

## KEPPEL INFRASTRUCTURE TRUST

**MINUTES OF THE EXTRAORDINARY GENERAL MEETING (“EGM”) OF THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST (“KIT”) HELD AT SANDS EXPO AND CONVENTION CENTRE, LEVEL 3, HIBISCUS BALLROOM 3601-A & 3701A-4, 10 BAYFRONT AVENUE, SINGAPORE 018956 ON 23 OCTOBER 2019 AT 10.30 A.M.**

### **PRESENT**

Mr Koh Ban Heng	Chairman
Mr Mark Andrew Yeo Kah Chong	Director
Mr Thio Shen Yi	Director
Mr Daniel Cuthbert Ee Hock Huat	Director
Mr Kunnasagaran Chinniah	Director
Ms Christina Tan Hua Mui	Director
Ms Cindy Lim Joo Ling	Director
Mr Matthew Rupert Pollard	Chief Executive Officer

### **IN ATTENDANCE**

As per attendance lists.

The Chairman extended a warm welcome to all Unitholders and attendees present.

#### **1. INTRODUCTION**

- 1.1 The meeting started with a fire safety briefing video of Sands Expo and Convention Centre.
- 1.2 The emcee for the EGM introduced the board of directors (“Board”), chief executive officer (“CEO”) and joint company secretary of Keppel Infrastructure Fund Management Pte. Ltd. (“Trustee-Manager” or “KIFM”).
- 1.3 The CEO gave a presentation on the proposed divestment of KIT’s 51% stake in DataCentre One Pte. Ltd.
- 1.4 Chairman of the Board, Mr Koh Ban Heng, noted that a quorum was present, and called the meeting to order.
- 1.5 Chairman handed the proceedings over to RHT Governance, Risk & Compliance (Singapore) Pte. Ltd. (the “Scrutineers”) to introduce the use of electronic polling and to bring Unitholders through the poll voting process. Mr Raymond Ang, on behalf of the Scrutineers, introduced the use of electronic polling and after completing the presentation, proceedings were handed back to the Chairman.
- 1.6 Chairman noted that as he was interested in the proposed resolution, Mr Mark Andrew Yeo Kah Chong (“MY”), Independent Director and Chairman of the Audit and Risk Committee, will conduct the meeting while the resolution is being considered.

## **AS ORDINARY BUSINESS**

### **2. RESOLUTION 1: PROPOSED DISPOSAL OF 51% OF THE SHARES IN DATACENTRE ONE PTE. LTD. (“DATACENTRE ONE”)**

- 2.1 The ordinary resolution (the “Ordinary Resolution”) related to KIT’s proposed disposal of 51% of the issued and paid-up share capital of DataCentre One (the “Proposed Disposal”), on the terms and conditions set out in a conditional share sale agreement (“Share Sale Agreement”) entered into on 16 September 2019 between (1) CityDC Pte. Ltd. (a wholly-owned subsidiary of KIT) and WDC Development Pte. Ltd. (“WDC”) as sellers; and (2) Perpetual (Asia) Limited, acting in its capacity as trustee of Keppel DC REIT (“KDCR”), as purchaser (the “Purchaser”). The Proposed Disposal will allow KIT to realise the remaining lease value of DataCentre One upfront, thus benefitting Unitholders. It will also provide KIT with strategic opportunities to redeploy capital into quality acquisitions that will strengthen KIT’s portfolio, for refinancing purposes and/or for working capital needs.
- 2.2 MY explained that as the Manager of KDCR is an interested person, in the interest of good corporate governance, Unitholders’ approval was being sought for the Proposed Disposal.
- 2.3 MY invited questions from the Unitholders on the Ordinary Resolution.
- 2.4 Unitholder LHC asked whether the purchase consideration was low, given that DataCentre One was generating stable cash flow and there was an approximate 17-year lease term remaining on the lease. The CEO replied that the purchase price is at a premium to the valuation of the data centre, which already took into account the unexpired leasehold interest of the property. The CEO further explained that DataCentre One owns the property, being the data centre located at 18 Riverside Road, Singapore 739088 (the “Property”) and the master lease, and not the data centre business; and given that lease payments from the data centre operator to DataCentre One account for over 90% of the total operating revenue for the data centre, it would be risky should KIT be required to step in as the operator, especially when KIT is not a data centre operator itself and does not have the required expertise. Hence, the decision was taken to sell DataCentre One given the attractive purchase consideration, while mitigating KIT’s potential future business risk, amongst other things.
- 2.5 Unitholder GCL queried on KIT’s plans to redeploy proceeds, noting that KIT has been generating better cash flow following the acquisition of Ixom but distribution remained constant. The CEO replied that Management continues to evaluate various deals and will make an announcement at the appropriate juncture if and when any deal materialises.
- 2.6 Unitholder OLK asked whether the value of the project financing loan was taken into consideration in the sale price and what the interest rate thereon was. Mr Eric Ng (“EN”), Head, Finance, replied that the project financing loan interest rate was approximately 3.9% over the entire project life and had been taken into account in the valuation of DataCentre One.
- 2.7 OLK further enquired about the difference between funds from operation (“FFO”) and profit after tax (“PAT”). The CEO replied that FFO does not include mandatory debt repayment and is calculated as profit after tax adjusted for non-cash adjustments, current cash tax, maintenance capital expenditure. EN clarified that non-cash interests and depreciation were

adjusted for the PAT to derive the FFO. OLK asked about the higher PAT as compared to FFO in 2018. EN explained that there was a rental step up in 2017, which attributed to the increase of PAT.

- 2.8 Unitholder HH enquired on the benefit of the Proposed Disposal to KIT, noting that it was being sold to an interested person. MY replied that KIT ran an open tender process for the Proposed Disposal and hired an independent financial adviser (“IFA”) and valuer to determine the purchase consideration. HH asked about the gain on disposal and the divestment fee to be received by the Trustee-Manager for interested person transactions. The CEO replied that the disposal gain to KIT was approximately \$50.7 million as stated in the Circular, noting that KIT owned 51% of the asset, while the divestment fee for the Trustee-Manager was 0.5% of the enterprise value of the investment divested, irrespective of whether it is an interested person transaction.
- 2.9 Unitholder TCH asked whether there were other bidders for the Proposed Disposal. The CEO replied that three bids were received and KDCR was the highest bidder. Referring to the CEO’s earlier comment that KIT does not have expertise in operating data centres, TCH commented that KIT should be able to get advice from Keppel Data Centres if operational issues arose. The CEO clarified that DataCentre One owns the master lease for the data centre building which is leased out to a data centre operator (“Tenant”). As two out of four floors were currently leased out, there may be issues finding tenants for the empty floors should DataCentre One be required to take over as operator. Hence, together with other considerations, it was decided that the Proposed Disposal was the best option for KIT.
- 2.10 Unitholder AC asked whether there were plans to declare a special distribution or reduce KIT’s distribution per Unit (DPU). MY replied that the proceeds from the Proposed Disposal will be redeployed for new acquisitions.
- 2.11 Unitholder LKM opined that DataCentre One was a profitable business with guaranteed cash flow and enquired whether KIT had considered not selling DataCentre One or acquiring WDC’s 49% stake in DataCentre One instead of the Proposed Disposal. He also asked whether KIT was confident in generating more cash flow after the Proposed Disposal. The CEO explained that KIT had considered both scenarios, and having assessed various factors, including the valuation of DataCentre One, it was decided that it would be in the best interest of Unitholders to divest DataCentre One. MY added that DataCentre One was not a core business for KIT and that the data centre, being a development project acquired by CitySpring Infrastructure Trust prior to the combination, would have generated a high internal rate of return. Going forward, KIT will look to grow the Trust by acquiring evergreen business and assets, which would generate resilient long term cash flow for distributions to Unitholders.
- 2.12 On LKM’s query on the initiation of the Proposed Disposal, the CEO replied that there were unsolicited offers received for DataCentre One, and thereafter KIT and WDC initiated the sale process for DataCentre One.
- 2.13 LKM asked whether a special team was formed to look into the Proposed Disposal and what were the driving factors for the Proposed Disposal. The CEO replied that KIT ran an open tender process and hired an IFA and valuer to ascertain a fair market price for DataCentre One. The preferred bidder was selected based on the highest bid received and highest certainty of closure. He added that the divestment fee was not a key driver to the Proposed Disposal. Mr Thio Shen Yi (“TSY”), Independent Director and Chairman of the Nominating

and Remuneration Committee, added that the sellers would be expected to run a fair bid process in selecting a preferred bidder.

- 2.14 In response to LKM's query on how the \$6.05 million fee on page 18 of the circular was arrived at, Jacqueline Ong ("JO"), Senior Vice President, Investment, clarified that the \$6.05 million was the assignment fee due to JTC Corporation (JTC), and explained that the sellers could withdraw from the sale if the JTC fee levied was above \$6.05 million. LKM queried why the JTC fee had to be paid, given that the sellers are selling shares and not the Property. JO explained that JTC does not distinguish between a sale of shares or asset.
- 2.15 LKM asked whether there were any other intangible assets under DataCentre One. JO replied that DataCentre One holds only one asset being the data centre building thereon.
- 2.16 Unitholder HHC asked whether there were any updates on the conditions precedent for KDCR Unitholders' approval and JTC consent set out in paragraphs (ii) and (iii) of Section 3.5 of the Circular. The CEO replied that both of these conditions precedent were still pending approval.
- 2.17 Unitholder SMS commented that data centres are good businesses and will see increased demand in the future and queried whether the sale of DataCentre One was premature, and if KIT expects better returns after the Proposed Disposal. The CEO replied that any improvement to the data centre's performance would not impact DataCentre One as DataCentre One received fixed lease payments due under the master lease agreement,, which had already been taken into account in the valuation of the Property.
- 2.18 A Unitholder asked whether WDC's 49% shares in DataCentre One were being sold to the same purchaser, and whether KIT could buy WDC's 49% stake in DataCentre One. The CEO replied that DataCentre One must be sold by KIT and WDC simultaneously under the Share Sale Agreement. As mentioned earlier in the meeting, KIT had considered the option of buying WDC's 49% stake when deciding whether to sell its 51% stake in DataCentre One.
- 2.19 Unitholder PL requested a breakdown of how KIT intended to use the proceeds from the Proposed Divestment under the three options set out in Section 6 of the Circular. The CEO replied that the proceeds may be used for any of the three options, with a preference to redeploy proceeds for future acquisitions. TSY added that the Board had directed Management to look for new acquisitions in order to continue to provide stable distributions to Unitholders, having regard to the fact that some of KIT's concession assets will come to an end. The Proposed Disposal would give KIT a bigger war chest for future acquisitions.
- 2.20 As there were no further questions on the Ordinary Resolution, MY proposed that the Ordinary Resolution as set out in the Notice of EGM dated 8 October 2019 be put to the vote. TSK seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 620,328,167 votes or 98.83 per cent. Votes AGAINST the resolution: 7,328,640 votes or 1.17 per cent.
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MY declared the resolution carried, and handed the conduct of the meeting back to the Chairman.

**3. CLOSURE**

There being no other business, the Meeting ended at 12:07 p.m. with a vote of thanks to the Chairman.

Confirmed by:

**Koh Ban Heng  
Chairman of KIFM**