

## KEPPEL INFRASTRUCTURE TRUST

**MINUTES OF THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST (“KIT”) HELD AT SUNTEC SINGAPORE CONVENTION AND EXHIBITION CENTRE, SUMMIT 2, LEVEL 3, 1 RAFFLES BOULEVARD, SUNTEC CITY, SINGAPORE 039593 ON 16 APRIL 2019, AT 10.30 A.M.**

### **PRESENT**

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

### **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 of Suntec Singapore Convention and Exhibition Centre.
- 1.2 The emcee for the AGM 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 A video on Ixom HoldCo Pty Ltd (“Ixom”) was screened and CEO delivered KIT’s corporate presentation.
- 1.4 Chairman of the meeting, Mr Koh Ban Heng, noted that a quorum was present, and called the meeting to order.
- 1.5 Chairman highlighted to Unitholders that the equity fund raising (“EFR”), which was launched and announced on 14 March 2019 was completed on 15 April 2019, and that Unitholders who had participated in the preferential offering in connection with the EFR would have had their Units credited by the Central Depository (“CDP”) into their securities accounts with CDP by 15 April 2019.

Chairman added that the Trust Deed provides that the cut-off date and time for determining entitlement to vote at a meeting and for the deposition of the instrument appointing a proxy(ies) at the registered office of the Trustee-Manager is 10:30am on 14 April 2019. However, the preferential offering Units were (where applicable) credited to the Unitholders’

securities accounts with CDP and listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 15 April 2019, after the AGM cut-off date.

Accordingly, to ensure fairness to all holders of the preferential offering Units, the preferential offering Units would not be taken into account for purposes of voting at the AGM.

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.

## **AS ORDINARY BUSINESS**

### **2. RESOLUTION 1: TO RECEIVE AND ADOPT THE TRUSTEE-MANAGER’S STATEMENT AND THE AUDITED FINANCIAL STATEMENTS OF KIT FOR THE YEAR ENDED 31 DECEMBER 2018, AND THE INDEPENDENT AUDITORS’ REPORT THEREON**

- 2.1 The first item on the agenda dealt with the adoption of the Trustee-Manager’s Statement and the audited financial statements of KIT for the year ended 31 December 2018, and the Independent Auditors’ Report thereon (collectively, the “Report”).

The Chairman invited Unitholders to raise questions on Resolution 1.

- 2.2 The first question was raised by CSY, a Unitholder, with reference to page 66 of the Annual Report (“AR”), noting that the earnings per Unit attributable to Unitholders was 0.83 cents in 2018, a drop of around 30% as compared to 2017 where it was \$1.23. CSY added that based on Note 38 at page 123 of the AR, there was no change in the substantial number of Units from 2017 to 2018. CSY requested for an explanation on the sharp drop in earnings per unit as well as whether Unitholders could expect to receive the same distribution going forward.

The CEO replied that the primary drivers for the drop in earnings was due to a higher fair value loss on derivative financial instruments as well as higher fuel and electricity costs at City Gas. In terms of the amount of distribution to Unitholders going forward, MP said that the Trustee-Manager determines the amount of distribution paid out to Unitholders from distributable cashflows and that the Trustee-Manager would look to providing a sustainable distribution per Unit (“DPU”) to Unitholders.

- 2.3 CSY commented that Unitholders would like assurance that the existing DPU could be maintained going forward. CEO noted this and said that KIT would look to improve the earning power of its assets.
- 2.4 GCL, a Unitholder, noted that based on the AR, KIT’s gearing reached 40.6% and that the borrowings that had to be repaid within 1 year was around 58%. GCL asked whether any of the short term liabilities needed to be refinanced and the current status of refinancing. Further, GCL asked how KIT intended to repay the borrowings, which were due to be repaid within 1 year.

The CEO replied that the total borrowings which had to be repaid within 1 year included the financing for Basslink of around \$700 million which was due for refinancing by 29 November 2019. In this regard, there are ongoing discussions on the refinancing for Basslink with the lenders, with a view to completing the refinancing before November 2019. The CEO added that even if the refinancing for Basslink was not completed by the due date, as the Basslink financing was ringfenced, there would be no financial impact on KIT as a whole.

- 2.5 GCL noted from page 65 of the AR that the total current liabilities and borrowings amount to around \$1 billion and since around \$700 million was attributable to Basslink, he asked if the remaining current liabilities and borrowings of around \$300 million needed to be refinanced or renegotiated.

Mr Eric Ng (“EN”), Head, Finance of KIFM, replied that the sum of around \$300 million was attributable to loans taken up by KIT and City Gas which had already been refinanced earlier this year.

- 2.6 GCL asked how KIT would acquire Hyflux Ltd’s (“Hyflux”) 30% interest in SingSpring Pte Ltd (“SSPL”) which owned the SingSpring Desalination Plant (“SSDP”), in view of the recent acquisition of Ixom as well as KIT’s current gearing, which was more than 40%. GCL also requested for KIT’s views on the recent news that PUB would be taking over the Tuaspring Desalination Plant (“TSDP”) at \$0.

The CEO noted that SSDP was operating well and that SSPL has been in close communication with the operator of SSDP to ensure continued operations at the plant. In terms of the acquisition of Hyflux’s 30% interest in SSPL, the CEO said that the price of the acquisition would be determined by a third party independent valuer and noted that the book value of the asset was close to \$80 million. While KIT had sent a letter to Hyflux to reserve its rights on the purchase of Hyflux’s share in SSPL, no decision has been made on the purchase of such interest and that if KIT decides to acquire Hyflux’s interest, there should be no problem obtaining financing for such acquisition.

- 2.7 GCL queried whether the operation of SSDP would be affected if the operator, Hyflux Engineering Pte Ltd (“HE”), became insolvent. The CEO replied that there were contingency plans in place to take over the operations of SSDP from HE, in the event of HE’s insolvency so as to ensure continued operation of the plant.
- 2.8 QAW, a Unitholder, queried about the contingency plans if HE was no longer able to operate SSDP. The CEO assured that such plans were in place for continued operation of the plant in the event HE could no longer operate SSDP.
- 2.9 QAW noted that the tender price for water for TSDP was 45 cents per cubic metre while the first year water tariff for SSDP was 78 cents per cubic metre. After accounting for operational expenditure, QAW queried if SSDP was profit making. The CEO replied in the affirmative, noting that SSDP contributed approximately \$9 million in distributable cashflow in the past year.

QAW said that the tender price for water for Marina East Desalination Plant (“MEDP”) was \$1.08 per cubic metre while SembCorp had bid \$1.42 per cubic metre for TSDP, as compared to that for SSDP which was 78 cents per cubic metre. The CEO noted that MEDP would be a new and much larger facility compared to SSDP, and it was necessary to consider the price of water on a case by case basis, based on the specific plant in question.

QAW added that the costs of the desalination process had been dropping and queried on the internal rate of return for SSDP. The CEO replied that SSDP was an asset that formed part of the combination of CitySpring Infrastructure Trust and Crystal Trust in mid-2015.

- 2.10 QAW queried whether KIT would look to acquire MEDP at some point in time when completed. The CEO replied that KIT has a right of first refusal (“ROFR”) to acquire MEDP from Keppel Infrastructure Holdings Pte Ltd (“KIH”) and it would depend on whether KIH would sell the asset. If so, KIT would have to evaluate such acquisition in that point in time, having regard to whether such acquisition would be in the Unitholders’ best interests.

On QAW’s question on whether KIT would be obliged to purchase MEDP if it was presented with the ROFR by KIH, Mr Thio Shen Yi (“TSY”) said that there was no such obligation.

- 2.11 QAW also asked about Basslink’s situation. The CEO reiterated Basslink’s financing was ringfenced and that it did not contribute to KIT’s distributable cashflows to Unitholders. Nonetheless, KIT sees value in Basslink as an asset and Management is keen to have the outstanding issues resolved.

- 2.12 TCH, a Unitholder, asked about Basslink’s current cost of funds under its financing. EN replied that the current interest cost for Basslink is around 6.8% due to long term hedge for the asset.

- 2.13 TCH also asked what lessons could be learnt from the current status of Hyflux and whether KIT could face similar financial difficulties as Hyflux in future. The CEO commented that unlike Hyflux which ventured into the business of developing a power plant which was a departure from their core business, KIT enters into businesses which KIT understands and where necessary, KIT would engage experienced management and professionals it trusts to run businesses which it may not fully understand. Further, KIT has an experienced Board which Management would consult as regards KIT’s overall strategy, and Management takes the views of the Board seriously.

- 2.14 TCH asked about the price of the rights issue. The CEO clarified that there was no rights issue but that the price per unit for both the placement and preferential offering was 44.1 cents.

- 2.15 CKP, proxy to Unitholder, GCM, asked how KIT would create sustained growth when it acquired another new asset. The CEO replied that KIT would not acquire an asset if it would not create growth for KIT in the long run. CKP asked if it was difficult for the existing assets to generate profits for KIT. The CEO said that out of nine assets of KIT, seven assets are defined life assets and two are evergreen businesses. The CEO added that infrastructure assets are generally capital intensive with high depreciation rate over the asset life. These result in lower earnings and lower tax rate. Hence, it was possible for KIT to suffer a loss of income yet enjoy positive cashflow. Therefore, it was important for Unitholders to look at the Earnings before interest, taxes, depreciation and amortisation (“EBITDA”) as well as cashflow in assessing the profitability of KIT.

- 2.16 LC, a Unitholder asked about the basis of determining Management’s compensation and if Management’s performance was linked to DPU, assets under management (“AUM”) or some other matrix. TSY replied that the CEO’s remuneration was linked to KIT’s cashflow as well as the total return to Unitholders which considered for example, the DPU to

Unitholders. Management's remuneration generally comprised of basic salary, bonus and performance units which accrue over a period of time with a lock-in period.

- 2.17 WTP, a Unitholder, asked about the life span of Ixom as a business and whether the DPU and Unit price would increase post-acquisition of Ixom. Also, as the debt level to finance the acquisition of Ixom was fairly high, WTP asked when Unitholders would get back the price paid for Ixom. The CEO replied that Ixom was an evergreen business with no end life. On the level of debt, the CEO noted that it was maintained at around 40% both before and after the acquisition of Ixom and that the bridging loan that was taken up for the acquisition has been largely repaid. The CEO added that the leverage levels on a pro forma basis had not changed from pre-acquisition and if Basslink's financing (which is ringfenced) was excluded, then KIT's level of debt would be reduced by a fair amount. As regards the number of years it would take for repayment of the costs of acquiring Ixom, the CEO said that the payback period in terms of distributable cashflow would be around nine years. WTP urged Management to keep up the good work in managing KIT so that Unitholders could receive a good DPU.
- 2.18 AC, a Unitholder, noted from page 13 of the AR that the CEO had worked for Enron Corp previously and asked what position he held as well as the period he worked at Enron Corp. The CEO replied that he was at Enron Corp from 1998 to 2001 as Head of Mergers & Acquisitions for North Asia and was based in Beijing and Hong Kong and that his role then was specific to North Asia. The CEO added that the time he spent in Enron Corp was part of the 25 years of living in Asia.
- 2.19 TPP, a Unitholder, asked about Management's long term view and plans on Basslink, considering there was a strategic review of the asset previously as there were parties interested to acquire the asset. The CEO replied that the strategic review for Basslink was put on hold around end-2017 or early-2018 and that there would be more certainty on the options available for Basslink once there is a successful outcome of the arbitration. He added that Management would like to see Basslink be an asset that contributes to the cashflow of KIT and Management would focus on restructuring the business and that any strategic review of Basslink would take into account Unitholders' interests. Chairman added that the parties were seeking to resolve the disputes relating to Basslink amicably.
- 2.20 HWH, a Unitholder, asked if a new membrane had to be changed at SSDP every five years and if so, when such change had to be made and how much the change would cost. In addition, if the replacement of the membrane was costly, would it affect the profit of SSPL. The CEO handed over the question to be answered by Mr Marc Liu ("ML"), Head, Asset Management of KIFM. ML replied that the membrane for SSDP had a design life of around seven to 10 years and whether any replacement was required depended on the usage of the plant. The membrane for SSDP had been maintained well as evidenced by the water quality that was tested daily and the membrane could continue to be used for a longer period. Nonetheless, there is a spare membrane at the plant and the contractual arrangement with the operator was such that the costs of replacing the membrane was to be borne by the operator.
- 2.21 HWH asked if SSDP's operations would be affected if the operator become insolvent and ML reiterated the CEO's earlier comments that there are contingency plans in place and that SSDP would be able to take over and operate the plant in such situation. MP added that the operations of SSDP as well as Hyflux's situation were being monitored closely.

- 2.22 As there were no further questions on Ordinary Resolution 1, the Chairman proposed that the Trustee-Manager's Statement and the audited financial statements of KIT for the year ended 31 December 2018, and the Independent Auditors' Report thereon, be received and adopted. SWL seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 1,931,212,016 votes or 99.80 per cent. Votes AGAINST the resolution: 3,858,726 votes or 0.20 per cent.
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The Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** the Trustee-Manager's Statement and the audited financial statements of KIT for the year ended 31 December 2018, and the Independent Auditors' Report thereon, was received and adopted.

### **AS ORDINARY BUSINESS**

#### **3. RESOLUTION 2: TO RE-APPOINT MESSRS DELOITTE & TOUCHE LLP AS THE AUDITOR OF KIT**

- 3.1 The second item of the agenda was an Ordinary Resolution to deal with the re-appointment of Messrs Deloitte & Touche LLP as the auditor of KIT to hold office until the conclusion of the next AGM of KIT, and to authorise the Trustee-Manager to fix their remuneration.
- 3.2 As there were no questions on Ordinary Resolution 2, the Chairman proposed that Messrs Deloitte & Touche LLP be re-appointed as the auditor of KIT to hold office until the conclusion of the next AGM of KIT, and the Trustee-Manager be authorised to fix their remuneration. GCL seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 1,928,436,787 votes or 99.83 per cent. Votes AGAINST the resolution: 3,223,567 votes or 0.17 per cent.
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The Chairman declared the resolution carried.

**It was resolved as an Ordinary Resolution that** Messrs Deloitte & Touche LLP be re-appointed as the auditor of KIT to hold office until the conclusion of the next AGM of KIT, and the Trustee-Manager was authorised to fix their remuneration.

### **AS SPECIAL BUSINESS**

#### **4. RESOLUTION 3: GENERAL MANDATE TO ISSUE UNITS AND CONVERTIBLE SECURITIES**

- 4.1 The first item under "special business", Ordinary Resolution 3, dealt with the mandate to be given to the Trustee-Manager to issue new Units in KIT and/or make or grant instruments (such as warrants or debentures) convertible into Units, and to issue Units in pursuance of such instruments. The mandate was subject to a maximum issue of up to 50% of the total number of issued Units in KIT as at the date of the passing of the resolution of which the aggregate number of Units to be issued other than on a pro rata basis to unitholders would not exceed 20%. In exercising the authority granted under this resolution, the Trustee-Manager was to comply with the provisions of the Listing Manual of the SGX-ST, the Trust

Deed and the Business Trusts Act. The authority conferred was to continue in force until the conclusion of the next AGM of KIT or the date by which the next AGM was required by applicable regulations to be held, whichever was the earlier.

- 4.2 As there were no further questions on Ordinary Resolution 3, the Chairman proposed that Resolution 3 as set out in the Notice of AGM dated 25 March 2019 (Notice of AGM), be put to the vote. PWF seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 1,643,064,901 votes or 85.24 per cent. Votes AGAINST the resolution: 284,466,994 votes or 14.76 per cent.
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The Chairman declared the resolution carried.

- 4.3 **It was resolved as an Ordinary Resolution that** pursuant to Clause 6.1 of 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 (collectively, the Trust Deed), Section 36 of the Business Trusts Act (Chapter 31A of Singapore) (the Business Trusts Act) and Rule 806 of the Listing Manual of the SGX-ST, the Trustee-Manager was authorised and empowered to:

- (a) (i) issue Units in KIT (Units) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, Instruments) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,
- at any time and on such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
- (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units would be calculated based on the total number of issued Units at the time the Resolution was passed, after adjusting for:

- (a) any new Units arising from the conversion or exercise of any Instruments which were outstanding or subsisting at the time the Resolution was passed; and
  - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by the Resolution, the Trustee-Manager would comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act;
  - (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution would continue in force until (a) the conclusion of the next AGM of KIT or (b) the date by which the next AGM of KIT is required by applicable regulations to be held, whichever is earlier;
  - (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units were issued; and
  - (6) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the authority conferred by this Resolution.

## **AS SPECIAL BUSINESS**

### **5. RESOLUTION 4: RENEWAL OF AND AMENDMENTS TO THE UNITHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

- 5.1 The next item under "special business" related to the renewal of the unitholders' mandate for KIT, its subsidiaries and associated companies ("Entities at Risk Group") to enter into interested person transactions ("IPTs") as described in the Appendix accompanying the Notice of AGM ("Appendix"), with any party who was of the class of interested persons described in the Appendix. The mandate was intended to facilitate transactions which were in the ordinary course of the Entities at Risk Group's business, provided that such transactions were made on normal commercial terms and in accordance with the review procedures for such IPTs.
- 5.2 The Audit and Risk Committee confirmed that: (1) the review procedures had not change since the last Unitholder approval; and (2) the review procedures were sufficient to ensure that the IPTs carried out thereunder would be on normal commercial terms and would not be prejudicial to the interests of KIT and minority KIT Unitholders.
- 5.3 Chairman explained that Temasek Holdings (Private) Limited ("Temasek Holdings"), Keppel Corporation Limited, Keppel Capital Holdings Pte Ltd and Keppel Infrastructure Holdings Pte Ltd (KI), along with all the directors of the Trustee-Manager, would abstain from voting, and each of them had undertaken to ensure that their associates would abstain from voting,



on this resolution. However, where the interested persons or associates had been appointed proxies by other unitholders, they would vote in respect of such proxy units in accordance with the specific instructions to vote "for" or "against" the motion as set out in the proxy form.

- 5.4 The Chairman invited questions from the Unitholders on Ordinary Resolution 4.
- 5.5 As there were no questions on Resolution 4, SWL proposed that Resolution 4 as set out in the Notice of AGM, be put to the vote. KCY seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 486,763,704 votes or 99.31 per cent. Votes AGAINST the resolution: 3,364,440 votes or 0.69 per cent.
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The Chairman declared the resolution carried.

**5.6 It was resolved as an Ordinary Resolution that:**

- (a) approval was given, for the purposes of Chapter 9 of the Listing Manual (Chapter 9) of the SGX-ST, for the renewal of the Unitholders' general mandate for KIT, its subsidiaries and associated companies that were "entities at risk" (as defined under Chapter 9), or any of these entities, to enter into any of the transactions falling within the categories of interested person transactions described in the Appendix, and generally on the terms set out in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, and are entered in accordance with the review procedures for such interested person transactions as set out in the Appendix (the Unitholders' Mandate);
- (b) the Unitholders' Mandate shall, unless revoked or varied by the Unitholders in a general meeting, continue in force until the date that the next AGM of KIT was held or was required by law to be held, whichever is earlier;
- (c) the Audit & Risk Committee of the Trustee-Manager be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and
- (d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unitholders' Mandate and/or this Resolution.

**AS SPECIAL BUSINESS**

**6. RESOLUTION 5: PROPOSED UNIT BUY-BACK MANDATE**

- 6.1 The next item under "special business" related to the mandate to be given to the Trustee-Manager to repurchase issued Units for and on behalf of KIT up to the maximum limit of 5%

of the total number of issued Units as at the date of passing of this resolution. Unless revoked or varied by the Unitholders in a general meeting, the authority conferred would continue in force until the earlier of: (1) the date on which the next AGM of KIT is held or required by applicable laws and regulations or the Trust Deed to be held or (2) the date on which repurchases of units pursuant to the mandate were carried out to the full extent mandated. The rationale, duration and limits of the authority were set out in the Appendix that was circulated to Unitholders prior to the meeting.

- 6.2 The Chairman invited questions from the Unitholders on Ordinary Resolution 5.
- 6.3 LKM, a Unitholder, asked about the number of treasury Units held by KIT, the number of Units purchased back by KIT and if so, the price of such purchase. LKM also asked whether KIT repurchased shares for purpose of giving the shares to its staff or for investment. The CEO replied that KIT did not own any treasury Units and also did not buy back any Units in 2018. As to the purpose of buying back Units, the CEO said that KIT would do so only if it is accretive to Unitholders. On the other hand, if there were better opportunities than buying back Units, then KIT may not do so. The CEO added that the purpose of obtaining Unitholders' approval on resolution 5 was so that KIT had the option to buy back Units, if it was yield accretive to do so.
- 6.4 LKM asked whether KIT would consider buying back Units to increase DPU. The CEO replied that the dividend yield was an important number and that it was fairly high at the moment, considering the quality and growth of the business. While Management would like to lower dividend yield without reducing the DPU which could be achieved by increasing the unit price, it had to be further considered by Management and the Board and no decision had yet been made.
- 6.5 HWH asked if KIT's intention was to buy back Units if there was enough cashflow for the purpose of giving the Units to staff or for purpose of boosting up the Unit price. HWH also opined that if KIT had excess cash that it should distribute the same to Unitholders rather than buy back KIT's Units. The CEO replied that with excess cash, KIT will have different capital allocation options, one of which is to buy back Units. However, KIT would only do so if other options available were less accretive to Unitholders. For example, excess cash could be used to reduce debt and leverage, which would free up KIT's balance sheet for acquisitions. The accumulation of excess cash could also be used for subsequent acquisition which would not require further issuance of units.
- 6.6 TSY added that the Trustee-Manager can take some of its remuneration in KIT Units, which it can look to remunerate staff without having to buy back Units; and that a part of the Board's remuneration was also paid by Units so that the Board's interest was aligned with that of Unitholders.
- 6.7 As there were no further questions on Ordinary Resolution 5, the Chairman proposed that Ordinary Resolution 5 as set out in the Notice of AGM, be put to the vote. TKC seconded the motion, which was put to the vote and duly carried.

Votes FOR the resolution: 1,667,123,598 votes or 86.50 per cent. Votes AGAINST the resolution: 260,219,470 votes or 13.50 per cent.
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The Chairman declared the resolution carried.

**6.8 It was resolved as an Ordinary Resolution that:**

(a) the exercise of all the powers of the Trustee-Manager to repurchase issued Units for and on behalf of KIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Trustee-Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or
- (ii) off-market purchases(s) (which are not market purchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Trustee-Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the Unit Buy-Back Mandate);

(b) (unless revoked and varied by the Unitholders in a general meeting) the authority conferred on the Trustee-Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Trustee-Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of KIT is held;
- (ii) the date by which the next annual general meeting of KIT is required by applicable laws and regulations or the Trust Deed to be held; or
- (iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding to the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

“date of the making of the offer” means the date on which the Trustee-Manager makes an offer for an off-market purchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market purchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market purchase;

“Market Day” means a days on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

“Maximum Limit” means that number of Units representing 5% of the total number of issued Units as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Unit, 105.0% of the Average Closing Price of the Units; and
  - (ii) in the case of an off-market purchase of a Unit, 110.0% of the Average Closing Price of the Units; and
- (d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, the Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unit Buy-Back Mandate and/or this Resolution.
7. Chairman noted that the final 2 items on the Agenda deal with: (a) the proposed issuance of new Units in KIT pursuant to (i) the preferential offering or (ii) the preferential offering and the placement to raise gross proceeds of up to S\$750 million and (b) the proposed placement of new Units in KIT to KIH as part of the placement. As the Equity Fund Raising which was launched and announced on 14 March 2019 had been completed yesterday, 15 April 2019, ordinary resolutions 6 and 7 would not be tabled at the AGM and were withdrawn.

## **8. 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**