

## KEPPEL INFRASTRUCTURE TRUST

### MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST (“KIT”) HELD BY ELECTRONIC MEANS<sup>1</sup> IMMEDIATELY AFTER THE CONCLUSION OF THE ANNUAL GENERAL MEETING (“AGM”) OF KIT ON 19 APRIL 2022 AT 3.50 P.M.

#### **PRESENT**

|                                 |                         |
|---------------------------------|-------------------------|
| Mr Daniel Cuthbert Ee Hock Huat | Chairman                |
| Mr Jopy Chiang                  | Chief Executive Officer |
| Mr Thio Shen Yi                 | Director                |
| Mr Mark Andrew Yeo Kah Chong    | Director                |
| Mr Kunnasagaran Chinniah        | Director                |
| Ms Susan Chong                  | Director                |
| Ms Christina Tan Hua Mui        | Director                |

#### **IN ATTENDANCE (VIA LIVE WEBCAST OR AUDIO CONFERENCE)**

As per attendance lists.

#### **1. INTRODUCTION**

- 1.1 The Chairman extended a warm welcome to all Unitholders and attendees present and informed Unitholders that as he is a director of a subsidiary of Temasek, for good corporate governance purposes, he would hand over the Chair to Mr Mark Yeo, the Chairman of the Audit and Risk Committee, to chair the proceedings of the EGM (“Chair of the EGM”). As the Chair of the EGM noted that a quorum was present, and the members of the board of directors (“Board”) and chief executive officer (“CEO”) of Keppel Infrastructure Fund Management Pte. Ltd. (“Trustee-Manager” or “KIFM”) had been introduced earlier at the AGM, the Chair of the EGM skipped the formalities and called the meeting to order. Next, the Chair of the EGM took the documents circulated to the Unitholders, being the Notice of EGM and the Circular to Unitholders dated 28 March 2022 as read.
- 1.2 The Chair of the EGM explained that as stated in the Notice of EGM, in addition to the published responses to substantial and relevant questions received from Unitholders on KIT’s corporate website and SGXNet, KIT will endeavour to address such questions relating to the business of this EGM received “live” from Unitholders. The short video on how to use the audio-visual platform to submit questions and votes during the course of this EGM was replayed for the benefit of Unitholders who have just joined the EGM and the Chair of the EGM invited Unitholders to submit their questions.
- 1.3 The Chair of the EGM added that the CEO would be giving Unitholders a presentation prior to the commencement of the “live” question and answer session (“Q&A”) and voting.

---

<sup>1</sup> The AGM of Keppel Infrastructure Trust was convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the Joint Statement by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation issued on 4 February 2022 titled “Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation”.

## 2. CEO PRESENTATION

- 2.1 CEO presented on KIT's growth since the listing of Keppel Green Trust in 2010, and shared that KIT's portfolio assets under management ("AUM") had grown by roughly six times from S\$760 million in 2010 to approximately S\$4.6 billion with nine assets across five countries currently, representing an 11-year compounded annual growth rate ("CAGR") of 17.6%. In tandem with KIT's growth, KIT had also made significant investment in human capital, growing the original employee base of seven in 2010 by threefold to roughly 20 employees today.
- 2.2 With reference to KIT's enlarged portfolio, CEO highlighted that KIT needs a more sustainable fee structure that not just reflects the requisite level of resources to effectively manage and operate KIT's diverse portfolio, but also allows KIT to further its growth on a global scale in accordance with its mandate. CEO then reiterated that the proposed fee structure follows an extensive exercise to benchmark its fees with listed global infrastructure funds as well as business trusts and real estate investment trusts ("REITs") in Singapore.

### Rationale

- 2.3 CEO proceeded to present on the rationale of the proposed amendments to the fee structure and shared that:
- 2.3.1 the proposed fee structure will enhance KIT's ability to optimise and create greater value from KIT portfolio. CEO contrasted this with the existing fee structure and commented that (i) the fixed base fee in the existing fee structure is not reflective of the management activities and resources demanded to manage a trust with a diversified portfolio of complex assets across multiple jurisdictions, (ii) the existing performance fee is not linked to growth in distribution per unit ("DPU") and (iii) the existing fee structure impedes resource deployment which hampers KIT's growth and scalability;
  - 2.3.2 pegging KIT's proposed Base Fee and Performance Fee to Distributable Income and DPU growth respectively promotes the alignment of the Trustee-Manager's interests with Unitholders. CEO added that this structure had been widely adopted in many newly listed REITs in Singapore and the proposed fee quanta is within the market range charged by certain business trusts; and
  - 2.3.3 with the proposed fee structure, KIT will be able to broaden its global reach and expand its talent pool in investment origination, deal execution and portfolio management, and in this regard, KIT is looking to establish offices in key overseas markets to create new synergies and deepen its network so that KIT is well-positioned to source for the best deals. CEO added that with sustainability at the core of KIT's strategy, KIT had also put in more resources toward the implementation of this strategy.

### Implementation

- 2.4 CEO shared that if the proposed fee structure is approved by Unitholders, the proposed base fee will be implemented progressively in the second half of 2022, which will allow KIT to build up its portfolio of assets and to allow more time to increase its resources.

### Illustrative Financial Impact

- 2.5 CEO presented that with the progressive implementation of the proposed fee structure, the illustrative fees payable for FY 2022 will be approximately S\$11.7 million, which is comparable to the S\$11.8 million in FY 2021. CEO added that in comparison with the existing fee structure which sums up to S\$11.8 million for FY 2021, the proposed fee structure is higher at S\$21.2 million, if assumed to be hypothetically implemented in FY 2021, without the progressive implementation.
- 2.6 CEO concluded by urging Unitholders to vote in favour of the proposed fee structure, which together with the strategic review of Ixom, will provide KIT with the resources to grow and rejuvenate its portfolio to improve cash flow resiliency, grow its DPU and better align with the interests of Unitholders.

### **3. LIVE Q&A**

- 3.1 The Chair of the EGM proceeded with the “live” Q&A session and reminded Unitholders to submit their questions as voting on the resolutions will commence after the “live” Q&A session.
- 3.2 The Chair of the EGM read the first question raised by Tan Yong Yeh on Management’s confidence in improving DPU in the next 1 to 2 years taking into consideration 1Q 2022 results, the expiry of the concession asset of Keppel Merlimau Cogen as well as the proposed fee structure. CEO responded that as explained in his presentation earlier, the proposed fee structure needs to be considered holistically with the strategic review of Ixom. CEO added that Ixom was acquired for approximately AUD 1.1 billion in 2019 from Blackstone, and since then, Ixom’s EBITDA had grown at roughly 10.5% CAGR even through the pandemic and had completed six bolt-on acquisitions as compared to one when it was under the ownership of Blackstone from 2014 to 2019, demonstrating that Ixom is a viable platform for bolt-on acquisitions at attractive multiples, testament to the strong inorganic growth. CEO added that assuming Ixom’s valuation is approximately AUD 2.5 billion in terms of enterprise value based on current market multiples, this is expected to generate potential cash proceeds of AUD 2 billion after taking into account roughly AUD 0.5 billion of net debt, representing a compounded internal rate of return of roughly 40% and roughly 4 times cash on cash multiple. Such potential proceeds can be redeployed into new sectors and geographies to replenish and rejuvenate KIT’s portfolio and KIT intends to pre-deploy such proceeds through further acquisitions and/or investments to maintain the strong trajectory of DPU growth that was introduced in 1Q 2022. CEO commented that the expected 1.6% year-on-year DPU growth was carefully deliberated to protect against inflationary pressures in Singapore which have averaged 1.5% historically over the past thirty years. The Chair of the EGM added that the Board is also confident of maintaining and improving DPU from existing assets, and through leveraging the Keppel ecosystem, KIT will be able to pursue a strong pipeline of potential acquisitions that would contribute to the sustainability of DPU growth.
- 3.3 The Chair of the EGM read the next question raised by Lim Bak Chim on the need to switch to higher base fee and performance fee structure and the benefit to Unitholders. CEO responded that when he first stepped into the role, one of the first issues that he wanted to address was the legacy fee structure inherited from Keppel Green Trust, and explained that the formula of the proposed fee structure, with the base fee pegged to Distributable Income

and performance fee pegged to DPU, aligns well with Unitholders' interest whereby KIT would no longer have the benefit of a fixed base fee in the existing fee structure and would be adversely impacted and receive less fees with the new fee structure if KIT was not able to grow its Distributable Income. The performance fee structure will incentivise KIT to grow its DPU and contribute to better total Unitholder returns and in order to do so through the growth of KIT and improving KIT's resiliency, CEO emphasised that the proposed fee structure is necessary to provide KIT with the resources to do so.

- 3.4 The Chair of the EGM read out the next question by Benjamin Chong on the efforts to upscale KIT's management structure and employ more talent to further KIT's growth. The Chair of the EGM alluded to the plans shared by CEO on KIT having a new office in Australia and in London in the near-term as well as the strong pipeline that KIT has in place to contribute to DPU growth. CEO added that KIT intends and will continue to invest in human capital across the investment, asset management and finance teams to bridge any gaps in existing capabilities and to position KIT to focus on renewable energy assets in line with recent global trends such as decarbonisation and digitalisation and to continue grow on existing strengths in storage and waste space to improve KIT's diversification and resiliency.
- 3.5 The Chair of the EGM read the next question by Ervin Seow with respect to the breakdown of the expected increase in the Trustee-Manager's own expenses and its current net profit margins to allow Unitholders to assess whether the proposed increase in fees is commensurate with the stated rationale. The Chair of the EGM responded that the accounts of the Trustee-Manager are published on KIT's website and the increase in fees and expenses have not materialised yet as these will take place gradually. The Chair of the EGM emphasised however that the proposed fee structure will align with Unitholder's interest to grow DPU. CEO added that historically, the Trustee-Manager's net margin is approximately 20 to 28% excluding acquisition fees, and with new proposed fee structure, the intention is to maintain this net margin and to invest heavily in human capital to capitalise on the available opportunities.
- 3.6 The Chair of the EGM read the next question from Koh Poh Soon on whether the performance fee will be based on year-on-year DPU growth or whether there will be a clause for a high-water mark. CEO responded that the performance fee is based on year-on-year DPU growth which will be measured on a calendar year basis and there will not be a high-water mark.
- 3.7 The Chair of the EGM read the next question from Lim Bak Chim with respect to the process of the strategic review of Ixom. CEO responded that KIT has appointed a financial adviser to analyse the various options for the business and added that it is still in the early stages of the strategic review process and the potential transaction, if any, will likely materialise in 1H 2023. CEO added that there is significant value in the business and intends to run a competitive bidding process to maximise value from the business for the benefit of Unitholders.
- 3.8 The Chair of the EGM read the next question from Ervin Seow on whether Unitholders are in effect already paying higher management fees on the underlying cashflows with the newer investments appearing to have their own management teams (once to such management teams and another to KIT). CEO responded that while portfolio companies do have their own management teams, these come as part of the acquisition and form part of the selling, general and administrative expenses in the business. CEO explained that he does not view the fees paid to KIT as a second management fee that is being charged as

the Trustee-Manager's role is to continue to grow to improve the resiliency of KIT's portfolio and deliver value for Unitholders and this is seen in the case of Ixom where the Trustee-Manager have put in place programs to ensure that the management team at Ixom is aligned with KIT's growth targets and create value for Unitholders. CEO elaborated that this current structure is in line with market and other infrastructure funds adopt the same structure as well.

- 3.9 The Chair of the EGM read the next two questions from Bay Mingde who queried, with reference to the proceeds that may arise from the strategic review of Ixom, on (1) the time required for KIT to deploy such proceeds on new acquisitions and assuming this will take multiple years, KIT's plans to maximise the use of such proceeds, and (2) whether KIT will be raising more capital through equity fund raisings in the near term if KIT is confident of deploying such proceeds quickly in view of the strong pipeline as described earlier. CEO reiterated on KIT's strong pipeline of deals and commented that KIT is cognisant of the negative carry if cash were to sit idle and therefore, the team is currently working hard and looking at multiple transactions in order to pre-deploy the potential proceeds arising from the strategic review of Ixom. CEO shared that KIT's current AUM is approximately S\$4.5 billion and has an AUM target of S\$18 billion within the decade. In terms of funding, KIT also takes guidance from the REITs on gearing limits even though it is not subject to such a limit as a business trust, and this currently stands at 32% which represents a healthy gearing ratio compared to the 50% limit imposed on REITs. CEO added that KIT can also tap on the perpetual securities and medium term notes in place which provides KIT with the funds it will require to invest into new assets in new jurisdictions, creating value for Unitholders.
- 3.10 The Chair of the EGM read the last question from Yeh Lin on the management fee in FY 2021 and the increase in % of such management fee in FY 2023 as compared to FY 2021. Chair of EGM responded as shown earlier, the FY 2021 management fee is comparable to FY 2022 at about S\$11.8 million, and the expected increase to FY 2023 management fee is approximately 79.6%.
- 3.11 The Chair of the EGM informed Unitholders that there were no further questions received and thanked Unitholders for their participation.

#### **4. CONDUCT OF VOTING**

- 4.1 The Chair of the EGM reiterated that voting on the resolution tabled at this EGM will be conducted by poll and Unitholders and appointed proxies attending the meeting via the audio-visual platform will be able to vote in real time.
- 4.2 The Chair of the EGM also informed Unitholders that he had been appointed as proxy by a number of Unitholders to vote on their behalf based on proxy forms that had been submitted 48 hours before this EGM, and Boardroom Corporate & Advisory Services Pte Ltd and DrewCorp Services Pte. Ltd. had been appointed as the polling agent and the scrutineers to verify the results of the poll conducted, respectively.
- 4.3 For the benefit of Unitholders who have just joined the EGM, the Chair of the EGM proceeded to replay a short video on how to use the audio-visual platform to vote, following which the Chair of the EGM declared the "live" poll open and invited Unitholders to cast their votes in respect of the resolution, the results of which will be announced shortly after the Chair of the EGM declares the "live" poll to be closed.

- 4.4 The Chair of the EGM proceeded to read out the resolution tabled at this EGM as set out below.

## **EXTRAORDINARY RESOLUTION**

### **5. RESOLUTION 1: PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT**

- 5.1 Resolution 1 relates to the proposed amendments to the base fee and performance fee structure in the manner set out in the Circular to Unitholders dated 28 March 2022 and to authorise the Trustee-Manager to do all such acts as may be expedient or necessary to give effect to such amendments.

### **6. CLOSING OF POLL AND RESULTS**

- 6.1 The Chair of the EGM informed Unitholders that the resolution have been put to a vote at this EGM and reminded Unitholders to cast their votes via the polling system, following which the poll would be closed and the polling results would be presented to Unitholders.
- 6.2 Unitholders were given an additional minute to cast their votes. Next, the Chair of the EGM declared the poll closed and the polling results set out below were presented to Unitholders.

| Resolution |  | Total number of Units represented by votes for and against the Resolution | For             |   | Against         |   |
|------------|--|---|-----------------|---|-----------------|---|
|            |  |   | Number of Units | As a percentage of total number of votes for and against the Resolution (%) | Number of Units | As a percentage of total number of votes for and against the Resolution (%) |
| 1.         | To approve the Proposed Base Fee and Performance Fee Supplement. | 717,481,944   | 580,958,087     | 80.97   | 136,523,857     | 19.03   |

- 6.3 Based on the results of the poll, the Chair of the EGM declared that Resolution 1 is carried, details of which are further set out below.

- 6.3.1 **Resolution 1: It was resolved as an Extraordinary Resolution that** the approval be and is hereby given to amend the trust deed dated 5 January 2007 constituting KIT, as amended and restated by an Amendment and Restatement Deed dated 18 May 2015 and as supplemented by a First Supplemental Deed dated 17 April 2018 to vary the fee structure pursuant to which Keppel Infrastructure Fund Management Pte. Ltd., acting in its capacity as trustee-manager of KIT receives certain fees, in the manner set out in Appendix A of the Circular to Unitholders dated 28 March 2022 (the “Proposed Base Fee and Performance Fee Supplement”) and the Trustee-Manager and any director of the Trustee-Manager

be and are hereby severally authorised to complete and do all such acts as the Trustee-Manager may consider expedient or necessary or in the interests of KIT to give effect to the Proposed Base Fee and Performance Fee Supplement.

## **7. CLOSURE**

There being no other business, the EGM ended at 4:28 p.m. with a vote of thanks to the Chair of the EGM.

Confirmed by:  
**Mr Mark Andrew Yeo Kah Chong**  
**Chair of the EGM**