keppel Seghers Tuas WTE Plant generate their own electricity, while electricity costs at the SingSpring Desalination Plant are fully passed through.</li> <li>▪ Similarly, the Keppel Merlimau Cogen Plant has no tariff exposure to the Singapore wholesale electricity market and has no exposure to fluctuations in fuel oil prices.</li> <li>▪ However, volatility in energy prices may result in an under or over recovery position for City Energy, which could affect its contribution to KIT's operational cash flows, but this is a result of the timing difference inherent in the fuel price pass through gas tariff mechanism. City Energy has no material exposure to fuel price risk as fuel price is passed through to customers and the over and under recovery balances out over time.</li> <li>▪ The increasing focus on energy security and rising energy prices may lead to rising demand for fuel oil storage capacity, which may benefit Philippine Coastal Storage &amp; Pipeline Corporation.</li> </ul>
8.	<p><b>How will inflation affect KIT's portfolio in the years ahead?</b></p> <ul style="list-style-type: none"> <li>▪ Subject to a persistently high inflationary environment, we do not expect any material impact on KIT's portfolio given the inherent inflationary-linked and cost pass-through mechanisms in most of our businesses and assets. We will continue to monitor our costs and maintain our margins in this inflationary environment.</li> </ul>
9.	<p><b>On KIT's investment in Aramco Gas Pipelines Company,</b></p> <p><b>i. What is KIT's percentage interest in the asset? What is the rationale and the impact of the investment on KIT's cash flow?</b></p> <ul style="list-style-type: none"> <li>▪ We completed our investment in Aramco Gas Pipelines Company in February this year, investing alongside reputable co-investors, such as BlackRock Real Assets and Hassana Investment Company. The US\$33 billion transaction was the largest energy infrastructure investment in Europe, Middle East and Africa ever and the largest energy infrastructure investment globally in 2021, representing a 49% stake in the Kingdom of Saudi Arabia's entire gas distribution network. KIT indirectly holds a minority and non-controlling interest in Aramco Gas Pipelines Company</li> </ul>

	<p>but the specific information on KIT’s percentage ownership is not publicly available, as agreed with our partners in the transaction.</p> <ul style="list-style-type: none"> <li>▪ KIT will enjoy long term, predictable cash flows through the 20-year investment into a strong and growing business that is underpinned by one of the world’s largest reserves of natural gas.</li> </ul> <p><b>ii. Is the infrastructure affected by recent attacks, and what are the risks of operating the infrastructure in the Kingdom of Saudi Arabia? What basis did the KIFM Board approve this investment? What are the projected returns?</b></p> <ul style="list-style-type: none"> <li>▪ The attempted attacks on an Aramco distribution facility were countered by the Kingdom’s defence forces. There were no material impact on the facilities and no supply disruptions to customers.</li> <li>▪ Aramco, being the sole operator of the pipeline assets, is highly aligned to operate the asset with high availability given the critical nature of the asset and have in the past proven their ability to rectify any downtime including from external attacks within a very short period.</li> <li>▪ That said, in the event of any attacks on the pipeline, Aramco will continue to pay a tariff based on the throughput, subject to a minimum volume commitment.</li> <li>▪ The investment offers an attractive risk-adjusted return profile and is a core infrastructure asset operated by one of the largest companies globally. There is no capital expenditure and operating expense risk as Aramco retains full ownership and operational control of the gas pipeline network.</li> </ul> <p><b>iii. How does this investment align with KIT’s sustainability framework? What are the key drivers behind gas demand?</b></p> <ul style="list-style-type: none"> <li>▪ The investment supports the transition of the Kingdom’s economy towards a more sustainable energy future. Gas plays a key role in energy transition, reducing the use of crude in power stations and manufacturing plants.</li> <li>▪ Driven by domestic consumption, gas demand in Saudi Arabia is expected to increase at a CAGR of 3.7% from 2021 to 2030, primarily due to an increase in demand from the power generation and the refining and industrial sectors. Favourable governmental policies will also support the strong outlook for gas demand.</li> </ul> <p><b>iv. Will the cash flow received from the Aramco Gas Pipelines Company be subjected to the Trustee-Manager’s fees?</b></p> <ul style="list-style-type: none"> <li>▪ Yes, as is the case with the other investments in KIT’s portfolio.</li> </ul>
<p><b>10.</b></p>	<p><b>On KIT’s strategic review of Ixom,</b></p> <p><b>i. What is the rationale for the strategic review of Ixom, given that it was only acquired in 2019?</b></p> <ul style="list-style-type: none"> <li>▪ The strategic review of Ixom is part of our regular asset review process in line with the refreshed strategy following the strategic review conducted at the end of 2021. Since the acquisition of Ixom in 2019, KIT has grown the business through: <ul style="list-style-type: none"> <li>- the divestment of non-core and sub-scale businesses such as its operations in Latin America, the North Asia Life Sciences businesses, and recently the Fiji business, and reallocating resources to grow Ixom’s core segments of the chlorine and caustic manufacturing and</li> </ul> </li> </ul>

<sup>1</sup> Source: Aramco’s 2020 Bond Prospectus (16 November 2020).

water treatment, industrial liquified chemicals trading and the New Zealand businesses, which have contributed to Ixom's record EBITDA performance in 2021 amidst the COVID-19 pandemic.

- Improving Ixom's market position through bolt-on acquisitions, such as Medora in 2020, Australian Botanical Products and SCR Solutions in 2021 and Bituminous Products in 2022.
- Investing in processes and systems to improve operational efficiency, and standardising supply chain and manufacturing processes to meet demand.
- Improved working capital management by optimising working capital lines

- With these in mind, we see opportunities in unlocking value from Ixom to maximise long term Unitholder value as the business has demonstrated resiliency and strong growth through the pandemic.

**ii. Can you provide an update on Ixom's operations, and what are the potential challenges faced by the business?**

- In 2021, Ixom continued to deliver a strong set of performance, supported by strong demand for liquefied chlorine and coagulants. As a leading supplier of essential chemical products and solutions, Ixom renewed several key contracts with major customers for multi-year terms in both the chloralkali and traded products businesses, which benefited the water and industrial sectors in the markets where Ixom operates.
- In the short term, Ixom will have to manage supply chain constraints and the global volatility in commodity prices. That said, Ixom has been successful in managing and mitigating the effects of its supply chain and product curtailment by leveraging its extensive global supply chain and in-house logistics capabilities to ensure the prompt delivery and distribution of its products.

**11. On the Proposed Base Fee and Performance Fee Supplement,**

**i. Could Management explain why the performance fee is benchmarked against previous year's DPU instead of the highest DPU level achieved?**

- In line with our refreshed strategy, we aim to deliver DPU growth. The proposed fee structure is one that has been widely adopted in the Singapore market. In terms of the ability to have a high-water mark, if we do not exceed our DPU of the preceding year, we will not receive a Performance Fee. We are always measured on a calendar year basis, which is also aligned with the market.

**ii. Should a sale of Ixom materialise, will the sale proceeds contribute to Distributable Income, which is used to calculate the Proposed Base Fee, thereby increasing the fees payable to the Trustee-Manager?**

- It is premature to discuss this, as there is no certainty that any transaction will materialise from the strategic review. That said, the sale proceeds are intended to be redeployed for future acquisitions and investments.

**iii. Can you provide a two-year projection of the fee increase?**

- We provided a pro forma analysis of the effect of the proposed fee structure for the past two years in the circular. If approved by Unitholders, the Proposed Base Fee will be implemented progressively in the second half of this year. This will allow KIT to build up its portfolio of assets, and to also allow more time to increase our resources. The Proposed Performance Fee is only payable with DPU growth and will take effect from 3Q 2022.

- With the progressive implementation of the proposed fee structure, the illustrative fees payable for FY 2022 will be approximately \$11.7 million, which is comparable to the \$11.8 million in FY 2021. In comparison with the existing fee structure which sums up to \$11.8 million for FY 2021, the proposed fee structure is higher at \$21.2 million, if assumed to be hypothetically implemented in FY2021, without the progressive implementation explained above.
- The Proposed Base Fee of 10% of Distributable Income is in line with the market, and reflects the higher base fees required to manage and grow KIT's portfolio, which was partially supported by the existing performance fee of \$9.5m recorded in FY 2021.
- Finally, the proposed performance fee is payable only if KIT outperforms the previous distributions paid to Unitholders. Hence, this component is pegged to DPU growth and rewards the Trustee Manager only for outperformance, closely aligning performance payments with Unitholders' interest.

**iv. In the event that the resolution on Proposed Base Fee and Performance Supplement is not passed, will KIFM continue its role as the Trustee-Manager of the Trust under the current fee structure?**

- There is no intention to change the Trustee-Manager.
- In the event that the resolution is not passed, the Trustee-Manager will evaluate its plans and consider how it can continue to create value for Unitholders with its current resources.

**v. Has KIT turned down or rejected any potential acquisition due of the fee structure?**

- Acquisitions are evaluated holistically across different factors and considerations, including yield, returns, capital structure and portfolio accretion. It will not rest solely on a single factor such as the fee structure.
- Having said that, we do take into consideration the existing and proposed fee structure when we are assessing investment opportunities. For any potential acquisition, we maintain a high degree of discipline to ensure that threshold levels of target accretion are met before deciding to move forward.

**vi. To help unitholders understand the impact of the proposed fees, can you share the fees that would have been paid to the Trustee-Manager (without any progressive implementation), assuming the proposed fees have been in place for the last 5 years?**

- We provided a pro forma analysis of the effect of the proposed fee structure for the past two years in the circular. The fee increase is forward looking and is expected to cover the expected higher cost base required to support the growth strategy. It would not be meaningful to look back and compare against the fee five years ago as we were operating at a lower cost base with a different strategic direction.

**vii. How was Ernst and Young selected as the IFA?**

- The role of the IFA is important. Hence, we only look for reputable firms to perform this role. In accordance with internal procurement policy, we sought several quotes and interviewed the respective teams. Ernst & Young came across as a party who is reputable and familiar with Business Trusts and SREITs.