KEPPEL INFRASTRUCTURE FUND MANAGEMENT Pte Ltd
(as Trustee-Manager of Keppel Infrastructure Trust)
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Media Release

Keppel Infrastructure Trust embarks on new growth phase; proposes fee amendments to enhance alignment with Unitholder's interests and drive portfolio growth

Singapore, 28 March 2022 – Keppel Infrastructure Fund Management Pte Ltd (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT), is proposing amendments to its existing Management Fee and Performance Fee structures, with the proposed new Base Fee and Performance Fee structures pegged to Distributable Income and Distribution Per Unit (DPU) growth respectively, to enhance alignment of KIFM's interests with Unitholders and support KIT's growth plans.

Under the proposed fee structure, KIFM would be paid:

- A Base Fee of 10% per annum of KIT's Distributable Income[1], as well as
- A Performance Fee of 25% per annum of the increase in DPU (if any) as compared to the preceding financial year, multiplied by the weighted average number of Units in issue.

This will replace the existing Management Fee and Performance Fee structures, comprising a $2 million Management Fee (with adjustments to provide for inflation) and a 4.5% Performance Fee pegged to the Trust's Income, which has been in place since 2010 when KIT (then K-Green Trust) was first listed on the Singapore Exchange Securities Trading Limited as a business trust. No changes are proposed to the Acquisition and Divestment fees payable to the Trustee-Manager under KIT's Trust Deed.

The proposed fee structure will bolster KIFM's ability to optimise and create greater value from the Trust's portfolio. It reflects the increased level of resources to manage and operate KIT's diverse portfolio, which has grown since its inception, from $760 million comprising three assets in Singapore as at 31 December 2010, to a well-diversified global portfolio of approximately $4.6 billion comprising nine assets across five countries as at end-February 2022. At the time of listing, the Trustee-Manager had only seven employees. In contrast, KIFM's staff base has grown more than three-fold to 22 employees as at 31 December 2021.

More importantly, the proposed fee structure will enhance KIFM's ability to drive growth through new acquisitions and investments, as detailed in a strategic review undertaken by the Trustee-Manager which was concluded in January 2022. Beyond the traditional asset classes that provide long-term utility-like contracted cash flows, KIFM has also identified key asset classes that will benefit from the growth of the low-carbon and decarbonisation economy, support the digital economy as well as socio-economic infrastructure that furthers economic growth and enhances social wellbeing.

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[1] Calculated before accounting for the proposed Base Fee and the proposed Performance Fee in the relevant period. It refers to Free Cash Flow to Equity for the relevant period. Where reported by KIT (starting from the release of KIT's Key Business and Operational Updates for the first quarter ended 31 March 2022), "Free Cash Flow to Equity" will be re-named to "Distributable Income".

Mr Jopy Chiang, CEO of KIFM, said, “To support KIT’s growth, we will broaden our global reach and expand our talent pool in investment origination, deal execution and portfolio management. To this end, we are looking to establish offices in key overseas markets to create new synergies and increase deal flow, which will allow us to scale up faster and accelerate KIT’s growth plans.

The revised fee structure is the result of an extensive exercise which includes peer benchmarking and considers the alignment with Unitholders’ interests. Playing a critical role in the provision of essential infrastructure that underpins key economic activities and livelihoods in Singapore and overseas markets, KIFM will continue to actively manage the Trust’s portfolio and create value for Unitholders.”

The proposed fee structure is widely adopted by Singapore REITs listed in the last five years and the fee quanta, as percentage of AUM, Market Capitalisation and Revenue, are within the market range charged by selected business trusts.

The proposed Base and Performance Fee amendments are subject to Unitholders’ approval at an Extraordinary General Meeting which would be held on 19 April 2022. If approved, the proposed Base Fee will be implemented progressively over the financial year ending 31 December 2022, to reflect the progressive building-up of KIT’s portfolio of assets by the Trustee-Manager and to also allow more time to build up the Trustee-Manager’s resources.

The Independent Financial Adviser (IFA) is of the opinion that the Proposed Base Fee and Performance Fee Supplement (as defined in the circular dated 28 March 2022 (Circular)) is on normal commercial terms and is not prejudicial to the interests of KIT and the minority Unitholders. In accordance with the IFA’s opinion, the Audit and Risk Committee (with Mr Daniel Cuthbert Ee Hock Huat and Mr Kunnasagaran Chinniah abstaining)[2] and the directors who are independent for the purposes of the Proposed Base Fee and Performance Fee Supplement recommend that Unitholders vote in favour of the Proposed Base Fee and Performance Fee Supplement.

More details of the proposed Base and Performance Fee amendments can be found in the Circular, which is also available on KIT’s website at https://www.kepinfratrust.com/investor-information/agm-and-egm. Management will be sharing more information on the proposed fee amendments at a virtual information session arranged by the Securities Investors Association (Singapore), to be held on 6 April 2022, at 7.00pm.

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About Keppel Infrastructure Trust

[2] Mr Daniel Cuthbert Ee Hock Huat is a director of a subsidiary of Temasek Holdings (Private) Limited. Mr Kunnasagaran Chinniah is an investment committee member on a subsidiary of Keppel Capital Holdings Pte. Ltd..

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with approximately S$4.6 billion in assets under management as at 28 February 2022**.** 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.

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.

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, KIFM 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 KIFM 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, 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 KIFM’s current view on future events.