

CIRCULAR TO UNITHOLDERS IN RELATION TO THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT



If you are in any doubt as to the contents herein or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred your units in Keppel Infrastructure Trust ("KIT"), you should immediately inform the purchaser or transferee or bank or stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular may be accessed at KIT's website at <https://www.kepinfratrust.com/investor-information/agm-and-egm/> and SGXNet.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

General. The value of units in KIT ("Units") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in the 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 of KIT ("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.

The past performance of KIT is not necessarily indicative of the future performance of KIT.

Circular not an Offering Document. This Circular is issued to Unitholders solely for the purpose of convening the EGM and seeking the approval of Unitholders for the resolution to be proposed at the EGM. This Circular does not constitute an offering document for the offer of any securities and no offer of any securities is being made in this Circular.

Forward-looking Statements. This Circular may contain forward-looking statements that involve 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 known and unknown 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 similar infrastructure assets, shifts in expected levels of availability, changes in operating expenses, and governmental and public policy changes. Unitholders are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view of future events.

Disclaimers. Nothing in this Circular constitutes, or shall be construed as legal, business, financial or tax advice. Unitholders should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately if they are in any doubt as to the action they should take.

Certain Restrictions. The distribution of this Circular in certain jurisdictions may be restricted by law. KIT and the Trustee-Manager require persons whose possession this Circular comes into to inform themselves about and to observe any such restrictions at their own expense and without liability to KIT and the Trustee-Manager. Persons to whom a copy of this Circular has been issued shall not circulate to any other person, reproduce or otherwise distribute this Circular or any information herein in breach of any applicable laws and regulations nor permit or cause the same to occur.

IMPORTANT DATES AND TIMES	
Virtual Information Session/SIAS Dialogue Session:	6 April 2022 at 7.00 p.m. ¹
Last date and time for submission of questions in advance of EGM:	12 April 2022 at 3.00 p.m.
Last date and time for KIT to publish responses to questions received:	14 April 2022 at 4.00 p.m.
Last date and time for pre-registration for EGM:	17 April 2022 at 4.00 p.m.
Last date and time for lodgement of Proxy Forms:	17 April 2022 at 4.00 p.m.
Date and time of EGM (convened by electronic means):	19 April 2022 at 4.00 p.m., or immediately after the conclusion or adjournment of the Annual General Meeting convened at 3.00 p.m. on the same day

¹ Further details on the Virtual Information Session / SIAS Dialogue Session will be announced by KIT in due course.

Managed by

Keppel Infrastructure Fund Management Pte. Ltd.

Independent Financial Adviser

ERNST & YOUNG CORPORATE FINANCE PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199702967E)

IMPORTANT NOTICE

The information in this section should be read with the full information contained in the rest of this Circular. If there should be any inconsistency or conflict between this section and the rest of this Circular, the rest of this Circular shall prevail. Nothing in this section is intended to be, or shall be taken as, advice, a recommendation or a solicitation to Unitholders or any other party. Meanings of defined terms may be found in the Definitions section of this Circular.

KIT'S GROWTH SINCE LISTING

KIT's portfolio has grown since listing from \$760m as at Dec 2010 to approx. \$4.5b as at 31 Dec 2021



1. Excludes Basslink, which entered voluntary administration on 12 Nov 2021. The operations of Basslink are under the control of the receiver and manager appointed by the lenders.

OVERVIEW OF PROPOSED FEE AMENDMENT

Proposed change in existing management fee and performance fee structure to support KIT's growth plans and align the Trustee-Manager's interests with that of Unitholders

Current Fee Structure	Proposed Fee Structure
<p>Existing Management Fee \$2m per annum¹</p>	<p>Proposed Base Fee 10% per annum of Distributable Income³</p>
<p>Existing Performance Fee 4.5% per annum of the Trust Income</p>	<p>Proposed Performance Fee 25% per annum of the increase in DPU multiplied by the weighted average number of Units in issue</p>
<p>Acquisition and Divestment Fee at 0.5% / 1%² and 0.5% of the enterprise value of the investment acquired or divested, respectively</p>	<p>Acquisition and Divestment Fee No change</p>

- With adjustments for inflation.
- The Acquisition Fee will be equal to the rate of 0.5% of the enterprise value of the investment where the investment is acquired from any of the Sponsor Group Entities (as defined in the Trust Deed), or in all other cases, 1% (or such lower percentage as may be determined by the Trustee-Manager) of the enterprise value of the investment.
- Distributable Income calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee for 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".


RATIONALE OF THE PROPOSED FEE AMENDMENT





- 1 To align fee structure with long-term value creation
- 2 To closer align interests with that of Unitholders
- 3 To deepen and expand talent pool
- 4 To optimise KIT's current portfolio
- 5 To continue to drive portfolio growth through new investments


1 TO ALIGN FEE STRUCTURE WITH LONG-TERM VALUE CREATION

Existing Fee Structure


 In place since 2010, where the Trustee-Manager had 7 employees managing 3 local assets valued at \$760m

 No correlation to KIT's portfolio size and diversity


 Limits scalability and growth

 Performance fee not linked to DPU growth


Proposed Fee Structure

 Better reflects the required level of resources to effectively manage and operate KIT's diverse portfolio. 22 employees¹ managing 9 assets across 5 countries with AUM approx. \$4.6 billion²




 Better aligned with Unitholders' interests, considering cash generation and DPU growth



 Enables the Trustee-Manager to scale up, grow the talent pool and accelerate KIT's growth plans



 Proposed fee structure is on normal commercial terms and is not prejudicial to KIT and minority Unitholders³



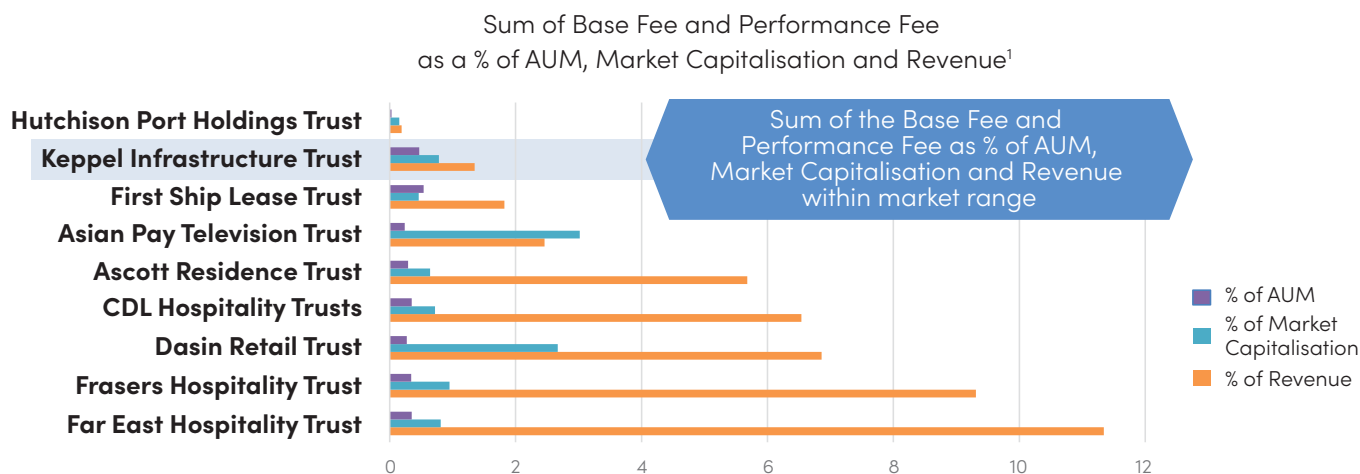
1. As at 31 December 2021.

2. As at end-February 2022.

3. Please refer to the Independent Financial Adviser's Letter to the Independent Directors and the Audit and Risk Committee of the Trustee-Manager ("IFA Letter"), a copy of which is set out in Appendix C to the Circular.

2 TO CLOSER ALIGN INTERESTS WITH THAT OF UNITHOLDERS

- **Proposed fee structure results in closer alignment of Trustee-Manager's interests with that of Unitholders**
 - Proposed Base Fee pegged to cash generated by KIT
 - Proposed Performance Fee pegged to DPU growth
- **Proposed fee structure widely adopted by Singapore REITs in the last 5 years i.e. listed after 2017**
- **Proposed fee structure within market range charged by selected Business Trusts**



1. Based on data extracted from paragraphs 4.2.2 and 4.2.3 of the IFA Letter, a copy of which is set out in Appendix C to the Circular.

3 TO DEEPEN AND EXPAND TALENT POOL

- **To widen investible universe across high quality assets in the infrastructure spectrum through:**
 - Expanding global reach and talent pool in deal origination, execution and operational improvements
 - Establishing overseas offices to broaden reach, diversify and originate closer to source



Global mandate with focus on core and core+ infrastructure assets and businesses in developed markets



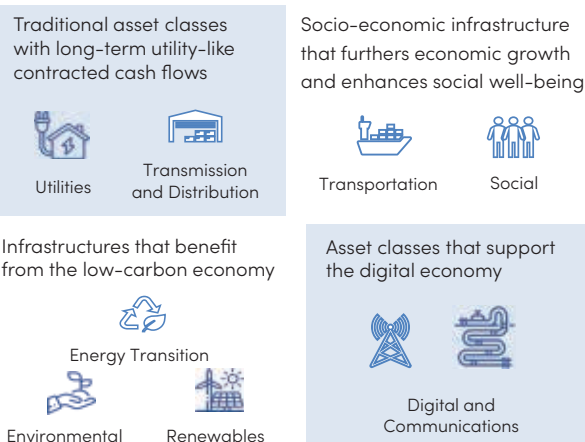
Leverage the Keppel ecosystem to seek co-investment and/or incubation opportunities



Draw on Keppel's development capabilities and strong operational track record

- **Focus on evergreen, yield accretive businesses and assets that will benefit from secular growth trends**

Key Asset Classes



4 TO OPTIMISE KIT'S CURRENT PORTFOLIO

- Continue to generate resilient cash flows
- Seek opportunities to grow existing businesses through bolt-on acquisitions and/or expansion plans



Driving new growth engines: IoT-enabled home solutions and electric vehicle charging services

- Ongoing portfolio optimisation efforts to create value, including the pursuit of synergistic transactions or divestment of portfolio assets for capital gains

5 TO CONTINUE TO DRIVE PORTFOLIO GROWTH THROUGH NEW INVESTMENTS

- Invested in Aramco Gas Pipelines Company in the Kingdom of Saudi Arabia¹, which holds a 20-year lease and lease back agreement over the usage rights of the gas pipelines network



Invest in a strong and growing business backed by favourable gas demand dynamics



Top-tier counterparty with strong operational track record



Strongly contracted nature of investment with downside protection



Supports the transition of the Saudi economy towards a more sustainable energy future

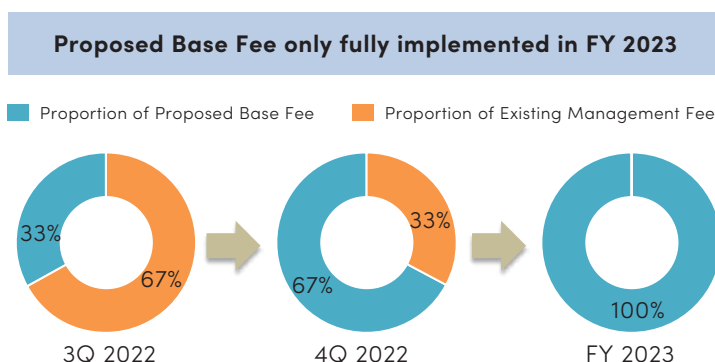


Enhances resiliency of KIT's portfolio

1. See KIT's announcements dated 8 February 2022 and 24 February 2022 in relation to the investment.

PROGRESSIVE IMPLEMENTATION OF PROPOSED BASE FEE AND IMPLEMENTATION OF PROPOSED PERFORMANCE FEE

- Proposed Performance Fee:** Only payable with DPU growth; to take effect from 3Q 2022
- Reflects the progressive growth of KIT's portfolio and allows more time to build up the Trustee Manager's resources



ILLUSTRATIVE COMPUTATIONS OF THE PROPOSED BASE FEE AND THE PROPOSED PERFORMANCE FEE FOR FY 2022 AND FY 2023 BASED ON FY 2020 AND FY 2021 AUDITED FINANCIAL STATEMENTS

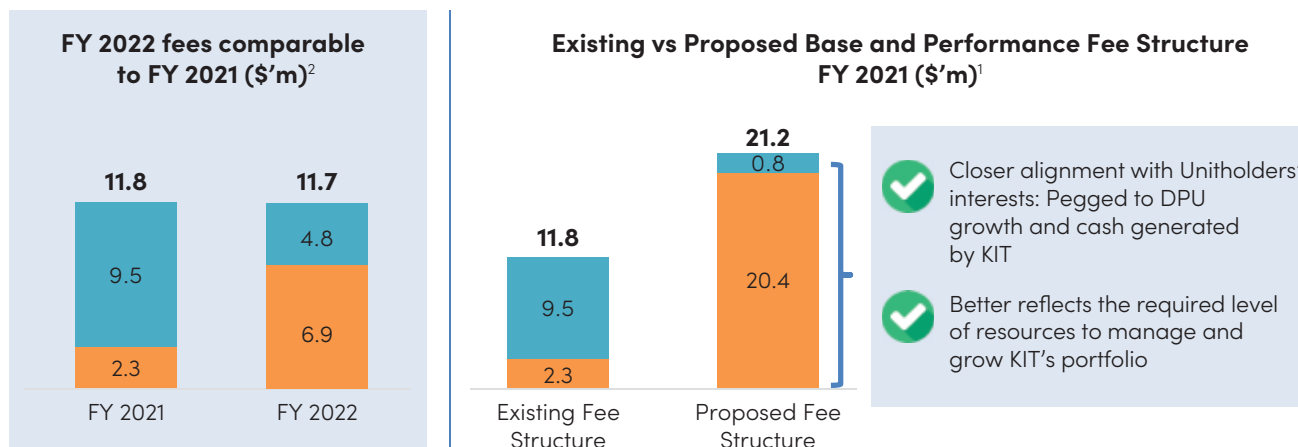
Illustrative Computations*	FY 2022				FY 2023
	1H	3Q	4Q	Total	FY
Existing Management Fee (S\$) ¹	1.2m	0.4m	0.2m	1.8m	–
Proposed Base Fee (S\$) ²	–	1.7m	3.4m	5.1m	20.4m
Existing Performance Fee (S\$) ³	4.8m	–	–	4.8m	–
Proposed Performance Fee (S\$) ^{4,5}	–	–	–	NIL ⁵	0.8m ⁴
Total	6.0m	2.1m	3.6m	11.7m	21.2m

* These computations are based on KIT's FY 2020 and FY 2021 Audited Financial Statements and are presented for illustrative purposes only, and should be read together with the full text of Appendices B and B2 of the Circular.

- Based on the Existing Management Fee of \$2.3m paid to the Trustee-Manager in respect of FY 2021. See paragraph 2.1 and 2.3.3 of the Circular for further details.
- Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY 2021 is approximately \$204.0m. See Section A2 of Appendix B1 for further details on the computation of the Proposed Base Fee for FY 2021. The Proposed Base Fee will be implemented progressively from 3Q 2022, as described in paragraph 2.3.3 of the Circular. The illustrative impact for the full year ended FY 2022 and FY 2023 is therefore \$5.1m and \$20.4m respectively as shown in the table.
- Based on the Existing Performance Fee of \$9.5m paid to the Trustee-Manager in respect of FY 2021. The Existing Performance Fee shall cease to be payable on 1 July 2022.
- There was an increase in DPU in respect of FY 2021 of \$0.0006 per unit as compared with the DPU in respect of FY 2020, and the weighted average number of Units in issue in FY 2021 was 4,991.0m. Assuming the same DPU increase was declared for FY 2022 and FY 2023 and the weighted average number of Units remain unchanged, the illustrative Proposed Performance Fee for FY 2022 and FY 2023 is \$0.8m. See Section B of Appendix B1 of the Circular for further details on the computation of the Proposed Performance Fee for FY 2021.
- No Proposed Performance Fee will be payable for FY 2022 given that the Proposed Performance Fee of \$0.8m for FY 2022 is less than the Existing Performance Fee of \$4.8m paid for 1HFY2022. See paragraph 2.3.5(b) of the Circular for further details.

ILLUSTRATIVE FINANCIAL IMPACT ON UNITHOLDERS¹

- FY 2022 fees comparable to FY 2021: Illustrative fees of ~\$11.7m for FY 2022 (after progressive implementation of Proposed Base Fee) vs fees of ~\$11.8m for FY 2021



- Existing Management Fee or Proposed Base Fee (as applicable)
- Existing Performance Fee or Proposed Performance Fee (as applicable)

1. See paragraph 2.4.1 of the Circular for further details.
2. See Appendix B2 of the Circular for further details.

OPINION AND RECOMMENDATION¹

Opinion of the Independent Financial Adviser (IFA)

The IFA is of the opinion that the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and the minority Unitholders. The IFA advises the Independent Directors and the Audit and Risk Committee to **recommend that Unitholders vote in favour of the Proposed Base Fee and Performance Fee Supplement.**

Recommendation of the Audit & Risk Committee and the Independent Directors

Having considered the relevant factors, including the rationale for the Proposed Base Fee and Performance Fee Supplement, the Audit and Risk Committee (with Mr Daniel Cuthbert Ee Hock Huat and Mr Kunnasagaran Chinniah abstaining)² and the Independent Directors³ are of the opinion that the Proposed Base Fee and Performance Fee Supplement is based on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders, and the Independent Directors **recommend that Unitholders vote in favour of the resolution in relation to the Proposed Base Fee and Performance Fee Supplement.**

1. These extracts should be read together with the full text and context of the IFA Letter (which can be found at Appendix C of the Circular) and the Circular.
2. Mr Daniel Cuthbert Ee Hock Huat is a director of a subsidiary of Temasek. Mr Kunnasagaran Chinniah is an investment committee member on a subsidiary of Keppel Capital Holdings Pte. Ltd.
3. The Independent Directors' remuneration comprises a basic fee and an additional fee for services performed on Board committees, and is reviewed against a variety of factors, including prevailing market practices and comparable benchmarks. The fees of the Independent Directors are not computed based on the fees received by the Trustee-Manager.

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CORPORATE INFORMATION

Directors of Keppel Infrastructure Fund Management Pte. Ltd. as Trustee-Manager of KIT	:	Mr Daniel Cuthbert Ee Hock Huat <i>(Non-Executive Chairman and Independent Director)</i> Mr Thio Shen Yi <i>(Independent Director)</i> Mr Mark Andrew Yeo Kah Chong <i>(Independent Director)</i> Mr Kunnasagaran Chinniah <i>(Independent Director)</i> Ms Susan Chong Suk Shien <i>(Independent Director)</i> Ms Christina Tan Hua Mui <i>(Non-Executive and Non-Independent Director)</i>
Registered Office of the Trustee-Manager	:	1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Legal Adviser to the Trustee-Manager	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Independent Financial Adviser	:	Ernst & Young Corporate Finance Pte Ltd One Raffles Quay North Tower, Level 18 Singapore 048583
Proxy Agent, Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632

DEFINITIONS

In this Circular, the following definitions shall apply throughout (including to the Appendices hereto) unless the context otherwise requires or unless otherwise stated:

%	:	Per centum or percentage
Accountants Act	:	The Accountants Act 2004 (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time
AGM	:	Annual general meeting
associate	:	In the case of a business trust, (a) in relation to any director, chief executive officer, or controlling shareholder of the trustee-manager, substantial shareholder of the trustee-manager, substantial unitholder or controlling unitholder of the business trust (being an individual), means: (i) his immediate family member; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and (b) in relation to the controlling shareholder of the trustee-manager or substantial unitholder or controlling unitholder of the business trust (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
Audit and Risk Committee	:	The audit and risk committee of the Trustee-Manager
Basslink Group	:	Nexus Australia Management Pty Ltd (in voluntary administration), Coral Holdings Australia Pty Ltd (in voluntary administration) and their respective subsidiaries
Board	:	The board of directors of the Trustee-Manager

Business Trusts Act or BTA	:	The Business Trusts Act 2004 (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time
CDP	:	The Central Depository (Pte) Limited
Circular	:	This circular to Unitholders dated 28 March 2022 in relation to the Proposed Base Fee and Performance Fee Supplement
City Energy Group	:	City Energy Trust (formerly known as City Gas Trust) and its subsidiaries
control	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
Controlling Unitholder	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total voting rights in a business trust (unless the SGX-ST has determined such a person not to be a controlling unitholder); or (b) in fact exercises control over a business trust
Directors	:	Directors of the Trustee-Manager
Distributable Income	:	Free Cash Flow to Equity for the relevant period. Free Cash Flow to Equity is derived from Funds from Operations (see definition of Free Cash Flow to Equity). Distributable Income is therefore derived from Funds from Operations. 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"
DPU	:	Distribution per Unit as declared by the Trustee-Manager for the relevant period
EBITDA	:	Earnings before Interest, Taxes, Depreciation and Amortisation
Effective Date	:	The date on which the Trust Deed is amended pursuant to the Proposed Base Fee and Performance Fee Supplement, or 1 July 2022, whichever is later

EGM	:	The extraordinary general meeting of KIT to be held on 19 April 2022 at 4.00 p.m. or immediately after the conclusion or adjournment of the Annual General Meeting convened at 3.00 p.m. on the same day, by way of electronic means, notice of which is given in the Notice of EGM (or any adjournment thereof)
Existing Management Fee	:	The management fee of S\$2.0 million per annum, as adjusted in accordance with the provisions of the Trust Deed for each financial year
Existing Performance Fee	:	The performance fee at a rate equal to 4.5% per annum of the Trust Income
Extraordinary Resolution	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
First Half-Year	:	The half-year period from 1 July 2022 to 31 December 2022
Free Cash Flow to Equity or FCFE	:	FFO less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager. 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"
Funds from Operations or FFO	:	Profit after tax adjusted for reduction in concession/ lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interest adjustments
FY2011	:	The financial year ended 31 December 2011
FY2020	:	The financial year ended 31 December 2020
FY2020 Audited Financial Statements	:	The audited consolidated financial statements of the Group for FY2020
FY2021	:	The financial year ended 31 December 2021
FY2021 Audited Financial Statements	:	The audited consolidated financial statements of the Group for FY2021
FY2022	:	The financial year ending 31 December 2022
FY2023	:	The financial year ending 31 December 2023

Group	:	KIT and its subsidiaries
IFA Letter	:	The letter of the Independent Financial Adviser as set out in Appendix C to this Circular
Independent Directors	:	The directors of the Trustee-Manager who are independent for the purposes of the Proposed Base Fee and Performance Fee Supplement, being Mr Thio Shen Yi, Mr Mark Andrew Yeo Kah Chong and Ms Susan Chong Suk Shien
Independent Financial Adviser	:	Ernst & Young Corporate Finance Pte Ltd
Investment	:	Any one of the assets forming for the time being a part of the Trust Property or, where appropriate, being considered for acquisition to form part of the Trust Property or being considered for divestment to be excluded from the Trust Property
Ixom Group	:	Ixom HoldCo Pty Ltd and its subsidiaries
KC	:	Keppel Capital Holdings Pte. Ltd., a company incorporated in the Republic of Singapore
KCL	:	Keppel Corporation Limited, a company incorporated in the Republic of Singapore
KIFM	:	Keppel Infrastructure Fund Management Pte. Ltd., a company incorporated in the Republic of Singapore
KIHPL	:	Keppel Infrastructure Holdings Pte. Ltd., a company incorporated in the Republic of Singapore and which is a wholly-owned subsidiary of KCL
KIT or Trust	:	Keppel Infrastructure Trust, a business trust constituted pursuant to the Trust Deed in the Republic of Singapore and registered with MAS
KMC Group	:	Keppel Merlimau Cogen Pte Ltd and its subsidiaries
Latest Practicable Date	:	4 March 2022, being the latest practicable date prior to the finalisation of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
Listing Rules	:	Listing Rules of the SGX-ST
Notice of EGM	:	The notice of EGM which is set out on pages D-1 to D-4 of this Circular

Proposed Base Fee	:	The base fee at a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee for the relevant period)
Proposed Base Fee and Performance Fee Supplement	:	The proposed supplement to the Trust Deed to revise the structure of the Existing Management Fee and Existing Performance Fee in the manner set out in Appendix A to this Circular
Proposed Performance Fee	:	<p>The performance fee at a rate equal to 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year.</p> <p>In computing the Proposed Performance Fee for a financial year, the DPU to be used is the aggregate DPU as declared by the Trustee-Manager for the relevant financial year.</p> <p>The Performance Fee is only payable if the DPU in respect of any financial year exceeds the DPU in respect of its preceding financial year, notwithstanding that the DPU in respect of the said preceding financial year may be less than the DPU in respect of the financial year immediately prior to the said preceding financial year.</p>
REITs	:	Real estate investment trusts
Securities and Futures Act or SFA	:	The Securities and Futures Act 2001 (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time
S\$ and cents	:	Singapore dollars and cents
Second Half-Year	:	The half-year period from 1 January 2023 to 30 June 2023
Securities Account	:	Securities account or sub-account maintained by a Depositor with CDP
SGX-ST	:	Singapore Exchange Securities Trading Limited
Substantial Unitholder	:	A person with an interest or interests in Units where the total votes attached to such Units are not less than 5.0% of the total votes attached to all voting Units
Temasek	:	Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore

Trust Deed	:	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
Trust Income	:	In relation to KIT, means the sum of all cash inflow received by KIT from subsidiaries, associates, sub-trusts and Investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts) in respect of a given period
Trust Property	:	Has the meaning ascribed to it in the Business Trusts Act
Trustee-Manager	:	KIFM, acting in its capacity as trustee-manager of KIT
Unit	:	A unit representing an undivided interest in KIT
Unitholders	:	The registered holders for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term " Unitholder " shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

All references to (1) the "**Trustee-Manager**" are to it acting in its capacity as trustee-manager of KIT and (2) "**KIT**" or the "**Trust**" are to it acting through the Trustee-Manager.

The term "**Depositor**" and "**Depository Register**" shall have the meaning ascribed to it in Section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregate of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall not affect the construction of this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Securities and Futures Act or the Listing Manual and used in this Circular shall, where applicable, have the meaning ascribed to it under the Securities and Futures Act or the Listing Manual, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Circular are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

LETTER TO UNITHOLDERS

KEPPEL INFRASTRUCTURE TRUST

(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

Directors of the Trustee-Manager:

Mr Daniel Cuthbert Ee Hock Huat
(*Non-Executive Chairman and Independent Director*)
Mr Thio Shen Yi (*Independent Director*)
Mr Mark Andrew Yeo Kah Chong (*Independent Director*)
Mr Kunnasagaran Chinniah (*Independent Director*)
Ms Susan Chong Suk Shien (*Independent Director*)
Ms Christina Tan Hua Mui (*Non-Executive and
Non-Independent Director*)

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

28 March 2022

To: The Unitholders of Keppel Infrastructure Trust ("KIT")

Dear Sir/Madam

THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

1. INTRODUCTION

1.1 Summary

Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust (the "**Trustee-Manager**") is seeking approval from Unitholders at the EGM for the proposed supplement to the Trust Deed to revise the fee structure pursuant to which the Trustee-Manager receives the Existing Management Fee and the Existing Performance Fee under the Trust Deed, in the manner set out in **Appendix A** to this Circular (the "**Proposed Base Fee and Performance Fee Supplement**").

Subject to approval from Unitholders, the Trustee-Manager intends to amend the Trust Deed with the Proposed Base Fee and Performance Fee Supplement, and the Proposed Base Fee and the Proposed Performance Fee shall take effect in the manner set out at paragraph 2.3 below, from the date of such amendment or 1 July 2022, whichever is later.

For the avoidance of doubt, no changes are being proposed for the other existing fees payable to the Trustee-Manager under the Trust Deed.

1.2 Unitholders' Approval

Approval of Unitholders by way of an Extraordinary Resolution is required in respect of the resolution relating to the entry into the Proposed Base Fee and Performance Fee Supplement.

Section 31(1)(a) of the Business Trusts Act states that:

“No person shall modify or replace the trust deed of a registered business trust unless such modification or replacement is approved –

- (a) by special resolution of the unitholders of the registered business trust; or*
- (b) where the modification is necessary in order to comply with any written law or rule of law applicable in Singapore, by the trustee-manager of the registered business trust.”*

Further, as the Trustee-Manager is considered an “interested person” of KIT for the purposes of Chapter 9 of the Listing Manual, the entry into the Proposed Base Fee and Performance Fee Supplement will constitute an interested person transaction under Chapter 9 of the Listing Manual. The Trustee-Manager does not expect the Proposed Base Fee and the Proposed Performance Fee payable to the Trustee-Manager for FY2022 to exceed 5% of KIT’s latest audited net tangible assets for FY2021. The aggregate fees payable to the Trustee-Manager for any given financial year will be disclosed in the annual report of KIT.

Important:

Unitholders should note that by voting in favour of the resolution relating to the Proposed Base Fee and Performance Fee Supplement, the payment of the Proposed Base Fee and the Proposed Performance Fee to the Trustee-Manager in accordance with the Proposed Base Fee and Performance Fee Supplement shall not be subject to aggregation or further Unitholders’ approval requirements under Rules 905 and 906 of the Listing Manual, to the extent that there is no subsequent increase in the rates of, or change in the structure of, the Proposed Base Fee and the Proposed Performance Fee.

2. THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

2.1 Background

The existing terms of the Trust Deed currently provide, among others, that the Trustee-Manager shall be entitled to receive for its own account of the Trust Property:

- (a) a management fee of S\$2.0 million per annum (the “**Existing Management Fee**”); and
- (b) a performance fee at a rate equal to 4.5% per annum of the Trust Income (the “**Existing Performance Fee**”).

The Trust Deed further provides that at the beginning of each financial year, the Existing Management Fee shall be increased per annum by such percentage representing the percentage increase in the average of the monthly Consumer Price Index published by the Singapore Department of Statistics for the 12 calendar months immediately preceding the beginning of each financial year, as compared to the 12 calendar months immediately preceding 31 December 2010. Any such increase is announced by the Trustee-Manager no later than the date of the payment of the Existing Management Fee for the first quarter of that financial year. For reference, the Existing Management Fee for FY2021 that was payable to the Trustee-Manager was S\$2.3 million.

Under the Proposed Base Fee and Performance Fee Supplement, it is proposed that the Trustee-Manager shall be entitled to receive for its own account out of the Trust Property, the following fees:

- (i) a base fee at a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee in the relevant period) (the “**Proposed Base Fee**”); and
- (ii) a performance fee at a rate equal to 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year (the “**Proposed Performance Fee**”).

The full text of the Proposed Base Fee and Performance Fee Supplement is set out in **Appendix A** of this Circular, showing insertions in underline and deletions in strikethrough against the relevant provisions of the Trust Deed. Further details on the computation of the specific components of the Proposed Base Fee and the Proposed Performance Fee are set out below. Please also refer to paragraph 2.3 below for further details on the structure of the Proposed Base Fee and Proposed Performance Fee, including the time of payment and the proposed implementation of the Proposed Base Fee and the Proposed Performance Fee.

2.2 Rationale for the Proposed Base Fee and Performance Fee Supplement

The existing fee structure for the Trustee-Manager has been in place since June 2010 when K-Green Trust was listed on the SGX-ST as a Business Trust. At the time of listing, it was stated in K-Green Trust’s introductory document dated 31 May 2010, that the Trustee-Manager would be entitled under the Trust Deed to the Existing Management Fee and Existing Performance Fee for its provision of services to K-Green Trust. The Existing Management Fee was intended to cover the on-going operating costs of the Trustee-Manager, with adjustments to provide for inflation. The Existing Performance Fee, which was calculated as a percentage of the sum of all cash inflow received, was intended to incentivise and align the interests of the Trustee-Manager with those of the Unitholders. At the time of listing, K-Green Trust managed only three concession assets, and had only seven employees (which included 3 executive officers) shortly after the completion of the listing.

K-Green Trust was subsequently renamed KIT in 2014 as it expanded its investment mandate to cover a wider range of infrastructure assets. KIT subsequently merged with CitySpring Infrastructure Trust in 2015 and renewed its investment focus to seek out key infrastructure businesses and assets globally. Since then, KIT has grown the assets under its management from S\$760 million (under K-Green Trust in December 2010) to approximately S\$4.5 billion (under KIT in December 2021), with approximately 22 employees (as at 31 December 2021). Similarly, Distributable Income has grown from S\$49.2 million (under K-Green Trust for FY2011¹) to approximately S\$192.2 million (under KIT for FY2021). This represents a compound annual growth rate of 17.6% and 14.6% respectively.

¹ K-Green Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 29 June 2010. Hence, the total distribution of S\$49.2 million for FY2011 is used, as FY2011 is K-Green Trust’s first full year as a public listed trust.

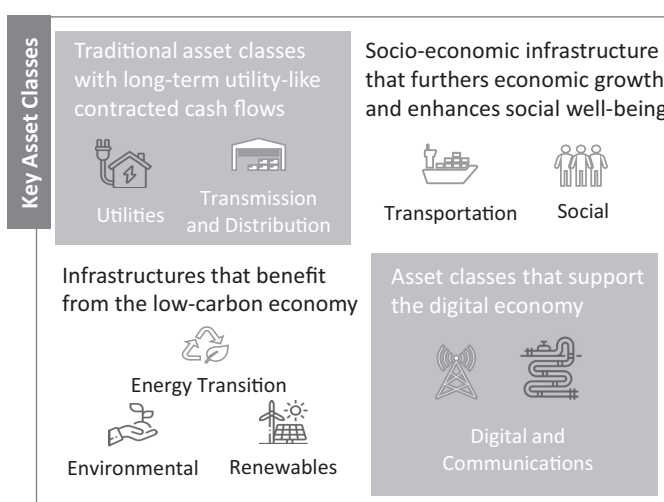
In end-2021, the Trustee-Manager undertook a strategic review of KIT’s strategy, operations and assets, with the objective to drive further performance and growth, as well as enhance the Trust’s focus on sustainability. Following the strategic review, KIT announced in January 2022 its refreshed strategy which will see the Trust rebalance its portfolio mix with a focus on acquisitions to drive long-term growth in distributions, as explained below.

As at the Latest Practicable Date, KIT’s portfolio consists of six concession-based/contractually-driven assets and three evergreen businesses². This includes three strategic acquisitions completed in the last three years, namely the Ixom Group, Philippine Coastal Storage & Pipeline Corporation, and Aramco Gas Pipelines Company.

As the cashflow from the fixed life contract/concession-based assets will cease when they reach the end of their initial and/or extended contracts, the Trust seeks to focus its acquisition efforts on core and core plus infrastructure assets and businesses in the developed markets of Asia Pacific, as well as Europe, Middle East and Africa, focusing on jurisdictions with well-developed legal frameworks, while remaining open to considering suitable opportunistic deals outside of those markets.

The Trustee-Manager will focus on evergreen, yield accretive assets and businesses that will benefit from secular growth trends in the following key asset classes that will:

- (a) provide long-term utility-like contracted cash flows in traditional asset classes, such as utilities and transmission and distribution assets;
- (b) benefit from the low-carbon and decarbonisation economy, which include energy transition, environmental, and renewables sectors;
- (c) support the digital economy, such as digital and communications; as well as
- (d) socio-economic infrastructure that furthers economic growth and enhances social well-being, such as the transportation and social infrastructure sectors.



In view of the foregoing, the Trustee-Manager is proposing the Proposed Base Fee and Performance Fee Supplement, for the following reasons:

² Excludes the Basslink Group, which entered voluntary administration on 12 November 2021. The operations of the Basslink Group are under the control of the receiver and manager appointed by the lenders.

(i) To align fee structure with long-term value creation

The Existing Management Fee is a fixed fee, and has no correlation to the size of KIT's diverse portfolio of businesses and assets. As such, it is not reflective of the management activities and resources demanded to manage KIT's diverse portfolio of businesses and assets across multiple jurisdictions. At the same time, the Existing Management Fee does not support nor provide for the Trust's expansion and/or growth plans. In this regard, the Proposed Base Fee, which is based on Distributable Income, is recommended as it takes into account the cash generated by the operations of KIT's assets, and it is also aligned with Unitholders' interests. Distributable Income is an appropriate proxy for the Trust size and better reflects the required level of resources to effectively manage and operate the portfolio, while the Trustee-Manager seeks to grow the Trust through accretive acquisitions.

The Existing Performance Fee is only payable when the cash from Investments is received by the Trust. Therefore, where an Investment requires the cash generated from its operations for further growth and expansion, the cash is generally first repatriated back to Singapore and then re-injected back into the Investment. The repatriation of the cash generated from its operations of the Investment will typically incur transaction costs in the form of fees, duties or taxes. This is typically the case for offshore investments in jurisdictions such as Australia and the Philippines.

The use of Distributable Income as the metric for the Proposed Base Fee and the use of an increase in DPU (if any) as the metric for the Proposed Performance Fee can therefore help to avoid the incurrence of such transaction costs. This will in turn, help to enable KIT to build a well-diversified portfolio of infrastructure businesses and assets that may generate sustainable, long-term growth in distributions.

(ii) To align the Trustee-Manager's interests with that of Unitholders

The Proposed Base Fee is based on Distributable Income, which represents the net cash generated by the Trust in a given period and is accordingly a suitable indicator of the potential distributions available to be made to Unitholders. The Proposed Performance Fee is in alignment with the distributions received by Unitholders as it is pegged to the growth in DPU and calculated based on the increase (if any) in DPU in respect of a financial year against the DPU in respect of the preceding financial year. The Proposed Base Fee and the Proposed Performance Fee therefore together result in a closer alignment of the Trustee-Manager's interests with that of Unitholders.

(iii) To deepen and expand the Trustee-Manager's talent pool

The Trustee-Manager is committed to pursue new growth platforms and expand its reach globally, so as to maintain a diversified portfolio underpinning sustainable long-term distributions to Unitholders.

While the Trustee-Manager will continue to leverage the knowledge and expertise from within the Keppel Group, it will also seek to deepen and expand its talent pool in deal origination, execution, operational improvements and successful value creation. This includes the setting up of overseas offices to build up a core pool of talent in jurisdictions where KIT

operates. This is aligned with KIT's strategy to widen its investible universe across high quality assets in the infrastructure spectrum.

(iv) To continue to optimise KIT's current portfolio

As the Trustee-Manager seeks to continue to expand and grow KIT's portfolio of businesses and assets, it will also continue to drive organic growth within the Trust's current portfolio so as to continue generating resilient cash flows.

To achieve this, the Trustee-Manager will actively seek opportunities for bolt-on acquisitions and/or expansion plans, as well as undertake ongoing portfolio optimisation efforts to create value, including the pursuit of synergistic transactions or divestment of portfolio assets for capital gains. Bolt-on acquisitions refer to acquisitions undertaken by KIT's Investments, which allow such Investments to accelerate its EBITDA growth inorganically. Portfolio optimisation efforts by the Trustee-Manager include the undertaking of value creation projects to sustain and grow cash generation capacity of existing Investments, including but not limited to the following:

- (a) the extension of the contract life of limited life Investments;
- (b) reviewing and optimising capital structure to maximise returns and reduce leakages;
- (c) the expansion of revenue sources through expansion into complementary product lines via organic growth or mergers and acquisitions; and
- (d) the divestment of existing Investments for capital gains and/or to free up balance sheet for further acquisition projects.

Such efforts will require dedicated teams of specialists, experts and professionals, and the demand for such resources will have to be scaled according to the size and number of assets.

The revised fee structure will provide for the Trustee-Manager to be remunerated for the provision of ongoing management services to KIT in Singapore, covering critical functions such as investment management, asset management, capital management, accounting, compliance and investor relations, on a full time and dedicated basis. The existing fee structure incepted in 2010, which was conceptualised based on a narrower asset and talent pool, limits the Trustee-Manager's ability to deepen and expand its talent pool and to scale up to drive further portfolio growth. The revised fee structure will support the efforts and resources required for the optimisation of the KIT portfolio.

(v) To continue to drive further portfolio growth through new investments

On 23 February 2022, KIT completed the acquisition of an indirect minority and non-controlling stake in Aramco Gas Pipelines Company, through KIT's indirect minority investment in a new special purpose vehicle formed together with reputable co-investors, such as BlackRock Real Assets and Hassana Investment Company (the investment arm of the General Organisation for Social Insurance of the Kingdom of Saudi Arabia). This is expected to provide long term, predictable cash flows to KIT through the investment into a strong

and growing business that is underpinned by one of the world's largest reserves of natural gas. Driven by domestic consumption, gas demand in Saudi Arabia is expected to increase at a compound annual growth rate of 3.7% from 2021 to 2030³, primarily due to an increase in demand from the power generation and the refining and industrial sectors. Favourable governmental policies are also expected to support a strong outlook for gas demand. This investment in partnership with a world-class operator, Saudi Arabian Oil Company, is an example of KIT's pursuit of investments in developed jurisdictions globally which provide a compelling risk-return profile. With the acquisition of the Aramco Gas Pipelines Company, the total assets under KIT's management has grown from approximately S\$4.5 billion (as at December 2021) to S\$4.6 billion (as at February 2022).

The revised fee structure will enable the Trustee-Manager to have additional resources to undertake the requisite investment management and related work in identifying, evaluating, executing, and monitoring new investments in the future.

2.3 Structure of Proposed Base Fee and Proposed Performance Fee

As set out above, under the Proposed Base Fee and Performance Fee Supplement, it is proposed that the Trustee-Manager shall be entitled to receive for its own account out of the Trust Property, the following fees:

- (a) the Proposed Base Fee, at a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee in the relevant period); and
- (b) the Proposed Performance Fee, at a rate equal to 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year.

The concept of Distributable Income is not defined in the International Financial Reporting Standards. As an added safeguard, it is proposed that the computations of the Proposed Base Fee and the Proposed Performance Fee will be subject to an annual audit based on certain agreed-upon procedures, to be conducted by an auditing firm that is approved under the Accountants Act, where the audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act, and the report of the auditors will be provided to the Board. The annual audit based on certain agreed-upon procedures, is intended to provide additional assurance that the concept of Distributable Income has been computed in accordance with the provisions of the Trust Deed.

To address any potential uncertainty or dispute as to the computation of the Proposed Base Fee or the Proposed Performance Fee, including any component thereof, the Proposed Base Fee and Performance Fee Supplement shall provide that the Board may at its sole discretion appoint an auditing firm that is approved under the Accountants Act to provide its decision or determination in respect of such computation, and any decision or determination provided by such auditing firm in respect of such computation shall be final, binding and conclusive.

³ Source: Aramco's 2020 Bond Prospectus (16 November 2020). See KIT's announcements dated 8 February 2022 and 24 February 2022 in relation to the investment.

For illustrative purposes only, the schedule setting out the detailed calculations of the Proposed Base Fee and the Proposed Performance Fee as at the Latest Practicable Date and based on the FY2021 Audited Financial Statements is set out in **Appendix B1** of this Circular for Unitholders' reference.

2.3.1 Time of Payment of the Proposed Base Fee and the Proposed Performance Fee

The Trust Deed currently provides that the Existing Management Fee and the Existing Performance Fee shall be payable quarterly in arrears to the Trustee-Manager for every quarter, and (a) within 55 calendar days after the last day of that quarter for payments in respect of the first three quarters of the year; and (b) within 70 calendar days after the last day of that quarter for payments in respect of the last quarter of the year.

It is proposed that the Trust Deed be amended to:

- (i) reflect that the Proposed Base Fee shall be payable half-yearly in arrears (A) within 55 calendar days after the last day of the first half-year of the relevant financial year (i.e. first six months of the said financial year); and (B) within 70 calendar days after the last day of the second half-year of the relevant financial year (i.e. latter six months of the said financial year). This amendment is proposed for the purposes of aligning the timing of the payment of the Proposed Base Fee with the timing of the payment of distributions to Unitholders;
- (ii) reflect that the Proposed Performance Fee shall be payable yearly in arrears within 70 calendar days after the last day of the relevant financial year; and
- (iii) provide the Trustee-Manager with the discretion to defer the timing for the payment of the Proposed Base Fee and Proposed Performance Fee for a period not exceeding 12 calendar months. This amendment is proposed in order to provide the flexibility for the Trustee-Manager to allow for a longer payment period for part or all of the Proposed Base Fee and the Proposed Performance Fee due to the Trustee-Manager in exceptional or unforeseen circumstances (including but not limited to, unexpected cash flow considerations).

For the avoidance of doubt, save as described above, no other changes are proposed to the timing of the payment of any other fees payable to the Trustee-Manager.

2.3.2 The Proposed Base Fee

The Existing Management Fee is a fixed fee which has no nexus to the size of KIT's asset portfolio, and such a structure is therefore not reflective of the management activities and resources demanded to manage a trust with a diversified portfolio of complex assets across multiple jurisdictions such as KIT, nor does it take into account the potential growth in the size of KIT's asset portfolio.

It is proposed that the Proposed Base Fee should instead be based on a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base and the Proposed Performance Fee). The proposed formula for the Proposed Base Fee was derived based on a

benchmarking study performed by the KIT's management on the fee structure of REITs and Business Trusts listed on the SGX-ST, and is intended to be aligned with the fee models adopted by recently listed real estate investment trusts ("REITs").

Distributable Income is computed as Funds from Operations (FFO) less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager. Distributable Income is based on and computed in exactly the same manner as the "Free Cash Flow to Equity" line item (read with the "Funds from Operations" line item) of the tables showing Free Cash Flow to Equity broken down by business segments, as disclosed in KIT's periodic financial results, quarterly business and operational updates. KIT has also been disclosing its Free Cash Flow to Equity in its Annual Reports in respect of its past two financial years. The concept of Distributable Income is therefore one that is transparent to Unitholders.

Going forward, starting from the release of KIT's Key Business and Operational Updates for the first quarter ended 31 March 2022, for Unitholders' ease of reference and clarity, the "Free Cash Flow to Equity" line item, where reported by KIT, will be re-named to "Distributable Income". While there are differences between business trusts (such as KIT) and REITs, the term "Distributable Income" also appears to be a common metric generally used by REITs to represent net cash earned by a REIT, and available to be distributed to the unitholders of the REIT.

Since 2015, KIT has been making distributions to Unitholders based on its Funds from Operations, a measure of the net cash generated from the Group's operations. Funds from Operations is a key concept which seeks to capture the net cash generated from the Group's operations in any given period, which is a measure of the amount and sustainability of the distributions which KIT may in turn make to Unitholders.

In light of the foregoing, the Trustee-Manager has consistently taken the position that, as an infrastructure business trust, Funds from Operations is a better indicator of the Group's performance than, for example, accounting net profits or losses. This is reflected in KIT's audited consolidated financial statements, where KIT reports Funds from Operations in addition to its accounting net profits or losses.

In this regard, as Distributable Income is premised on the concept of Funds from Operations, with deductions for mandatory debt repayment and other charges, credits or adjustments, at the Trustee-Manager's discretion, it is intended to reflect the level of the operational performance of the Group, its associates, sub-trusts and Investments (with the exception of the Basslink Group)⁴. Accordingly, the Trustee-Manager is of the view that pegging the Proposed Base Fee to this new formula as described above should be more commensurate with the operational performance of the Group.

4 The Basslink Group is excluded from the computation of the Distributable Income as KIT does not depend on the Basslink Group's cash flow for distributions.

2.3.3 Progressive Implementation of the Proposed Base Fee

If approved by Unitholders, it is proposed that the Proposed Base Fee be implemented progressively, in the proportions set out in the following table:

Table A:

Period after Effective Date		Calculation of Proposed Base Fee to be paid [(A) + (B)]	
		(A) Proportion of Existing Management Fee	(B) Proportion of Proposed Base Fee
First Half-Year <i>(Being the half-year from 1 July 2022 to 31 December 2022)</i>	For the three months from 1 July 2022 to 30 September 2022	67%	33%
	For the three months from 1 October 2022 to 31 December 2022	33%	67%
Second Half-Year <i>(Being the half-year from 1 January 2023 to 30 June 2023)</i>		0%	100%

To illustrate, assuming the Proposed Base Fee and Performance Fee Supplement is approved at the EGM, in respect of the First Half-Year immediately following the Effective Date as shown in Table A above, the Trustee-Manager shall be entitled to be paid an aggregate sum of the following within 70 calendar days after the last day of the First Half-Year (as shown in Table A above):

- (a) for the three months from 1 July 2022 to 30 September 2022, (i) 67% of the Existing Management Fee plus (ii) 33% of the Proposed Base Fee, for the said three-month financial period; and
- (b) for the three months from 1 October 2022 to 31 December 2022, (i) 33% of the Existing Management Fee plus (ii) 67% of the Proposed Base Fee, for the said three-month financial period.

Accordingly, starting from the Second Half-Year as shown in Table A above and for subsequent financial periods, only the Proposed Base Fee will be payable, and the Existing Management Fee will entirely cease to be applicable.

To avoid doubt, prior to the commencement of the First Half-Year after the Effective Date as shown in Table A above (i.e. up to and including 30 June 2022), only the Existing Management Fee (and not the Proposed Base Fee) shall apply.

The progressive implementation of the Proposed Base Fee is intended to reflect the progressive building-up of KIT's portfolio of assets by the Trustee-Manager, and will also allow more time to build up the Trustee-Manager's resources.

For illustrative purposes only, the hypothetical computations of the progressive implementation of the Proposed Base Fee based on the FY2021 Audited Financial Statements are set out in **Appendix B2** of this Circular for Unitholders' information.

2.3.4 The Proposed Performance Fee

It is proposed that the Proposed Performance Fee payable to the Trustee-Manager be at a rate equal to 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year. Likewise, the proposed formula for the Proposed Performance Fee was derived based on the benchmarking study undertaken by KIT's management on the fee structure of REITs and Business Trusts listed on the SGX-ST, and is intended to be aligned with the fee models adopted by recently listed REITs.

The Proposed Performance Fee is only payable in respect of a financial year if the DPU in respect of the said financial year exceeds the DPU in respect of its preceding financial year. This is also notwithstanding that the DPU in respect of the said preceding financial year may be less than the DPU in respect of the financial year immediately prior to the said preceding financial year.

For the avoidance of doubt, where the DPU in respect of a financial year is less than the DPU in respect of the preceding financial year, the Trustee-Manager shall not be required to return any Proposed Performance Fee paid to it in any preceding financial year. In computing the Proposed Performance Fee for a financial year, the DPU to be used is the aggregate DPU as declared by the Trustee Manager in respect of that financial year.

The Proposed Performance Fee, which is based on the growth in DPU, is intended to reward the Trustee-Manager's continuing efforts to: (a) achieve long-term sustainability of the Trust's cash flow from the assets, through proactive asset management strategies, and (b) to grow the Trust's cash flow through asset enhancement initiatives and the acquisition of quality assets with strong fundamentals. The structure of the Proposed Performance Fee also does not incentivise the Trustee-Manager to take on excessive short-term risks, but instead to continually strive to manage and grow the Trust in a sustainable and balanced manner over the long run.

2.3.5 Proposed Implementation of the Proposed Performance Fee

If approved by Unitholders, as the Proposed Performance Fee will only take effect from the Effective Date, it is proposed that the Proposed Performance Fee be implemented in respect of FY2022 in the following manner:

- (a) the Existing Performance Fee, which shall be payable within 55 calendar days after the last day of the relevant quarter, shall continue to be paid out quarterly in arrears for the first two quarters of FY2022 up to the Effective Date (i.e. 1 January 2022 to 31 March 2022, and 1 April 2022 to 30 June 2022); and

- (b) the Proposed Performance Fee for FY2022, which shall be payable yearly in arrears within 70 calendar days after the last day of the financial year, shall be computed and adjusted to deduct the aggregate amount paid or payable under paragraph 2.3.5(a) above, provided that the Proposed Performance Fee for FY2022 exceeds the aggregate amount paid or payable in paragraph 2.3.5(a). For the avoidance of doubt, if the Proposed Performance Fee for FY2022 is less than the aggregate amount paid or payable under paragraph 2.3.5(a), the Trustee-Manager shall not be required to return any amounts paid or payable to it under paragraph 2.3.5(a).

Thereafter, the Proposed Performance Fee shall take full effect from FY2023 onwards and shall only be payable on a yearly basis.

For illustrative purposes only, the hypothetical computations of the implementation of the Proposed Performance Fee based on the FY2021 Audited Financial Statements are set out in **Appendix B2** of this Circular for Unitholders' information.

2.4 Impact on Unitholders

For illustrative purposes only, the following sections are intended to provide, in respect of FY2020 and FY2021, an illustration of: (i) a comparison of the amount of the Existing Management Fee and the Existing Performance Fee against the Proposed Base Fee and the Proposed Performance Fee, respectively; and (ii) the impact of the Proposed Base Fee and the Proposed Performance Fee on KIT's Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) and Free Cash Flow to Equity (FCFE). The aforesaid illustrations are prepared based on the assumption that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement prior to 1 January of each relevant financial year, and 100% of the Proposed Base Fee (and no Existing Management Fee) and the Proposed Performance Fee is payable to the Trustee-Manager starting from 1 January of each relevant financial year.

Unitholders should note that the computations set out in this Section 2.4 are completely hypothetical and are presented for illustrative purposes only, and should not be regarded as reflective of any current or future acquisition or as representative of KIT's future performance.

2.4.1 Comparison of the Existing Management Fee and Existing Performance Fee against the Proposed Base Fee and the Proposed Performance Fee

The table below sets out a comparison of the Existing Management Fee and Existing Performance Fee against the Proposed Base Fee and the Proposed Performance Fee payable to the Trustee Manager for FY2020 and FY2021:

	Prior to Proposed Fee Amendments under Proposed Base Fee and Performance Fee Supplement	After Proposed Fee Amendments under Proposed Base Fee and Performance Fee Supplement
FY2020		
Existing Management Fee or Proposed Base Fee (as applicable) (\$ million)	2.3 ⁽¹⁾	23.7 ⁽²⁾
Existing Performance Fee or Proposed Performance Fee (as applicable) (\$ million)	9.6 ⁽³⁾	– ⁽⁴⁾
Total (\$ million)	11.9	23.7

Notes to Table:

- (1) Based on the Existing Management Fee paid to the Trustee-Manager in respect of FY2020. See paragraph 2.1 of the Circular for further details.
- (2) Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY2020 is approximately S\$237.5 million.
- (3) Based on the Existing Performance Fee paid to the Trustee-Manager in respect of FY2020.
- (4) There was no increase in DPU in respect of FY2020 as compared with the DPU in respect of FY2019. On this basis, the Proposed Performance Fee for FY2020 is zero.

FY2021	Prior to Proposed Fee Amendments under Proposed Base Fee and Performance Fee Supplement	After Proposed Fee Amendments under Proposed Base Fee and Performance Fee Supplement
Existing Management Fee or Proposed Base Fee (as applicable) (S\$ million)	2.3 ⁽¹⁾	20.4 ⁽²⁾
Existing Performance Fee or Proposed Performance Fee (as applicable) (S\$ million)	9.5 ⁽³⁾	0.8 ⁽⁴⁾
Total (S\$ million)	11.8	21.2

Notes to Table:

- (1) Based on the Existing Management Fee paid to the Trustee-Manager in respect of FY2021. See paragraph 2.1 of the Circular for further details.
- (2) Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY2021 is approximately S\$204.0 million. See Section A2 of Appendix B1 of this Circular for further details on the computation of the Proposed Base Fee for FY2021.
- (3) Based on the Existing Performance Fee paid to the Trustee-Manager in respect of FY2021.
- (4) There was an increase in DPU in respect of FY2021 of S\$0.0006 as compared with the DPU in respect of FY2020, and the weighted average number of Units in issue in FY2021 was 4,991.0 million. See Section B of Appendix B1 for further details on the computation of the Proposed Performance Fee for FY2021.

2.4.2 Illustrative Impact of the Proposed Base Fee and the Proposed Performance Fee on KIT's EBITDA and FCFE

The table below sets out the illustrative impact on KIT's EBITDA and FCFE based on the FY2020 Audited Financial Statements for FY2020 and the FY2021 Audited Financial Statements for FY2021, would be as follows:

FY2020	Prior to Amendments under Proposed Base Fee and Performance Fee Supplement	After Amendments under Proposed Base Fee and Performance Fee Supplement
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) (S\$ million)	328.3	316.5
Free Cash Flow to Equity (FCFE) (S\$ million)	225.7	213.9

FY2021	Prior to Amendments under Proposed Base Fee and Performance Fee Supplement	After Amendments under Proposed Base Fee and Performance Fee Supplement
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) (S\$ million)	317.6	308.2
Free Cash Flow to Equity (FCFE) (S\$ million)	192.2	182.8

2.4.3 Illustrative Impact of the Proposed Base Fee and the Proposed Performance Fee on KIT's DPU

Unitholders should note that DPU is not solely dependent on, and may not be directly correlated with, the Distributable Income of the Trust. KIT, being a business trust, is also permitted to pay distributions to Unitholders out of its retained cash and residual cash flows.

Unitholders should further note that the DPU declared by the Trustee-Manager for any given period is based on the discretion of the Board taking into account factors including but not limited to the recommendations of management, a holistic analysis of the cash needed by the Trust to support organic growth and acquisition activities, and the solvency and liquidity situation of the Trust at any given time.

Accordingly, the impact of the Proposed Base Fee and the Proposed Performance Fee on DPU as set out in this section is purely for illustrative purposes only, and is computed assuming that the incremental aggregate amount of fees arising from applying the Proposed Base Fee and Proposed Performance Fee is purely funded from Distributable Income which in the computation of the DPU, will translate into a direct decrease in the DPU declared in FY2020 and FY2021.

This should, however, not be taken as reflective of how DPU is declared or will be declared by the Trustee-Manager in the future, whether or not the Proposed Base Fee and Proposed Performance Fee is implemented.

FY2020	Prior to Amendments under Proposed Base Fee and Performance Fee Supplement	After Amendments under Proposed Base Fee and Performance Fee Supplement
DPU	3.72 ⁽¹⁾	3.48 ⁽²⁾
Yield ⁽³⁾	6.8%	6.4%

Notes to Table:

- (1) Based on the DPU declared in FY2020.
- (2) For illustrative purposes only and is not reflective of the actual DPU that may have been declared if the Proposed Base Fee and Performance Fee Supplement had taken effect from 1 January 2020.
- (3) Based on the ending Unit price of S\$0.545 as at 31 December 2020.

FY2021	Prior to Amendments under Proposed Base Fee and Performance Fee Supplement	After Amendments under Proposed Base Fee and Performance Fee Supplement
DPU	3.78 ⁽¹⁾	3.60 ⁽²⁾
Yield ⁽³⁾	6.9%	6.6%

Notes to Table:

- (1) Based on the DPU declared in FY2021.
- (2) For illustrative purposes only and is not reflective of the actual DPU that may have been declared if the Proposed Base Fee and Performance Fee Supplement had taken effect from 1 January 2021.
- (3) Based on the ending Unit price of S\$0.545 as at 31 December 2021.

2.5 Advice of the Independent Financial Adviser

The Trustee-Manager has appointed Ernst & Young Corporate Finance Pte Ltd as the Independent Financial Adviser pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors and the Audit and Risk Committee on whether the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders. A copy of the IFA Letter, containing the advice of the Independent Financial Adviser in full, is set out in **Appendix C** to this Circular.

Unitholders are advised to refer to the IFA Letter set out in Appendix C of this Circular for the Independent Financial Adviser's assessment of the Proposed Base Fee and the Proposed Performance Fee.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the Independent Financial Adviser recognises that a review of the existing fee structure for the Trustee-Manager is appropriate owing to the refreshed strategy of KIT and to better align the remuneration of the Trustee-Manager with the risk and rewards of evaluating and pursuing the potential growth opportunities available to KIT going forward. The IFA Letter further notes that the Trustee-Manager has also sought to mitigate the effect of assuming the Proposed Base Fee through progressive implementation of the Proposed Base Fee so that the returns generated by the progressive build-up of KIT's portfolio of assets on the part of the Trustee-Manager will better match the investment by the Trustee-Manager in new resources arising from this review. The Independent Financial Adviser is therefore of the opinion that the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and the minority Unitholders. Accordingly, the Independent Financial Adviser advises the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the Proposed Base Fee and Performance Fee Supplement.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

3.1 Interests of Directors

As at the Latest Practicable Date, the Directors' direct or deemed interests in the Units are as follows:

Directors	Direct Interest		Deemed Interest	
	Number of Units	% ⁽¹⁾	Number of Units	% ⁽¹⁾
Daniel Cuthbert Ee Hock Huat	181,892	0.004	–	–
Thio Shen Yi	164,397	0.003	–	–
Mark Andrew Yeo Kah Chong	195,563	0.004	–	–
Kunnasagaran Chinniah	733,083	0.015	471,064	0.009
Susan Chong Suk Shien	–	–	–	–
Christina Tan Hua Mui	–	–	–	–

Notes:

(1) As at the Latest Practicable Date, there are 4,991,495,382 Units in issue.

3.2 Interests of Substantial Unitholders

As at the Latest Practicable Date, the Substantial Unitholders' direct or deemed interests in the Units are as follows:

Substantial Unitholders	Direct Interest		Deemed Interest	
	Number of Units	% ⁽¹⁾	Number of Units	% ⁽¹⁾
KIHPL	909,048,658	18.21	–	–
KCL ⁽²⁾	–	–	909,048,658	18.21
Bartley	428,333,293	8.58	–	–
Tembusu ⁽³⁾	–	–	684,153,868	13.70
Temasek ⁽⁴⁾	–	–	1,596,534,996	31.98

Notes:

(1) As at the Latest Practicable Date, there are 4,991,495,382 Units in issue.

(2) KCL is deemed to have an interest in the Units which its wholly-owned subsidiary, KIHPL, has interest.

(3) Tembusu is deemed to have an interest in the Units in which its subsidiaries have interests.

(4) Temasek is deemed to have an interest in the Units in which KCL and other subsidiaries and associated companies of Temasek hold or have deemed interests.

4. EGM

The EGM will be held on 19 April 2022, via electronic means, at 4.00 p.m., or immediately after the conclusion or adjournment of the Annual General Meeting convened at 3.00 p.m. on the same day for the purpose of considering and, if thought fit, passing with or without modifications, the Extraordinary Resolution set out in the Notice of EGM, which is set out on pages D-1 to D-4 of this Circular.

5. ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM. Given that the Proposed Base Fee and Performance Fee Supplement directly affects the fees that are received by the Trustee-Manager, the Trustee-Manager, Temasek, KCL, KC and their associates will abstain from voting on the resolution relating to the Proposed Base Fee and Performance Fee Supplement, and will not accept appointments as proxies unless specific instructions as to voting are given. The Trustee-Manager will disregard any votes cast at the EGM on the resolution relating to the Proposed Base Fee and Performance Fee Supplement by its associates. Please refer to paragraph 3.2 (*Substantial Unitholders' Interest in Units*) above for the relevant Substantial Unitholders' direct or deemed interests in the Units as at the Latest Practicable Date.

Save as disclosed in this Circular, none of the Directors or Controlling Unitholders has any direct or indirect interest in the Proposed Base Fee and Performance Fee Supplement.

6. DIRECTORS' RECOMMENDATIONS

Having considered the relevant factors, including the rationale for the Proposed Base Fee and Performance Fee Supplement, the Audit and Risk Committee (with Mr Daniel Cuthbert Ee Hock Huat and Mr Kunnasagaran Chinniah abstaining)⁵ and the Independent Directors⁶ are of the opinion that the Proposed Base Fee and Performance Fee Supplement is based on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders, and the Independent Directors recommend that Unitholders vote in favour of the resolution in relation to the Proposed Base Fee and Performance Fee Supplement.

7. ACTION TO BE TAKEN BY UNITHOLDERS

7.1 Voting "Live" or by Appointment of Proxies

In view of the current COVID-19 situation, the EGM will be held via electronic means and a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the EGM may (a) vote "live" via electronic means at the EGM or appoint a proxy (other than the Chairman of the EGM) to vote "live" via electronic means at the EGM on his/her/its behalf; or (b) appoint the Chairman of the EGM as his/her/its proxy to vote on his/her/its behalf at the EGM. A proxy need not be a Unitholder.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of the Extraordinary Resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for the resolution will be treated as invalid. Where a Unitholder (whether individual or corporate) appoints a proxy (other than the Chairman of the EGM) to be his/her/its proxy through

5 Mr Daniel Cuthbert Ee Hock Huat is a director of a subsidiary of Temasek. Mr Kunnasagaran Chinniah is an investment committee member on a subsidiary of KC.

6 The Independent Directors' remuneration comprises a basic fee and an additional fee for services performed on Board committees, and is reviewed against a variety of factors, including prevailing market practices and comparable benchmarks. The fees of the Independent Directors are not computed based on the fees received by the Trustee-Manager.

the proxy form to vote "live" via electronic means at the EGM but does not pre-register such proxy at <https://www.kepinfratrust.com/2022> meeting by 4.00 p.m. on 17 April 2022, (a) if specific instructions as to voting, or abstentions from voting, in respect of a resolution in such proxy form is given, the Chairman of the EGM will be appointed as the proxy to vote in accordance with such instructions, or (b) if specific instructions are not given as to voting, or abstentions from voting, in respect of a resolution in such proxy form, the appointment of such proxy (other than the Chairman of the EGM) as proxy for that resolution will be treated as invalid.

Unitholders who wish to appoint a proxy to attend, speak and vote at the EGM on their behalf will find attached to this Circular a Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com, in either case, not later than 4.00 p.m. on 17 April 2022, being 48 hours before the EGM.

7.2 When Depositor regarded as Unitholder

The Trustee-Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the EGM.

8. INDEPENDENT FINANCIAL ADVISER'S CONSENT

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the letter dated 28 March 2022 to the Independent Directors for the purposes of the Proposed Base Fee and Performance Fee Supplement and all references thereto, in the form and context in which they appear in this Circular.

9. INSPECTION OF DOCUMENTS

The following documents are available for inspection at the registered office of the Trustee-Manager (prior appointment with the Trustee-Manager will be required) at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours from the date of this Circular up to the date falling three months from the date of this Circular:

- (a) the Trust Deed; and
- (b) the IFA Letter.

Unitholders should contact the Trustee-Manager at investor.relations@kepinfratrust.com to make a prior appointment for the inspection of the Trust Deed and IFA Letter.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Base Fee and Performance Fee Supplement, KIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

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

Mr Daniel Cuthbert Ee Hock Huat
Chairman of the Board

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APPENDIX A

THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

The proposed form of the amendments to the Trust Deed upon Unitholders' approval of the Proposed Base Fee and Performance Fee Supplement is as follows:

- that Clause 1.1 to the Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

"1.1 Definitions

Unless the context otherwise requires, the following words or expressions shall have the meanings respectively assigned to them, namely:

...

"Base Fee" means the base fee payable to the Trustee-Manager as set out in Clause 11.1.1(i)(a);

"Basslink Group" means Nexus Australia Management Pty Ltd (in voluntary administration), Coral Holdings Australia Pty Ltd (in voluntary administration) and their respective subsidiaries;

"City Energy Group" means City Energy Trust (formerly known as City Gas Trust) and its subsidiaries;

"Distributable Income" means Funds from Operations less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager, for the relevant period;

"DPU" means distribution per Unit as declared by the Trustee-Manager, for the relevant period;

"Effective Date" means the date on which the Deed is amended ~~and restated~~ pursuant to the ~~amendment and restatement deed~~ second supplemental deed dated 18 May 2015 _____ and executed by the Trustee-Manager, or 1 July 2022, whichever is later;

"Half-Year" means each six-month period from 1 January to 30 June and 1 July to 31 December in every year;

"Old Performance Fee" means the performance fee payable to the Trustee-Manager immediately prior to the Effective Date, being the fee at a rate equal to 4.5% per annum of the Trust Income, and payable quarterly in arrears for every Quarter;

"Funds from Operations" means profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interest adjustments;

"Group" means the Trust and its subsidiaries;

"Ixom Group" means Ixom HoldCo Pty Ltd and its subsidiaries;

"KMC Group" means Keppel Merlimau Cogen Pte Ltd and its subsidiaries;

"Management Fee" means the management fee payable to the Trustee-Manager immediately prior to the Effective Date, being the sum of S\$2.3 million per annum as set out in Clause 11.1.1(i)(a);"

- that Clause 11.1 to the Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

"11.1 Management FeeBase Fee and Performance Fee

11.1.1 Computation

- (i) The Trustee-Manager shall be entitled to receive for its own account out of the Trust Property:
 - (a) ~~a management fee ("Management Fee") of S\$2.0 million per annum~~ a base fee ("Base Fee") at a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Base Fee and the Performance Fee), provided that the Distributable Income is not zero or below zero; and
 - (b) ~~a performance fee ("Performance Fee") at a rate equal to 4.5% per annum of the Trust Income~~ 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year. In computing the Performance Fee for a financial year, the DPU to be used is the aggregate DPU as declared by the Trustee-Manager in respect of that financial year. The Performance Fee is only payable if the DPU in respect of any financial year exceeds the DPU in respect of its preceding financial year, notwithstanding that the DPU in respect of the said preceding financial year may be less than the DPU in respect of the financial year immediately prior to the said preceding financial year.
- (ii) ~~At the beginning of each financial year, the Management Fee shall be increased per annum by such percentage representing the percentage increase in the Current Year CPI over the Reference Year CPI. Where such percentage is zero or below zero, the Management Fee shall not be adjusted for that financial year. For so long as the Trust is listed, the Trustee-Manager shall announce each increase in the Management Fee pursuant to this Clause 11.1.1(ii) on a date no later than the date of payment of the Management Fee for the first Quarter of that financial year.~~

~~The Management Fee and the Performance Fee shall be payable quarterly in arrears for every Quarter. For the avoidance of doubt, the first Management Fee and the first Performance Fee payable to the Trustee-Manager after the Effective Date shall be in respect of the period from the Effective Date to the end of the financial year in which the Effective Date falls under and shall be calculated based~~

~~on the number of days in the said period. The Base Fee shall be payable half-yearly in arrears for every Half-Year. The Performance Fee shall be payable yearly in arrears for each financial year.~~

(ii) Notwithstanding Clause 11.1.1(i)(a), the Base Fee payable to the Trustee-Manager for the first two Half-Years after the Effective Date shall be computed and paid in the following proportions:

Table A:

<u>Period after Effective Date</u>		<u>Calculation of Base Fee to be paid</u>	
		<u>[(A) + (B)]</u>	
		<u>(A) Proportion of Management Fee</u>	<u>(B) Proportion of Base Fee</u>
<u>First Half-Year</u> <i>(Being the Half-Year from 1 July 2022 to 31 December 2022)</i>	<u>For the three months from 1 July 2022 to 30 September 2022</u>	<u>67%</u>	<u>33%</u>
	<u>For the three months from 1 October 2022 to 31 December 2022</u>	<u>33%</u>	<u>67%</u>
<u>Second Half-Year</u> <i>(Being the Half-Year from 1 January 2023 to 30 June 2023)</i>		<u>0%</u>	<u>100%</u>

For the avoidance of doubt:

- (A) the Base Fee payable to the Trustee-Manager for the First Half-Year as shown in Table A above is to be paid in accordance with the time period specified in Clause 11.1.2(iii)(a)(C);
 - (B) prior to the commencement of the First Half-Year as shown in Table A above, only the Management Fee (and not the Base Fee) will be payable; and
 - (C) commencing from the Second Half-Year as shown in Table A above and for subsequent financial periods, only the Base Fee (and not the Management Fee) will be payable.
- (iib) Notwithstanding Clause 11.1.1(i)(b), the Performance Fee payable to the Trustee-Manager for the financial year ending 31 December 2022 shall be computed and paid in the following manner:
- (A) in accordance with the time period specified in Clause 11.1.2(iii)(a)(A), for the first two Quarters of the year up to the Effective Date (i.e. 1 January 2022 to 31 March 2022 and 1 April 2022 to 30 June 2022), the Old Performance Fee shall be paid out quarterly in arrears for each Quarter; and

(B) in accordance with the time period specified in Clause 11.1.2(iii)(a)(D), provided that the Performance Fee for the financial year exceeds the aggregate amount paid or payable under Clause 11.1.1(iib)(A), the Performance Fee less the aggregate amount paid or payable in accordance with Clause 11.1.1(iib)(A) shall be paid out. For the avoidance of doubt, if the Performance Fee is less than the aggregate amount paid or payable under Clause 11.1.1(iib)(A), the Trustee-Manager shall not be required to return any amounts paid or payable to it under Clause 11.1.1(iib)(A).

Commencing from the financial year ending 31 December 2023 and for subsequent financial periods, only the Performance Fee (and not the Old Performance Fee) will be payable.

(iii) The amount of the Base Fee, Management Fee, Old Performance Fee, and the Performance Fee payable to the Trustee-Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere (“Applicable Taxes”). For the avoidance of doubt, the Trust shall bear all Applicable Taxes imposed on the Base Fee, Management Fee, Old Performance Fee, and the Performance Fee by the relevant authorities in Singapore or elsewhere.

(iv) The board of directors of the Trustee-Manager may at its sole discretion appoint an auditing firm that is approved under the Accountants Act 2004, to provide its decision or determination in respect of any uncertainty or dispute that may arise in relation to the computation of the Base Fee or the Performance Fee, including any component thereof, and any decision or determination provided by such auditing firm in respect of such computation shall be final, binding and conclusive. For the avoidance of doubt, the Trust shall bear all applicable fees and charges incurred for such appointment.

11.1.2 Form and Time of Payment of the Base Fee, Management Fee, Old Performance Fee, and the Performance Fee

(i) Each of the Base Fee, Management Fee, Old Performance Fee, and the Performance Fee shall be payable in cash or, at the election of the Trustee-Manager, in Units, or both.

(ii) Subject to paragraph (iv) below, the Trustee-Manager may elect to receive all or any part of the Management Fee and/or the Old Performance Fee for any Quarter, the Base Fee for any Half-Year, and the Performance Fee for any year, in Units instead of cash, by notice in writing delivered prior to the payment of the Base Fee, Management Fee, Old Performance Fee, and/or the Performance Fee. Such election shall be irrevocable. For so long as the Trust is listed, if the Trustee-Manager elects to receive any part of the Base Fee, Management Fee, Old Performance Fee, and/or the Performance Fee in the form of Units, it shall make an announcement on the SGX-ST within five Business Days after the delivery of its written notice but in any event on a date no later than the date of payment of the Base Fee, Management Fee, Old Performance Fee, and/or the Performance Fee.

(iii)

(a) Subject to Clause 11.1.2(iii)(b):

(A) Each of the Management Fee and the Old Performance Fee for each of the first three Quarters of each financial year, whether payable in cash or Units or in both, shall be paid within 55 calendar days after the last day of that Quarter in arrear;

(B) the Base Fee for the first Half-Year of each financial year, whether payable in cash or Units or in both, shall be paid within 55 calendar days after the last day of that Half-Year in arrear;

(C) the Base Fee for the second Half-Year of each financial year, whether payable in cash or Units or in both, shall be paid within 70 calendar days after the last day of that Half-Year in arrear;

(D) the Performance Fee for each financial year, whether payable in cash or Units or in both, shall be paid within 70 calendar days after the last day of the relevant financial year in arrear.

(b) Each of the Management Fee and the Performance Fee for the last Quarter of each financial year, whether payable in cash or Units or in both, shall be paid within 70 calendar days after the last day of that Quarter in arrear. In respect of only the Base Fee and the Performance Fee, the Trustee-Manager has the sole and absolute discretion to defer the timing of the payment (whether of part or all of the relevant Base Fee and/or Performance Fee) as set out in Clause 11.1.2(iii)(a), provided that such deferral will not be for a period longer than 12 calendar months from the payment dates set out in Clause 11.1.2(iii)(a).

(iv)

(a) If the Trustee-Manager shall elect to receive all or any part of the Management Fee and/or the Old Performance Fee for any Quarter, the Base Fee for any Half-Year, and the Performance Fee for any year, in Units pursuant to paragraph (ii) above; and

(b) provided that there shall be in force a valid approval from Holders for the issuance of Units ("unit issue mandate") as at the date on which such Base Fee, Management Fee, Old Performance Fee, and/or Performance Fee is due and payable in accordance with paragraph (iii) above sufficient to cover the total number of Units to be Issued to the Trustee-Manager pursuant to this paragraph (iv) (failing which such Base Fee, Management Fee, Old Performance Fee, and/or Performance Fee or such portion thereof shall be paid in cash),

there shall be allotted and issued to the Trustee-Manager, and the Trustee-Manager shall be entitled to receive, such number of Units as may be purchased by the amount of such Base Fee, Management Fee, Old Performance Fee, and/or Performance Fee which the Trustee-Manager has elected to receive in Units at an issue price equal to the volume weighted average price of Units for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST over the last five Trading Days of that Quarter (rounded to the nearest cent). (The volume weighted average trading price for the last five Trading Days in a Quarter shall be the total value of transactions in the Units (for each transaction, the Unit price multiplied by the volume) for those five Trading Days divided by the total volume transacted for those five Trading Days).

(v) All Units issued to the Trustee-Manager pursuant to this Clause 11.1 shall be issued credited as fully paid up and shall rank *pari passu* in all respects with all Units then in issue which do not have any preference as to any rights to voting, income or capital to any other Units issued by the Trust."

- that Clause 11.4 to the Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough and additions indicated by the underlined text below:

"11.4 Changes to Fees

Any change to:

11.4.1 the ~~Management~~Base Fee (including, without limitation, any change to the rates, quantum, structure or conditions of the ~~Management~~Base Fee);

11.4.2 the Performance Fee (including, without limitation, any change to the rates, quantum, structure or conditions of the Performance Fee);

11.4.3 the Acquisition Fee (including, without limitation, any change to the rates, quantum, structure or conditions of the Acquisition Fee); or

11.4.4 the Divestment Fee (including, without limitation, any change to the rates, quantum, structure or conditions of the Divestment Fee),

shall be approved by an Extraordinary Resolution of a meeting of Holders' duly convened."

- that Clause 11.7 to the Trust Deed be amended in accordance with the following deletions indicated by the text in strikethrough:

"11.7 Lien over Trust Property

Unless and until the Trustee-Manager shall be satisfied that adequate provision has been or will be made for the future expenses of the Trust (including the Base Fee, Management Fee, Old Performance Fee, and/or the Performance Fee), the Trustee-Manager shall have a lien on and shall be entitled to retain the Trust Property for the purpose of paying, discharging or providing for such expenses and shall pay to it only the balance (if any) after all such payments, discharges or provisions have been made."

- that Clause 20.2 to the Trust Deed be amended in accordance with the following additions indicated by the underlined text below:

"20.2 Deduction of Tax

Before making any distribution or other payment in respect of any Unit or in respect of the Base Fee, the Management Fee, the Old Performance Fee, the Performance Fee, the Acquisition Fee and Divestment Fee, the Trustee-Manager may make such deductions as by the law of Singapore or by the law of any other country in which such distribution or payment is made the Trustee-Manager is required or entitled to make in respect of any income or other taxes, charges or assessments whatsoever. The Trustee-Manager may also deduct the amount of any stamp duties or other governmental taxes or charges payable by it or for which it may be made liable in respect of such distribution or payment or any documents signed by it in connection therewith.

Save in the case of fraud, wilful default or breach of trust where the Trustee-Manager failed to exercise Due Care, the Trustee-Manager shall not be liable to account to any Holder or otherwise for any payment made or suffered to be made by the Trustee-Manager to any duly empowered fiscal authority of Singapore or elsewhere for taxes or other charges in any way arising out of or relating to any transaction of whatsoever nature under this Deed notwithstanding that any such payments ought not to be or need not have been made or suffered to be made."

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APPENDIX B

ILLUSTRATIVE COMPUTATIONS OF THE PROPOSED BASE FEE AND THE PROPOSED PERFORMANCE FEE

Notes:

- (1) Unitholders should note that the computations set out in this Appendix B are based on KIT's FY2020 Audited Financial Statements and FY2021 Audited Financial Statements, and are presented for illustrative purposes only. Unitholders should note that the FY2020 Audited Financial Statements and FY2021 Audited Financial Statements, and the DPU paid in respect of those financial years, may not be representative of KIT's future performance or DPU.
- (2) Based on the FY2020 Audited Financial Statements and FY2021 Audited Financial Statements:
 - (a) the Distributable Income for FY2021 calculated before accounting for Proposed Base Fee and Proposed Performance Fee is S\$204.0 million. Please see Section A1 of Appendix B1 of this Circular below for details on the computation of this figure;
 - (b) the aggregate DPU paid or payable in respect of FY2021 exceeded the aggregate DPU paid or payable in respect of FY2020 by the amount of S\$0.0006; and
 - (c) the weighted average of the number of Units in issue in FY2021 was 4,991.0 million Units.

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APPENDIX B1

ILLUSTRATIVE COMPUTATIONS OF THE PROPOSED BASE FEE AND THE PROPOSED PERFORMANCE FEE FOR FY2021

Notes:

- (1) The Proposed Base Fee and the Proposed Performance Fee computed in the tables below reflect the total Proposed Base Fee and Proposed Performance Fee payable to the Trustee-Manager for FY2021 on the assumption that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement prior to 1 January 2021, and 100% of the Proposed Base Fee (and no Existing Management Fee) and the Proposed Performance Fee (and no Existing Performance Fee) is payable to the Trustee-Manager starting from 1 January 2021.

A. ILLUSTRATIVE COMPUTATION OF PROPOSED BASE FEE FOR FY2021

1. Computation of Distributable Income before accounting for Proposed Base Fee and Proposed Performance Fee

	FY2021 (S\$ million)
KIT's Distributable Income for FY2021 (as disclosed in the FY2021 Annual Report) ⁷	S\$192.2
Add Proposed Base Fee and Proposed Performance Fee paid for FY2021 as disclosed in the FY2021 Audited Financial Statements)	<u>S\$11.8</u>
Distributable Income calculated before accounting for Proposed Base Fee and Proposed Performance Fee for FY2021	<u>S\$204.0</u>

2. Computation of Proposed Base Fee

Proposed Base Fee for FY2021	=	10.0% of Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee for the relevant financial period)
	=	10.0% of S\$204.0 million
	=	<u>Approximately S\$20.4 million</u>

B. ILLUSTRATIVE COMPUTATION OF PROPOSED PERFORMANCE FEE FOR FY2021

Proposed Performance Fee for FY2021	=	(25.0% of increase in DPU in respect of the current financial year as compared with DPU in respect of the preceding financial year) x weighted average of the number of units in issue
	=	(25.0% of S\$0.0006) x 4,991.0 million
	=	<u>Approximately S\$0.8 million</u>

⁷ Disclosed as FCFE in the FY2021 Annual Report. This item will be renamed to "Distributable Income" in KIT's disclosures starting from the release of KIT's Key Business and Operational Updates for the first quarter ended 31 March 2022.

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APPENDIX B2

ILLUSTRATIVE COMPUTATIONS OF THE PROPOSED BASE FEE AND THE PROPOSED PERFORMANCE FEE FOR FY2022 AND FY2023

Notes:

- (1) The Proposed Base Fee and the Proposed Performance Fee computed in the table below reflects the Proposed Base Fee and Proposed Performance Fee payable to the Trustee-Manager for FY2022 and FY2023, based on KIT's FY2020 Audited Financial Statements and FY2021 Audited Financial Statements, and on the following assumptions:
- (a) that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement with effect from the Effective Date;
 - (b) the Proposed Base Fee will be implemented progressively from the Effective Date, as described in paragraph 2.3.3 of the Circular, for FY2022 and from 1 January 2023 to 30 June 2023 and for subsequent financial periods, only the Proposed Base Fee will be payable, and the Existing Management Fee will entirely cease to be applicable; and
 - (c) the Proposed Performance Fee will take effect from the Effective Date and be implemented in the manner as stated in paragraph 2.3.4 of the Circular for FY2022, and shall take full effect from FY2023 onwards.

	FY 2022				FY 2023
	1H	3Q	4Q	Total	FY
Existing Management Fee (\$ million)¹	1.2	0.4	0.2	1.8	–
Proposed Base Fee (\$ million)²	–	1.7	3.4	5.1	20.4
Existing Performance Fee (\$ million)³	4.8	–	–	4.8	–
Proposed Performance Fee (\$ million)^{4,5}	–	–	–	NIL ⁵	0.8 ⁴
Total (\$ million)	6.0	2.1	3.6	11.7	21.2

Notes to Table:

1. Based on the Existing Management Fee of approximately S\$2.3 million paid to the Trustee-Manager in respect of FY2021. See paragraph 2.1 of the Circular for further details. The Existing Management Fee payable for 1HFY2022 is pro-rated on the basis that the Existing Management Fee will only be paid for the half-year from 1 January 2022 to 30 June 2022. As stated in paragraph 2.3.3 of the Circular, the Proposed Base Fee will be implemented progressively and in relation to the portion of the Proposed Base Fee comprising the Existing Management Fee only, the Trustee-Manager will be entitled to be paid within 70 calendar days after the last day of the First Half-Year from 1 July 2022 to 31 December 2022: (a) 67% of the Existing Management Fee for 3QFY2022; and (b) 33% of the Existing Management Fee for 4QFY2022.
2. Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY2021 is approximately S\$204.0 million. See Section A2 of Appendix B1 of this Circular for further details on the illustrative computation of the Proposed Base Fee for FY2021. The illustrative computation of the Proposed Base Fee for the full year of FY2022 here, on the assumption that 100% of the Proposed Base Fee is implemented from 1 January 2022 to 31 December 2022, is therefore approximately S\$20.4 million (being 10% of S\$204.0 million). As stated in paragraph 2.3.3 of the Circular, the Proposed Base Fee will be implemented progressively and in relation to the portion of the Proposed Base Fee *excluding* the Existing Management Fee, the Trustee-Manager will be entitled to be paid within 70 calendar days after the last day of the First Half-Year from 1 July 2022 to 31 December 2022: (a) 33% of the Proposed Base Fee for 3QFY2022; and (b) 67% of the Proposed Base Fee for 4QFY2022.
3. Based on the Existing Performance Fee of S\$9.5 million paid to the Trustee-Manager in respect of FY2021, and pro-rated for 1QFY2022 and 2QFY2022. Such fee will be payable within 55 calendar days after the last day of the relevant quarter. The Existing Performance Fee shall cease to be payable from 1 July 2022.

4. There was an increase in DPU in respect of FY2021 of S\$0.0006 per unit as compared with the DPU in respect of FY2020, and the weighted average number of Units in issue in FY2021 was 4,991.0 million. See Section B of Appendix B1 of this Circular for further details on the computation of the Proposed Performance Fee for FY2021. The illustrative computation of the Proposed Performance Fee for the full year of FY2022 here is therefore approximately S\$0.8 million. Assuming the same DPU increase was declared for FY2022 and FY2023, and the weighted average number of Units in issue in FY2022 and FY2023 remain unchanged, the illustrative Proposed Performance Fee for FY2022 and FY2023 is approximately S\$0.8 million for each financial year, which is 25% of the increase in DPU multiplied by the weighted average number of Units in issue.
5. No Proposed Performance Fee will be payable for FY2022 given that the Proposed Performance Fee of S\$0.8 million for FY2022 is less than the Existing Performance Fee of S\$4.8 million paid for 1HFY2022. See paragraph 2.3.5(b) of the Circular for further details.

APPENDIX C

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENT FINANCIAL ADVISER'S LETTER TO THE INDEPENDENT DIRECTORS AND THE AUDIT AND RISK COMMITTEE OF THE TRUSTEE-MANAGER

ERNST & YOUNG CORPORATE FINANCE PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199702967E)
One Raffles Quay
North Tower, Level 18
Singapore 048583

28 March 2022

**The Independent Directors and the Audit and Risk Committee of
Keppel Infrastructure Fund Management Pte. Ltd.
(As Trustee-Manager of Keppel Infrastructure Trust)**

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Dear Sirs:

THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT, AS AN INTERESTED PERSON TRANSACTION

1 INTRODUCTION

Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of Keppel Infrastructure Trust ("KIT" or the "Trust") (the "Trustee-Manager") is seeking approval from the registered holders for the time being of a unit representing an undivided interest in KIT (the "Unit"), including person(s) so registered as joint holders, except where the registered holder is the Central Depository (Pte) Limited ("CDP") (the "Unitholders") at the extraordinary general meeting ("EGM") to be convened by the Trustee-Manager for the proposed supplement to 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 (the "Trust Deed") to revise the fee structure pursuant to which the Trustee-Manager receives the Existing Management Fee (as defined below) and the Existing Performance Fee (as defined below) under the Trust Deed, in the manner set out in Appendix A to the circular to Unitholders dated 28 March 2022 in relation to the Proposed Base Fee and Performance Fee Supplement (the "Circular") (the "Proposed Base Fee and Performance Fee Supplement").

Subject to approval from Unitholders, the Trustee-Manager intends to amend the Trust Deed with the Proposed Base Fee and Performance Fee Supplement, and the Proposed Base Fee and the Proposed Performance Fee shall take effect in the manner set out at Paragraph 2.3 of the Letter to Unitholders of the Circular, from the date of such amendment or 1 July 2022, whichever is later.

For the avoidance of doubt, no changes are being proposed for the other existing fees payable to the Trustee-Manager under the Trust Deed.

Approval of Unitholders by way of a resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed (the "**Extraordinary Resolution**") is required in respect of the resolution relating to the entry into the Proposed Base Fee and Performance Fee Supplement.

Section 31(1)(a) of the Business Trusts Act 2004 (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time (the "**Business Trusts Act**") states that:

"No person shall modify or replace the trust deed of a registered business trust unless such modification or replacement is approved –

- (a) by special resolution of the unitholders of the registered business trust; or*
- (b) where the modification is necessary in order to comply with any written law or rule of law applicable in Singapore, by the trustee-manager of the registered business trust."*

Further, as the Trustee-Manager is considered an "interested person" of KIT for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**"), the entry into the Proposed Base Fee and Performance Fee Supplement will constitute an interested person transaction under Chapter 9 of the Listing Manual. The Trustee-Manager does not expect the Proposed Base Fee and the Proposed Performance Fee payable to the Trustee-Manager for the financial year ending 31 December 2022 ("**FY2022**") to exceed 5% of KIT's latest audited net tangible assets for the financial year ended 31 December 2021 ("**FY2021**"). The aggregate fees payable to the Trustee-Manager for any given financial year will be disclosed in the annual report of KIT.

Ernst & Young Corporate Finance Pte Ltd ("**EYCF**") has been appointed as the independent financial adviser ("**IFA**") pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the directors of the Trustee-Manager (the "**Directors**" or the "**Board**") who are considered independent in relation to the Proposed Base Fee and Performance Fee Supplement (the "**Independent Directors**") and the audit and risk committee of the Trustee-Manager (the "**Audit and Risk Committee**") on whether the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders.

This letter sets out, *inter alia*, our evaluation of the Proposed Base Fee and Performance Fee Supplement, and our opinion thereon. It forms part of the Circular which provides, *inter alia*, the details of the Proposed Base Fee and Performance Fee Supplement and the recommendations of the Independent Directors and the Audit and Risk Committee in respect thereof.

Unless otherwise defined or the context otherwise requires, all terms in the Circular shall have the same meaning in this letter.

2 TERMS OF REFERENCE

EYCF has been appointed as required under Rule 921(4)(a) of the Listing Manual as well as to advise the Independent Directors and the Audit and Risk Committee in respect of whether the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders.

Our views as set forth in this letter are based on the prevailing market conditions, economic conditions, and financial conditions, and our evaluation of the Proposed Base Fee and Performance Fee Supplement, as well as information provided to us by KIT and the management of the Trustee-Manager (the "**Management**"), as at the latest practicable date prior to the date of the Circular, being 4 March 2022 (the "**Latest Practicable Date**"). Accordingly, we assume no responsibility to update, revise or reaffirm our opinion as a result of any subsequent development after the Latest Practicable Date. Unitholders should take note of any announcement and/or event relevant to the proposed transaction which may be released by KIT and/or the Trustee-Manager after the Latest Practicable Date.

We are not and were not involved in any aspect of the discussions and negotiations pertaining to the Proposed Base Fee and Performance Fee Supplement nor were we involved in the deliberations leading up to the decision by the Directors in connection with the Proposed Base Fee and Performance Fee Supplement. We have not conducted a comprehensive review of the business, operations or financial condition of KIT and its subsidiaries (the "**Group**"). It is not within our terms of reference to assess the rationale for, legal, strategic, commercial and financial merits and/or risks of the Proposed Base Fee and Performance Fee Supplement, and to comment on such merits and/or risks of the Proposed Base Fee and Performance Fee Supplement. We have only expressed our opinion on whether the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders. The assessment of the legal, strategic, commercial and financial merits and/or risks of the Proposed Base Fee and Performance Fee Supplement remains the sole responsibility of the Directors, although we may draw upon their views in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at the opinion set out in this letter.

It is also not within our terms of reference to compare the relative merits of the Proposed Base Fee and Performance Fee Supplement vis-à-vis any alternative transaction previously considered by KIT and/or the Trustee-Manager (if any) or that KIT and/or the Trustee-Manager may consider in the future, and as such, we do not express an opinion thereon.

In the course of our evaluation of the Proposed Base Fee and Performance Fee Supplement, we have held discussions with the Directors and the Management. We have also examined and relied on information in respect of KIT collated by us, as well as information provided and representations and assurances made to us, both written and verbal, by the Directors, the Management and/or professional advisers of KIT and/or the Trustee-Manager, including information contained in the Circular. We have not independently verified such information or any representation or assurance, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. Nevertheless, the Directors (including those who may have delegated supervision of the Circular) and the Management have confirmed to us, after making all reasonable enquiries that, to the best of their knowledge and belief, all material information relating to KIT and the Proposed Base Fee and Performance Fee Supplement has been disclosed to us, that such information constitutes a full and true disclosure, in all material respects, of all material facts about KIT and the Proposed Base Fee and Performance Fee Supplement, and there is no material information the omission of which would make any of the information contained herein or in the Circular misleading in any material respect. The Directors have jointly and severally accepted such responsibility accordingly.

We have also made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or the reliability of such information. We have further assumed that all statements of fact, belief, opinion and intention made by the Directors in relation to the Proposed Base Fee and Performance Fee Supplement have been reasonably made after due and careful enquiry. We have not conducted a comprehensive review of the business, operations and financial condition of KIT. We have also not made an independent evaluation or appraisal of the assets and liabilities of KIT.

In preparing this letter, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any individual Unitholder or any specific group of Unitholders. As each Unitholder would have different investment objectives and profiles, any individual Unitholder or group of Unitholders who may require specific advice in relation to his or their Units should consult his or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

We were not involved and have not provided any advice, whether financial or otherwise, in the preparation, review and verification of the Circular (other than in connection with this letter). Accordingly, we do not take any responsibility for, and express no views on, whether expressed or implied, the contents of the Circular (other than in connection with this letter).

This letter and our opinion are pursuant to Rule 921(4)(a) of the Listing Manual as well as addressed for the use and benefit of the Independent Directors and the Audit and Risk Committee, in connection with and for the purpose of their consideration of the Proposed Base Fee and Performance Fee Supplement, and the recommendations made by the Independent Directors and the Audit and Risk Committee to the Unitholders shall remain the sole responsibility of the Independent Directors and the Audit and Risk Committee.

Our opinion in relation to the Proposed Base Fee and Performance Fee Supplement should be considered in the context of the entirety of this letter and the Circular.

3 DETAILS OF THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

The details of the Proposed Base Fee and Performance Fee Supplement are set out in Paragraph 2 of the Letter to Unitholders of the Circular, and Appendices A and B to the Circular.

3.1 The Existing Management Fee and the Existing Performance Fee

The existing terms of the Trust Deed currently provide, among others, that the Trustee-Manager shall be entitled to receive for its own account of the Trust Property¹:

- (a) a management fee of S\$2.0 million per annum (the “**Existing Management Fee**”); and
- (b) a performance fee at a rate equal to 4.5% per annum of the Trust Income² (the “**Existing Performance Fee**”).

1 “**Trust Property**” has the meaning ascribed to it in the Business Trusts Act.

2 “**Trust Income**” in relation to KIT, means the sum of all cash inflow received by KIT from subsidiaries, associates, sub-trusts and Investments (defined as the assets forming for the time being a part of the Trust Property or, where appropriate, being considered for acquisition to form part of the Trust Property or being considered for divestment to be excluded from the Trust Property) (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts) in respect of a given period.

The Trust Deed further provides that at the beginning of each financial year, the Existing Management Fee shall be increased per annum by such percentage representing the percentage increase in the average of the monthly Consumer Price Index published by the Singapore Department of Statistics for the 12 calendar months immediately preceding the beginning of each financial year, as compared to the 12 calendar months immediately preceding 31 December 2010. Any such increase is announced by the Trustee-Manager no later than the date of the payment of the Existing Management Fee for the first quarter of that financial year. For reference, the Existing Management Fee for FY2021 that was payable to the Trustee-Manager was S\$2.3 million.

3.2 Structure of Proposed Base Fee and Proposed Performance Fee

Under the Proposed Base Fee and Performance Fee Supplement, it is proposed that the Trustee-Manager shall be entitled to receive for its own account out of the Trust Property, the following fees:

- (a) a base fee at a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee in the relevant period) (the “**Proposed Base Fee**”); and
- (b) a performance fee at a rate equal to 25.0% per annum of the increase (if any) in distribution per Unit as declared by the Trustee-Manager for the relevant period (“**DPU**”) in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year (the “**Proposed Performance Fee**”).

“**Distributable Income**” means Free Cash Flow to Equity (as defined below) for the relevant period. Free Cash Flow to Equity is derived from Funds from Operations (as defined below). Distributable Income is therefore derived from Funds from Operations. Where reported by KIT (starting from the release of KIT’s Key Business and Operational Updates for the first quarter ending 31 March 2022), “Free Cash Flow to Equity” will be re-named to “Distributable Income”.

“**Free Cash Flow to Equity**” or “**FCFE**” means FFO (as defined below) less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager. Where reported by KIT (starting from the release of KIT’s Key Business and Operational Updates for the first quarter ending 31 March 2022), “Free Cash Flow to Equity” will be re-named to “Distributable Income”.

“**Funds from Operations**” or “**FFO**” means profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interest adjustments.

The full text of the Proposed Base Fee and Performance Fee Supplement is set out in Appendix A to the Circular, showing insertions in underline and deletions in strikethrough against the relevant provisions of the Trust Deed. Further details on the computation of the specific components of the Proposed Base Fee and the Proposed Performance Fee are set out in Paragraph 2.3 of the Letter to Unitholders of the Circular. Further, please refer to Paragraph 2.3 of the Letter to Unitholders of the Circular for further details on the structure of the Proposed Base Fee and Proposed Performance Fee, including the time of payment and the proposed implementation of the Proposed Base Fee and the Proposed Performance Fee.

The concept of Distributable Income is not defined in the International Financial Reporting Standards. As an added safeguard, it is proposed that the computations of the Proposed Base Fee and the Proposed Performance Fee will be subject to an annual audit based on certain agreed-upon procedures, to be conducted by an auditing firm that is approved under the Accountants Act 2004 (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time (the “**Accountants Act**”), where the audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act, and the report of the auditors will be provided to the Board. The annual audit based on certain agreed-upon procedures, is intended to provide additional assurance that the concept of Distributable Income has been computed in accordance with the provisions of the Trust Deed.

To address any potential uncertainty or dispute as to the computation of the Proposed Base Fee or the Proposed Performance Fee, including any component thereof, the Proposed Base Fee and Performance Fee Supplement shall provide that the Board may at its sole discretion appoint an auditing firm that is approved under the Accountants Act to provide its decision or determination in respect of such computation, and any decision or determination provided by such auditing firm in respect of such computation shall be final, binding and conclusive.

3.2.1 Time of Payment of the Proposed Base Fee and the Proposed Performance Fee

The Trust Deed currently provides that the Existing Management Fee and the Existing Performance Fee shall be payable quarterly in arrears to the Trustee-Manager for every quarter, and (a) within 55 calendar days after the last day of that quarter for payments in respect of the first three quarters of the year; and (b) within 70 calendar days after the last day of that quarter for payments in respect of the last quarter of the year.

It is proposed that the Trust Deed be amended to:

- (i) reflect that the Proposed Base Fee shall be payable half-yearly in arrears (A) within 55 calendar days after the last day of the first half-year of the relevant financial year (i.e. first six months of the said financial year); and (B) within 70 calendar days after the last day of the second half-year of the relevant financial year (i.e. latter six months of the said financial year). This amendment is proposed for the purposes of aligning the timing of the payment of the Proposed Base Fee with the timing of the payment of distributions to Unitholders;
- (ii) reflect that the Proposed Performance Fee shall be payable yearly in arrears within 70 calendar days after the last day of the relevant financial year; and
- (iii) provide the Trustee-Manager with the discretion to defer the timing for the payment of the Proposed Base Fee and Proposed Performance Fee for a period not exceeding 12 calendar months. This amendment is proposed in order to provide the flexibility for the Trustee-Manager to allow for a longer payment period for part or all of the Proposed Base Fee and the Proposed Performance Fee due to the Trustee-Manager in exceptional or unforeseen circumstances (including but not limited to, unexpected cash flow considerations).

For the avoidance of doubt, save as described above, no other changes are proposed to the timing of the payment of any other fees payable to the Trustee-Manager.

3.2.2 The Proposed Base Fee

The Existing Management Fee is a fixed fee which has no nexus to the size of KIT's asset portfolio, and such a structure is therefore not reflective of the management activities and resources demanded to manage a trust with a diversified portfolio of complex assets across multiple jurisdictions such as KIT, nor does it take into account the potential growth in the size of KIT's asset portfolio.

It is proposed that the Proposed Base Fee should instead be based on a rate equal to 10.0% per annum of the Distributable Income (calculated before accounting for the Proposed Base and the Proposed Performance Fee). The proposed formula for the Proposed Base Fee was derived based on a benchmarking study performed by the Management on the fee structure of REITs and Business Trusts listed on the SGX-ST, and is intended to be aligned with the fee models adopted by recently listed real estate investment trusts ("REITs").

Distributable Income is computed as Funds from Operations less mandatory debt repayment and other charges, credits or adjustments as deemed appropriate by the Trustee-Manager. Distributable Income is based on and computed in exactly the same manner as the "Free Cash Flow to Equity" line item (read with the "Funds from Operations" line item) of the tables showing Free Cash Flow to Equity broken down by business segments, as disclosed in KIT's periodic financial results, quarterly business and operational updates.

KIT has also been disclosing its Free Cash Flow to Equity in its Annual Reports in respect of its past two financial years. The concept of Distributable Income is therefore one that is transparent to Unitholders.

Going forward, starting from the release of KIT's Key Business and Operational Updates for the first quarter ended 31 March 2022, for Unitholders' ease of reference and clarity, the "Free Cash Flow to Equity" line item, where reported by KIT, will be re-named to "Distributable Income". While there are differences between business trusts (such as KIT) and REITs, the term "Distributable Income" also appears to be a common metric generally used by REITs to represent net cash earned by a REIT, and available to be distributed to the unitholders of the REIT.

Since 2015, KIT has been making distributions to Unitholders based on its Funds from Operations, a measure of the net cash generated from the Group's operations. Funds from Operations is a key concept which seeks to capture the net cash generated from the Group's operations in any given period, which is a measure of the amount and sustainability of the distributions which KIT may in turn make to Unitholders.

In light of the foregoing, the Trustee-Manager has consistently taken the position that, as an infrastructure business trust, Funds from Operations is a better indicator of the Group's performance than, for example, accounting net profits or losses. This is reflected in KIT's audited consolidated financial statements, where KIT reports Funds from Operations in addition to its accounting net profits or losses.

In this regard, as Distributable Income is premised on the concept of Funds from Operations, with deductions for mandatory debt repayment and other charges, credits or adjustments, at the Trustee-Manager's discretion, it is intended to reflect the level of the operational performance of the Group, its associates, sub-trusts and Investments (with the exception of the Basslink Group)³. Accordingly, the Trustee-Manager is of the view that pegging the Proposed Base Fee to this new formula as described above and in the Circular should be more commensurate with the operational performance of the Group.

3.2.3 Progressive Implementation of the Proposed Base Fee

If approved by Unitholders, it is proposed that the Proposed Base Fee be implemented progressively, in the proportions set out in the following table:

Table A:

		Calculation of Proposed Base Fee to be paid [(A) + (B)]	
		(A) Proportion of Existing Management Fee	(B) Proportion of Proposed Base Fee
Period after Effective Date ⁴			
First Half-Year <i>(Being the half-year from 1 Jul 2022 to 31 Dec 2022)</i>	For the three months from 1 Jul 2022 to 30 Sep 2022	67%	33%
	For the three months from 1 Oct 2022 to 31 Dec 2022	33%	67%
Second Half-Year <i>(Being the half-year from 1 Jan 2023 to 30 Jun 2023)</i>		0%	100%

Source: Circular

3 Nexus Australia Management Pty Ltd (in voluntary administration), Coral Holdings Australia Pty Ltd (in voluntary administration) and their respective subsidiaries (collectively, the "Basslink Group") are excluded from the computation of the Distributable Income as KIT does not depend on the Basslink Group's cash flow for distribution.

4 "Effective Date" is the date on which the Trust Deed is amended pursuant to the Proposed Base Fee and Performance Fee Supplement, or 1 July 2022, whichever is later.

To illustrate, assuming the Proposed Base Fee and Performance Fee Supplement is approved at the EGM, in respect of the half-year period from 1 July 2022 to 31 December 2022 (the “**First Half-Year**”) immediately following the Effective Date as shown in Table A above, the Trustee-Manager shall be entitled to be paid an aggregate sum of the following within 70 calendar days after the last day of the First Half-Year (as shown in Table A above):

- (a) for the three months from 1 July 2022 to 30 September 2022, (i) 67% of the Existing Management Fee plus (ii) 33% of the Proposed Base Fee, for the said three-month financial period; and
- (b) for the three months from 1 October 2022 to 31 December 2022, (i) 33% of the Existing Management Fee plus (ii) 67% of the Proposed Base Fee, for the said three-month financial period.

Accordingly, starting from the half-year period from 1 January 2023 to 30 June 2023 (the “**Second Half-Year**”) as shown in Table A above and for subsequent financial periods, only the Proposed Base Fee will be payable, and the Existing Management Fee will entirely cease to be applicable.

To avoid doubt, prior to the commencement of the First Half-Year after the Effective Date as shown in Table A above (i.e., up to and including 30 June 2022), only the Existing Management Fee (and not the Proposed Base Fee) shall apply.

The progressive implementation of the Proposed Base Fee is intended to reflect the progressive building-up of KIT’s portfolio of assets by the Trustee-Manager, and will also allow more time to build up the Trustee-Manager’s resources.

For illustrative purposes only, the hypothetical computations of the progressive implementation of the Proposed Base Fee based on the FY2021 Audited Financial Statements are set out in Appendix B2 to the Circular for Unitholders’ information.

3.2.4 The Proposed Performance Fee

It is proposed that the Proposed Performance Fee payable to the Trustee-Manager be at a rate equal to 25.0% per annum of the increase (if any) in DPU in respect of a financial year as compared with the DPU in respect of the preceding financial year, multiplied by the weighted average number of Units in issue for such financial year. Likewise, the proposed formula for the Proposed Performance Fee was derived based on the benchmarking study undertaken by the Management on the fee structure of REITs and Business Trusts listed on the SGX-ST, and is intended to be aligned with the fee models adopted by recently listed REITs.

The Proposed Performance Fee is only payable in respect of a financial year if the DPU in respect of the said financial year exceeds the DPU in respect of its preceding financial year. This is also notwithstanding that the DPU in respect of the said preceding financial year may be less than the DPU in respect of the financial year immediately prior to the said preceding financial year.

For the avoidance of doubt, where the DPU in respect of a financial year is less than the DPU in respect of the preceding financial year, the Trustee-Manager

shall not be required to return any Proposed Performance Fee paid to it in any preceding financial year. In computing the Proposed Performance Fee for a financial year, the DPU to be used is the aggregate DPU as declared by the Trustee-Manager in respect of that financial year.

The Proposed Performance Fee, which is based on the growth in DPU, is intended to reward the Trustee-Manager's continuing efforts to: (a) achieve long-term sustainability of the Trust's cash flow from the assets, through proactive asset management strategies, and (b) to grow the Trust's cash flow through asset enhancement initiatives and the acquisition of quality assets with strong fundamentals. The structure of the Proposed Performance Fee also does not incentivise the Trustee-Manager to take on excessive short-term risks, but instead to continually strive to manage and grow the Trust in a sustainable and balanced manner over the long run.

For illustrative purposes only, the hypothetical computations of the implementation of the Proposed Performance Fee based on the FY2021 Audited Financial Statements are set out in Appendix B2 to the Circular for Unitholders' information.

3.2.5 Proposed Implementation of the Proposed Performance Fee

If approved by Unitholders, as the Proposed Performance Fee will only take effect from the Effective Date, it is proposed that the Proposed Performance Fee be implemented in respect of FY2022 in the following manner:

- (a) the Existing Performance Fee, which shall be payable within 55 calendar days after the last day of the relevant quarter, shall continue to be paid out quarterly in arrears for the first two quarters of FY2022 up to the Effective Date (i.e., 1 January 2022 to 31 March 2022, and 1 April 2022 to 30 June 2022); and
- (b) the Proposed Performance Fee for FY2022 which shall be payable yearly in arrears within 70 calendar days after the last day of the financial year, shall be computed and adjusted to deduct the aggregate amount paid or payable under Paragraph 3.2.5(a) above, provided that the Proposed Performance Fee for FY2022 exceeds the aggregate amount paid or payable in paragraph 3.2.5(a). For the avoidance of doubt, if the Proposed Performance Fee for FY2022 is less than the aggregate amount paid or payable under paragraph 3.2.5(a), the Trustee-Manager shall not be required to return any amounts paid or payable to it under paragraph 3.2.5(a).

Thereafter, the Proposed Performance Fee shall take full effect from the financial year ending 31 December 2023 ("**FY2023**") onwards and shall only be payable on a yearly basis.

3.3 Impact on Unitholders

The details of the impact on Unitholders are set out in Paragraph 2.4 of the Letter to Unitholders of the Circular.

For illustrative purposes only, Paragraph 2.4 of the Letter to Unitholders of the Circular sets out, in respect of the financial year ended 31 December 2020 ("**FY2020**") and FY2021, an illustration of (i) a comparison of the amount of the Existing

Management Fee and the Existing Performance Fee against the Proposed Base Fee and the Proposed Performance Fee, respectively; (ii) the impact of the Proposed Base Fee and the Proposed Performance Fee on KIT's Earnings before Interest, Taxes, Depreciation and Amortisation ("EBITDA") and Free Cash Flow to Equity or FCFE; and (iii) the impact of the Proposed Base Fee and the Proposed Performance Fee on KIT's DPU. The aforesaid illustrations are prepared based on the assumption that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement prior to 1 January of each relevant financial year, and 100% of the Proposed Base Fee (and no Existing Management Fee) and the Proposed Performance Fee is payable to the Trustee-Manager starting from 1 January of each relevant financial year.

Unitholders should note that the computations set out in Paragraph 2.4 of the Letter to Unitholders of the Circular are completely hypothetical and are presented for illustrative purposes only, and should not be regarded as reflective of any current or future acquisition or as representative of KIT's future performance.

4 EVALUATION OF THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

In our analysis and evaluation of the Proposed Base Fee and Performance Fee Supplement, and our recommendation thereon, we have taken into consideration the following:

- (i) rationale for and benefits of the Proposed Base Fee and Performance Fee Supplement;
- (ii) assessment of the Proposed Base Fee and the Proposed Performance Fee;
- (iii) impact of the Proposed Base Fee and Performance Fee Supplement on Unitholders; and
- (iv) other factors which we deem to be relevant in relation to the Proposed Base Fee and Performance Fee Supplement.

The factors above are discussed in more detail in the following sections.

4.1 Rationale for and benefits of the Proposed Base Fee and Performance Fee Supplement

The detailed rationale for and benefits of the Proposed Base Fee and Performance Fee Supplement are set out in Paragraph 2.2 of the Letter to Unitholders of the Circular, and extracted below.

"The existing fee structure for the Trustee-Manager has been in place since June 2010 when K-Green Trust was listed on the SGX-ST as a Business Trust. At the time of listing, it was stated in K-Green Trust's introductory document dated 31 May 2010, that the Trustee-Manager would be entitled under the Trust Deed to the Existing Management Fee and Existing Performance Fee for its provision of services to K-Green Trust. The Existing Management Fee was intended to cover the on-going operating costs of the Trustee-Manager, with adjustments to provide for inflation. The Existing Performance Fee, which was calculated as a percentage of the sum of all cash inflow received, was intended to incentivise and align the interests of the Trustee-Manager with those of the Unitholders. At the time of listing, K-Green Trust managed only three concession assets, and had only seven employees (which included 3 executive officers) shortly after the completion of the listing.

K-Green Trust was subsequently renamed KIT in 2014 as it expanded its investment mandate to cover a wider range of infrastructure assets. KIT subsequently merged with CitySpring Infrastructure Trust in 2015 and renewed its investment focus to seek out key infrastructure businesses and assets globally. Since then, KIT has grown the assets under its management from S\$760 million (under K-Green Trust in December 2010) to approximately S\$4.5 billion (under KIT in December 2021), with approximately 22 employees (as at 31 December 2021). Similarly, Distributable Income has grown from S\$49.2 million (under K-Green Trust for FY2011⁵) to approximately S\$192.2 million (under KIT for FY2021). This represents a compound annual growth rate of 17.6% and 14.6% respectively.

In end-2021, the Trustee-Manager undertook a strategic review of KIT's strategy, operations and assets, with the objective to drive further performance and growth, as well as enhance the Trust's focus on sustainability. Following the strategic review, KIT announced in January 2022 its refreshed strategy which will see the Trust rebalance its portfolio mix with a focus on acquisitions to drive long-term growth in distributions, as explained below.

As at the Latest Practicable Date, KIT's portfolio consists of six concession-based/contractually-driven assets and three evergreen businesses⁶. This includes three strategic acquisitions completed in the last three years, namely the Ixom Group, Philippine Coastal Storage & Pipeline Corporation, and Aramco Gas Pipelines Company.

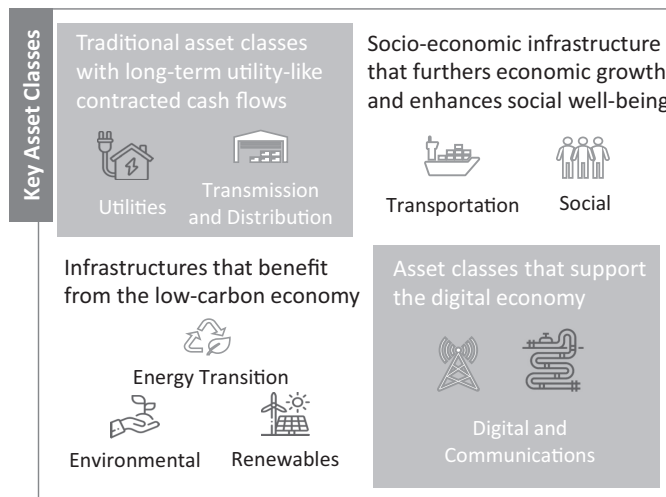
As the cashflow from the fixed life contract/concession-based assets will cease when they reach the end of their initial and/or extended contracts, the Trust seeks to focus its acquisition efforts on core and core plus infrastructure assets and businesses in the developed markets of Asia Pacific, as well as Europe, Middle East and Africa, focusing on jurisdictions with well-developed legal frameworks, while remaining open to considering suitable opportunistic deals outside of those markets.

The Trustee-Manager will focus on evergreen, yield accretive assets and businesses that will benefit from secular growth trends in the following key asset classes that will:

- (a) provide long-term utility-like contracted cash flows in traditional asset classes such as utilities and transmission and distribution assets;*
- (b) benefit from the low-carbon and decarbonisation economy, which include energy transition, environmental, and renewables sectors;*
- (c) support the digital economy, such as digital and communications; as well as;*
- (d) socio-economic infrastructure that furthers economic growth and enhances social well-being, such as the transportation and social infrastructure sectors.*

5 K-Green Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 29 June 2010. Hence, the total distribution of S\$49.2 million for the financial year ended 31 December 2011 ("FY2011") is used, as FY2011 is K-Green Trust's first full year as a public listed trust.

6 Excludes the Basslink Group, which entered voluntary administration on 12 November 2021. The operations of the Basslink Group are under the control of the receiver and manager appointed by the lenders.



In view of the foregoing, the Trustee-Manager is proposing the Proposed Base Fee and Performance Fee Supplement, for the following reasons:

(i) To align fee structure with long-term value creation

The Existing Management Fee is a fixed fee, and has no correlation to the size of KIT's diverse portfolio of businesses and assets. As such, it is not reflective of the management activities and resources demanded to manage KIT's diverse portfolio of businesses and assets across multiple jurisdictions. At the same time, the Existing Management Fee does not support nor provide for the Trust's expansion and/or growth plans. In this regard, the Proposed Base Fee, which is based on Distributable Income, is recommended as it takes into account the cash generated by the operations of KIT's assets, and it is also aligned with Unitholders' interests. Distributable Income is an appropriate proxy for the Trust size and better reflects the required level of resources to effectively manage and operate the portfolio, while the Trustee-Manager seeks to grow the Trust through accretive acquisitions.

The Existing Performance Fee is only payable when the cash from Investments is received by the Trust. Therefore, where an Investment requires the cash generated from its operations for further growth and expansion, the cash is generally first repatriated back to Singapore and then re-injected back into the Investment. The repatriation of the cash generated from its operations of the Investment will typically incur transaction costs in the form of fees, duties or taxes. This is typically the case for offshore investments in jurisdictions such as Australia and the Philippines.

The use of Distributable Income as the metric for the Proposed Base Fee and the use of an increase in DPU (if any) as the metric for the Proposed Performance Fee can therefore help to avoid the incurrence of such transaction costs. This will in turn, help to enable KIT to build a well-diversified portfolio of infrastructure businesses and assets that may generate sustainable, long-term growth in distributions.

(ii) To align the Trustee-Manager's interests with that of Unitholders

The Proposed Base Fee is based on Distributable Income, which represents the net cash generated by the Trust in a given period, and is accordingly a suitable indicator of the potential distributions available to be made to Unitholders. The Proposed Performance Fee is in alignment with the distributions received by Unitholders as it is pegged to the growth in DPU and calculated based on the increase (if any) in DPU in respect of a financial year against the DPU in

respect of the preceding financial year. The Proposed Base Fee and the Proposed Performance Fee therefore together result in a closer alignment of the Trustee-Manager's interests with that of Unitholders.

(iii) To deepen and expand the Trustee-Manager's talent pool

The Trustee-Manager is committed to pursue new growth platforms and expand its reach globally, so as to maintain a diversified portfolio underpinning sustainable long-term distributions to Unitholders.

While the Trustee-Manager will continue to leverage the knowledge and expertise from within the Keppel Group, it will also seek to deepen and expand its talent pool in deal origination, execution, operational improvements and successful value creation. This includes the setting up of overseas offices to build up a core pool of talent in jurisdictions where KIT operates. This is aligned with KIT's strategy to widen its investible universe across high quality assets in the infrastructure spectrum.

(iv) To continue to optimise KIT's current portfolio

As the Trustee-Manager seeks to continue to expand and grow KIT's portfolio of businesses and assets, it will also continue to drive organic growth within the Trust's current portfolio so as to continue generating resilient cash flows.

To achieve this, the Trustee-Manager will actively seek opportunities for bolt-on acquisitions and/or expansion plans, as well as undertake ongoing portfolio optimisation efforts to create value, including the pursuit of synergistic transactions or divestment of portfolio assets for capital gains. Bolt-on acquisitions refer to acquisitions undertaken by KIT's Investments, which allow such Investments to accelerate its EBITDA growth inorganically. Portfolio optimisation efforts by the Trustee-Manager include the undertaking of value creation projects to sustain and grow cash generation capacity of existing Investments, including but not limited to the following:

- (a) the extension of the contract life of limited life Investments;
- (b) reviewing and optimising capital structure to maximise returns and reduce leakages;
- (c) the expansion of revenue sources through expansion into complementary product lines via organic growth or mergers and acquisitions; and
- (d) the divestment of existing Investments for capital gains and/or to free up balance sheet for further acquisition projects.

Such efforts will require dedicated teams of specialists, experts and professionals, and the demand for such resources will have to be scaled according to the size and number of assets.

The revised fee structure will provide for the Trustee-Manager to be remunerated for the provision of ongoing management services to KIT in Singapore, covering critical functions such as investment management, asset management, capital management, accounting, compliance and investor relations, on a full time and dedicated basis. The existing fee structure incepted in 2010, which was conceptualised based on a narrower asset and talent pool, limits the Trustee-Manager's ability to deepen and expand its

talent pool and to scale up to drive further portfolio growth. The revised fee structure will support the efforts and resources required for the optimisation of the KIT portfolio.

(v) *To continue to drive further portfolio growth through new investments*

On 23 February 2022, KIT completed the acquisition of an indirect minority and non-controlling stake in Aramco Gas Pipelines Company, through KIT's indirect minority investment in a new special purpose vehicle formed together with reputable co-investors, such as BlackRock Real Assets and Hassana Investment Company (the investment arm of the General Organisation for Social Insurance of the Kingdom of Saudi Arabia). This is expected to provide long term, predictable cash flows to KIT through the investment into a strong and growing business that is underpinned by one of the world's largest reserves of natural gas. Driven by domestic consumption, gas demand in Saudi Arabia is expected to increase at a compound annual growth rate of 3.7% from 2021 to 2030⁷, primarily due to an increase in demand from the power generation and the refining and industrial sectors. Favourable governmental policies are also expected to support a strong outlook for gas demand. This investment in partnership with a world-class operator, Saudi Arabian Oil Company, is an example of KIT's pursuit of investments in developed jurisdictions globally which provide a compelling risk-return profile. With the acquisition of the Aramco Gas Pipelines Company, the total assets under KIT's management has grown from approximately S\$4.5 billion (as at December 2021) to S\$4.6 billion (as at February 2022).

The revised fee structure will enable the Trustee-Manager to have additional resources to undertake the requisite investment management and related work in identifying, evaluating, executing, and monitoring new investments in the future."

4.2 Assessment of the Proposed Base Fee and the Proposed Performance Fee

4.2.1 Comparison of the Proposed Base Fee and the Proposed Performance Fee against the Existing Management Fee and the Existing Performance Fee

We have taken into account the comparison of the Existing Management Fee and the Existing Performance Fee paid or payable to the Trustee-Manager under the Trust Deed against the illustrative Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021, as set out in Paragraph 2.4.1 of the Letter to Unitholders of the Circular.

The computations set out in Paragraph 2.4.1 of the Letter to Unitholders of the Circular and our analysis set out below are hypothetical and are for illustrative purposes only, and should not be regarded as reflective of any current or future acquisition or as representative of KIT's future performance. We note that the computations set out in Paragraph 2.4.1 of the Letter to Unitholders of the Circular have been drawn up based on the assumption that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement prior to 1 January of each relevant financial year, and 100% of the Proposed Base Fee (and no Existing Management Fee) and the Proposed Performance Fee are payable to the Trustee-Manager starting from 1 January of each relevant financial year.

⁷ Source: 2020 Bond Prospectus (dated 16 November 2020) of Saudi Arabian Oil Company ("Aramco"). Refer to KIT's announcements dated 8 February 2022 and 24 February 2022 in relation to the investment.

FY2020	Prior to the Proposed Fee Amendments under the Proposed Base Fee and Performance Fee Supplement (\$ million)	After the Proposed Fee Amendments under the Proposed Base Fee and Performance Fee Supplement (\$ million)	Difference – Increase/ (Decrease) (\$ million)
Existing Management Fee or Proposed Base Fee (as applicable)	2.3 ⁽¹⁾	23.7 ⁽²⁾	21.4
Existing Performance Fee or Proposed Performance Fee (as applicable)	9.6 ⁽³⁾	– ⁽⁴⁾	(9.6)
Total	11.9	23.7	11.8

Source: Circular, EY

Notes:

- (1) Based on the Existing Management Fee paid to the Trustee-Manager in respect of FY2020. Refer to Paragraph 2.1 of the Letter to Unitholders of the Circular for further details.
- (2) Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY2020 is approximately S\$237.5 million.
- (3) Based on the Existing Performance Fee paid to the Trustee-Manager in respect of FY2020.
- (4) There was no increase in DPU in respect of FY2020 as compared with the DPU in respect of the financial year ended 31 December 2019 (“FY2019”). On this basis, the Proposed Performance Fee for FY2020 is zero.

FY2021	Prior to the Proposed Fee Amendments under the Proposed Base Fee and Performance Fee Supplement (\$ million)	After the Proposed Fee Amendments under the Proposed Base Fee and Performance Fee Supplement (\$ million)	Difference – Increase/ (Decrease) (\$ million)
Existing Management Fee or Proposed Base Fee (as applicable)	2.3 ⁽¹⁾	20.4 ⁽²⁾	18.1
Existing Performance Fee or Proposed Performance Fee (as applicable)	9.5 ⁽³⁾	0.8 ⁽⁴⁾	(8.7)
Total	11.8	21.2	9.4

Source: Circular, EY

Notes:

- (1) Based on the Existing Management Fee paid to the Trustee-Manager in respect of FY2021. Refer to Paragraph 2.1 of the Letter to Unitholders of the Circular for further details.
- (2) Distributable Income (calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee) for FY2021 is approximately S\$204.0 million. Refer to Section A2 of Appendix B1 to the Circular for further details on the computation of the Proposed Base Fee for FY2021.
- (3) Based on the Existing Performance Fee paid to the Trustee-Manager in respect of FY2021.
- (4) There was an increase in DPU in respect of FY2021 of S\$0.0006 as compared with the DPU in respect of FY2020, and the weighted average number of Units in issue in FY2021 was 4,991.0 million Units. Refer to Section B of Appendix B1 to the Circular for further details on the computation of the Proposed Performance Fee for FY2021.

Based on the tables above, we note that:

- (a) the Proposed Base Fee is approximately S\$21.4 million and S\$18.1 million higher than the Existing Management Fee for FY2020 and FY2021, respectively;
- (b) the Proposed Performance Fee is zero as compared to the Existing Performance Fee of S\$9.6 million for FY2020 and the Proposed Performance Fee is approximately S\$8.7 million lower than the Existing Performance Fee for FY2021; and
- (c) the sums of the Proposed Base Fee and Proposed Performance Fee are approximately S\$11.8 million (approximately 99.2%) and S\$9.4 million (approximately 79.7%) higher than the sums of the Existing Management Fee and Existing Performance Fee for FY2020 and FY2021, respectively.

We note that at the end of 2021, the Trustee-Manager undertook a review of KIT's strategy, operations and assets, with the objective to drive further performance and growth, as well as enhance KIT's focus on sustainability. We also note that following the strategic review, KIT announced its refreshed strategy in January 2022, which will involve KIT rebalancing its portfolio mix with a focus on acquisitions to drive long-term growth in distributions. The Trustee-Manager intends to focus on (i) core and core plus infrastructure assets and businesses in developed markets of Asia Pacific, Europe, Middle East and Africa, and (ii) evergreen, yield accretive assets and businesses that will benefit from growth trends in key asset classes, including utilities, transmission and distribution assets, energy transition, environmental and renewable assets, assets supporting the digital economy, and socio-economic infrastructure.

While the Proposed Base Fee and Performance Fee Supplement is expected to result in higher fees to the Trustee-Manager, it would be more reflective of the management activities and resources required by the Trustee-Manager to implement KIT's refreshed strategy than the existing fee structure. The Proposed Base Fee and Performance Fee Supplement also reflects the alignment of interests between the Trustee-Manager and the Unitholders, given that (i) the Proposed Base Fee is based on the cash generated by the operations of KIT's assets and the Distributable Income is generally indicative of the potential distributions available to be made to Unitholders, and (ii) the Proposed Performance Fee being in alignment with the distributions received by Unitholders as it is calculated based on any increase in DPU in respect of a financial year against the DPU in respect of the preceding financial year.

4.2.2 Comparison of the Proposed Base Fee and the Proposed Performance Fee against the fees charged by selected business trusts

Based on our discussions with the Management and a search on available databases for comparable business trust listed on the SGX-ST, we recognise that there is no particular listed business trust that we may consider to be directly comparable to KIT in terms of the composition of asset categories, size, scale of operations, risk profile, geographical spread of activities, accounting standards and policies used, and other relevant factors. However, we have extracted the following publicly available information on certain listed business trusts in order to compare the fees paid to the respective trustee-managers (the "**Selected Business Trusts**").

The Independent Directors, the Audit and Risk Committee and the Unitholders should note that any comparison made with respect to the Selected Business Trusts are for illustrative purposes only. For the analysis on the Selected Business Trusts, we have used the available data/information as at the Latest Practicable Date. In addition, we wish to highlight that the Selected Business Trusts are by no means exhaustive.

For illustrative purposes, the following are the Selected Business Trusts:

Business Trust	Brief Business Description	Market Capitalisation (\$ million)
Asian Pay Television Trust ("APT")	Asian Pay Television Trust owns, operates, and maintains pay-TV and broadband businesses in Taiwan, Hong Kong, Japan, and Singapore. It provides basic cable TV and premium digital cable TV services; and high-speed broadband services, as well as electronic programme guide data. The company serves households, other system operators, and third party customers. It serves approximately 1.2 million homes.	243.9
Hutchison Port Holdings Trust ("HPT")	Hutchison Port Holdings Trust invests in, develops, operates, and manages deep-water container ports in Guangdong Province of the People's Republic of China, Hong Kong, and Macau. It also invests in other types of port assets, including river ports; and undertakes various port ancillary services, such as freight forwarding, supply chain management, warehousing, and distribution services.	2,906.0
First Ship Lease Trust ("FSL")	First Ship Lease Trust, a business trust, owns a fleet of vessels in various shipping sub-sectors in Asia, Europe, and internationally. The company is involved in leasing and chartering vessels on long-term bareboat charters to the international shipping industry; and on short-term time charters, or in pools or spot markets.	134.4
Ascott Residence Trust ("ART")	Ascott Residence Trust is the largest hospitality trust in Asia Pacific with an asset value of S\$7.7 billion as at 31 December 2021. ART's international portfolio comprises 93 properties with about 17,000 units in Asia Pacific, Europe and the United States of America.	3,480.5
CDL Hospitality Trusts ("CDL")	CDL Hospitality Trusts is one of Asia's leading hospitality trusts with assets under management of about S\$2.9 billion as at 31 December 2021.	1,428.3
Dasin Retail Trust ("DRT")	Dasin Retail Trust is a China retail property trust providing direct exposure to the fast-growing Guangdong-Hong Kong-Macau Greater Bay Area listed on the SGX-ST. Dasin Retail Trust's principal investment mandate is to invest in, own or develop land, uncompleted developments and income-producing real estate in Greater China used primarily for retail purposes, as well as real estate-related assets, with an initial focus on retail malls.	260.4
Far East Hospitality Trust ("FarE")	Far East H-Trust is a Singapore-Focused Hotel and Serviced Residence Hospitality Trust listed on SGX-ST. Far East H-Trust has a portfolio of 13 properties totaling over 3,000 hotel rooms and serviced residence units.	1,168.5
Frasers Hospitality Trust ("FHT")	FHT is the first global hotel and serviced residence trust listed in Singapore on 14 July 2014. It is established with the principal strategy of investing globally, on a long-term basis, in income-producing real estate assets used primarily for hospitality purposes. FHT's geographically diversified portfolio of 15 quality assets are in prime locations across 9 key cities in Asia, Australia and Europe.	837.8

Source: Capital IQ

Selected publicly available information on certain fees charged to the Selected Business Trusts for comparison with the Proposed Base Fee and Proposed Performance Fee are summarised in the following table.

Business Trust	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (\$ million)	Performance Fee (\$ million)	Sum of Base Fee and Performance Fee (\$ million)	Sum of Base Fee and Performance Fee		
						as % of Revenue (%)	as % of Market Capitalisation (%)	as % of AuM ² (%)
APT ³	Fixed fee of S\$7.0 million, subject to consumer price index ("CPI") adjustment	3.0% of the first 25.0% of excess distribution per unit as compared to the base distribution per unit; additional fees based on tiered excess distribution per unit as compared to the base distribution per unit	7.4	–	7.4	2.46	3.02	0.24
HPT ³	Fixed fee of US\$2.5 million (~S\$3.4 million), subject to CPI adjustment	3.0% of the first 25.0% of excess distribution per unit as compared to the base distribution per unit; additional fees based on tiered excess distribution per unit as compared to the base distribution per unit	4.3	–	4.3	0.19	0.15	0.03
FSL ³	4.0% of lease income as management fee and 0.02% of the value of all assets as trustee fee	Based on comparison of net distributable amount and benchmark distribution per unit	0.6	–	0.6	1.82	0.46	0.54
ART ³	0.3% of property values as management fee and 0.015% of asset value as trustee fee	4.0% of share in gross profit, with adjustments for outperformance	16.6	5.8	22.4	5.68	0.64	0.29
CDL ³	0.25% of value of deposited property as management fee and 0.1% of the value of deposited property as trustee fee	5.0% of net property income	7.0	3.3	10.3	6.54	0.72	0.35

Business Trust	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (\$ million)	Performance Fee (\$ million)	Sum of Base Fee and Performance Fee (\$ million)	Sum of Base Fee and Performance Fee		
						as % of Revenue (%)	as % of Market Capitalisation (%)	as % of AuM ² (%)
DRT ³	0.25% of the property value if less than S\$10b, plus 0.20% of the property value above S\$10b. 0.02% of the property value as trustee fee	25.0% of the difference in distribution per unit	6.9	-	6.9	6.86	2.67	0.27
FarE ³	0.28% of the value of deposited property	4.0% of net property income	n/a	n/a	9.4	11.34	0.81	0.35
FHT ⁴	0.3% of the value of deposited property	5.5% of the aggregate distributable income	6.8	1.2	8.0	9.31	0.95	0.34
Low			0.6	0.0	0.6	0.19	0.15	0.03
High			16.6	5.8	22.4	11.34	3.02	0.54
Average			7.1	1.5	8.7	5.52	1.18	0.30
Median			6.9	0.0	7.7	6.11	0.77	0.31
KIT – Proposed (FY2020) ⁵	10.0% of annual distributable income, calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee	25% of the increase in DPU as compared with the DPU of the preceding financial year, multiplied by the weighted average number of Units in issue	23.7	-	23.7	1.58	0.87	0.48
KIT – Proposed (FY2021) ⁵			20.4	0.8	21.2	1.35	0.78	0.47

Source: Annual reports, SGX announcements, Circulars, Prospectuses, Capital IQ

Notes:

- (1) Fee structure stated is based on the latest public filings of the respective Selected Business Trusts, as of the Latest Practicable Date.
- (2) "AuM" refers to assets under management. For KIT, AuM is equivalent to total assets.
- (3) Information based on the financial year ended 31 December 2021 except for market capitalisation, which is as at the Latest Practicable Date.
- (4) Information based on the financial year ended 30 September 2021 except for market capitalisation, which is as at the Latest Practicable Date.
- (5) Pro forma Base Fee and Performance Fee are strictly for illustrative purposes only and were prepared based on the consolidated financial statements for FY2020 and FY2021, taking into account the structure of the Proposed Base Fee and the Proposed Performance Fee.

Based on the table above, we note that:

- (a) All Selected Business Trusts are charged a base fee, with various bases applied. For two of the eight Selected Business Trusts, the base fee is a fixed amount, subject to CPI adjustment. Five of the eight Selected Business Trusts are charged a base fee based on asset value, while one of the eight Selected Business Trusts is charged a base fee based on the combination of asset value and income.
- (b) All Selected Business Trusts are charged a performance fee. The performance fee of four of the eight Selected Business Trusts are based on results being higher than a benchmark (e.g., excess in distribution per unit benchmark), which is comparable to the Proposed Performance Fee. The remaining four Selected Business Trusts are charged a performance fee based on income (i.e., gross profit, net property income, distributable income).
- (c) The sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 represent approximately 1.58% and 1.35% of the revenue for FY2020 and FY2021 respectively, are within the range and are lower than the average and median sums of the base fee and performance fee as a percentage of revenue for the Selected Business Trusts.
- (d) The sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 represent approximately 0.87% and 0.78% of the market capitalisation as of the Latest Practicable Date, are within the range, are lower than the average but higher than the median sums of the base fee and performance fee as a percentage of market capitalisation for the Selected Business Trusts.
- (e) The sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 represent approximately 0.48% and 0.47% of the AuM for FY2020 and FY2021 respectively, are within the range and are higher than the average and median sums of the base fee and performance fee as a percentage of AuM for the Selected Business Trusts.

4.2.3 Comparison of the Proposed Base Fee and the Proposed Performance Fee against the fees charged by selected REITs

Based on our discussions with the Management and a search on available databases for comparable REIT listed on the SGX-ST, we recognise that there is no particular listed REIT that we may consider to be directly comparable to KIT in terms of the composition of asset categories, size, scale of operations, risk profile, geographical spread of activities, accounting standards and policies used, and other relevant factors. However, we have extracted the following publicly available information on REITs which were listed on the SGX-ST in the period between 1 January 2017 and the Latest Practicable Date (the "Recently Listed REITs") in order to compare the structure of the base fee and performance fee paid to the respective REIT managers.

The Independent Directors, the Audit and Risk Committee and the Unitholders should note that any comparison made with respect to the Recently Listed REITs are for illustrative purposes only and limited to the structure of the base fee and performance fee paid to the respective REIT managers of the Recently Listed REITs. For the analysis on the Recently Listed REITs, we have used the available data/information as at the Latest Practicable Date. In addition, we wish to highlight that the Recently Listed REITs are by no means exhaustive.

For illustrative purposes, the following are the Recently Listed REITs:

Business Trust	Brief Business Description	Market Capitalisation (\$ million)
ARA US Hospitality Trust (" ARA US ")	Listed on 9 May 2019, ARA US invests in income-producing real estate assets used primarily for hospitality purposes located in the United States.	391.3
Cromwell European REIT (" CEREIT ")	Listed on 30 November 2017, CEREIT's principal investment strategy is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate assets in Europe that are used primarily for office, light industrial/logistics and retail purposes.	1,942.8
Daiwa House Logistics Trust (" DHLT ")	Listed on 26 November 2021, DHLT's investment strategy is principally to invest, directly or indirectly, in a portfolio of stabilised income-producing logistics and industrial assets, and real estate-related assets, and real estate-related assets, in Asia.	543.4
Digital Core REIT (" DCR ")	Listed on 6 December 2021, DCR engages in the development, acquisition, ownership, and operation of data centres.	1,716.2
Elite Commercial REIT (" ECR ")	Listed on 6 February 2020, ECR primarily invests in commercial assets and real estate-related assets in the United Kingdom.	553.0
Keppel Pacific Oak US REIT (" KORE ")	Listed on 9 November 2017, KORE's investment strategy is to principally invest in a diversified portfolio of income-producing commercial assets and real estate-related assets in key growth markets of the US.	1,021.7
Lendlease Global Commercial REIT (" LREIT ")	Listed on 2 October 2019, LREIT's principal investment strategy is to invest, directly or indirectly, in a diversified portfolio of stabilised income-producing real estate assets located globally, which are used primarily for retail and/or office purposes.	989.1
Prime US REIT (" Prime ")	Listed on 19 July 2019, Prime is focused on stabilised income-producing office assets in the US.	1,218.9
Sasseur REIT (" Sasseur ")	Listed on 28 March 2018, Sasseur invests in a portfolio of retail/outlet real estate and related assets in China.	1,065.0
United Hampshire US REIT (" UHUR ")	Listed on 12 March 2020, UHUR's principal investment strategy is to invest in a diversified portfolio of stabilised income-producing grocery-anchored and necessity-based retail properties, and modern, climate-controlled self-storage facilities, located in the US.	475.4

Source: Capital IQ

Selected publicly available information on the structure of the base fee and performance fee charged by the respective REIT manager to the Recently Listed REITs for comparison with the Proposed Base Fee and Proposed Performance Fee are summarised in the following table.

REIT	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (\$ million)	Performance Fee (\$ million)	Sum of Base and Performance Fee (\$ million)	Sum of Base Fee and Performance Fee	
						as % of Market Capitalisation (%)	as % of AuM ² (%)
ARA US	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the increase in distribution per stapled security over the distribution per stapled security in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of stapled securities in issue	n/a	n/a	1.10	0.28	0.11
CEREIT	0.23% of deposited property value	25% of the difference in distribution per unit over the distribution per unit in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	8.93	0.00	8.93	0.46	0.23
DHLT ³	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the difference in distribution per unit over the distribution per unit in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	2.47	2.66	5.14	0.95	0.42

REIT	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (\$ million)	Performance Fee (\$ million)	Sum of Base Fee and Performance Fee (\$ million)	Sum of Base Fee and Performance Fee	
						as % of Market Capitalisation (%)	as % of AuM ² (%)
DCR ⁴	0.5% of deposited property value	3.5% of annual net property income in the financial year, calculated before accounting for the performance fee	9.89	3.15	13.03	0.76	0.68
ECR	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the increase in distribution per unit over the distribution per unit in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	4.53	0.00	4.53	0.82	0.47
KORE	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the difference in distribution per unit over the distribution per unit in the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	8.40	0.13	8.53	0.84	0.42
LREIT	0.3% of deposited property value	5.0% of annual net property income in the financial year	3.93	2.92	6.86	0.69	0.39

REIT	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (\$ million)	Performance Fee (\$ million)	Sum of Base Fee and Performance Fee (\$ million)	Sum of Base Fee and Performance Fee	
						as % of Market Capitalisation (%)	as % of AuM ² (%)
Prime	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the difference in distribution per unit over the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	10.37	0.00	10.37	0.85	0.46
Sasseur	10.0% (or such lower percentage as determined by the manager of Sasseur in its absolute discretion) of annual distributable income	25% of the difference in distribution per unit over the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	n/a	n/a	11.08	1.04	0.56
UHUR	10.0% of annual distributable income, calculated before accounting for the base fee and the performance fee	25% of the increase in distribution per unit over the preceding financial year (calculated before accounting for the performance fee but after accounting for the base fee) multiplied by the weighted average number of units in issue	4.19	0.02	4.21	0.89	0.43
Low			2.47	0.00	4.21	0.46	0.23
High			10.37	3.15	13.03	1.04	0.68
Average			6.59	1.11	8.08	0.81	0.45

REIT	Base Fee Structure ¹	Performance Fee Structure ¹	Base Fee (S\$ million)	Performance Fee (S\$ million)	Sum of Base Fee and Performance Fee (S\$ million)	Sum of Base Fee and Performance Fee	
						as % of Market Capitalisation (%)	as % of AuM ² (%)
Median			6.47	0.01	8.53	0.84	0.43
KIT – Proposed (FY2020) ⁵	10.0% of annual distributable income, calculated before accounting for the Proposed Base Fee and the Proposed Performance Fee	25% of the increase in DPU as compared with the DPU of the preceding financial year, multiplied by the weighted average number of Units in issue	23.70	0.00	23.70	0.87	0.48
KIT – Proposed (FY2021) ⁵			20.40	0.80	21.20	0.78	0.47

Source: Annual reports, SGX announcements, Circulars, Prospectuses, Capital IQ

Notes:

- (1) Fee structure stated is based on the latest public filings of the respective Recently Listed REITs, as of the Latest Practicable Date.
- (2) "AuM" refers to assets under management. For KIT, AuM is equivalent to total assets.
- (3) DHLT was listed on 26 November 2021. FY2020 financial results presented are based on unaudited pro forma consolidated financial information as set out in DHLT's prospectus.
- (4) DCR was listed on 6 December 2021. FY2020 financial results presented are based on unaudited pro forma consolidated financial information as set out in DCR's prospectus.
- (5) Pro forma Base Fee and Performance Fee are strictly for illustrative purposes only and were prepared based on the consolidated financial statements for FY2020 and FY2021, taking into account the structure of the Proposed Base Fee and the Proposed Performance Fee.

Based on the table above, we note that:

- (a) Seven of the ten Recently Listed REITs have the same base fee structure as the Proposed Base Fee, where the base fee is calculated as 10.0% of the annual distributable income. We note that there are slight differences in the definitions of distributable income by KIT and the Recently Listed REITs, but distributable income generally refers to the amount calculated by the REIT manager as representing the consolidated audited net profit after tax of the REIT, as adjusted to eliminate the effects of adjustments;
- (b) The other three of the ten Recently Listed REITs have a different base fee structure as compared to the Proposed Base Fee, where the base fee is based on property values of the Recently Listed REITs;
- (c) Eight of the ten Recently Listed REITs have the same performance fee structure as the Proposed Performance Fee, where the performance fee is based on 25.0% of the excess in distribution per unit benchmark (i.e., the difference in distribution per unit over the distribution per unit in the preceding financial year, multiplied by the weighted average number of securities in issue);
- (d) The other two of the ten Recently Listed REITs have a different performance fee structure as compared to the Proposed Performance Fee, where the performance fee is based on the annual net property income;
- (e) The sum of the Proposed Base Fee and the Proposed Performance Fee for FY2020 which represents approximately 0.87% of the market capitalisation as at the Latest Practicable Date, is within the range and is higher than the average and median sums of the base fee and performance fee as a percentage of market capitalisation for the Recently Listed REITs;
- (f) The sum of the Proposed Base Fee and the Proposed Performance Fee for FY2021 which represents approximately 0.78% of the market capitalisation as at the Latest Practicable Date, is within the range and is lower than the average and median sums of the base fee and performance fee as a percentage of market capitalisation for the Recently Listed REITs; and
- (g) The sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 which represent approximately 0.48% and 0.47% of the AuM for FY2020 and FY2021 respectively, are within the range and are higher than the average and median sums of the base fee and performance fee as a percentage of AuM for the Recently Listed REITs.

We are of the view that the Proposed Base Fee and Proposed Performance Fee are in line with market practice, given that majority of the Recently Listed REITs have the same fee structure. We also note that separate from the base fee and performance fee charged by the REIT managers to the Recently Listed REITs, there are additional fees charged by the respective trustees to the Recently Listed REITs. For KIT, only the Proposed Base Fee and Proposed Performance Fee to be charged to KIT by the Trustee-Manager are applicable.

4.3 Impact of the Proposed Base Fee and Performance Fee Supplement on Unitholders

The details of the impact of the Proposed Base Fee and Performance Fee Supplement to Unitholders are set out in Paragraph 2.4 of the Circular.

We note, *inter alia*, the following:

(a) The impact of the Proposed Base Fee and Performance Fee for FY2020 and FY2021 as set out in the Circular are hypothetical and for illustrative purposes only, and should not be regarded as reflective of any current or future acquisition or as representative of KIT's future performance. We note that the computations set out in Paragraph 2.4 of the Circular have been drawn up based on the assumption that the Trust Deed has been amended pursuant to the Proposed Base Fee and Performance Fee Supplement prior to 1 January of each relevant financial year, and 100% of the Proposed Base Fee (and no Existing Management Fee) and the Proposed Performance Fee are payable to the Trustee-Manager starting from 1 January of each relevant financial year.

(b) Pro Forma EBITDA

The *pro forma* EBITDA for FY2020 decreases from S\$328.3 million to S\$316.5 million, or by approximately S\$11.8 million (approximately 3.6%). The *pro forma* EBITDA for FY2021 decreases from S\$317.6 million to S\$308.2 million, or by approximately S\$9.4 million (approximately 3.0%).

(c) Pro Forma Free Cash Flow to Equity or FCFE

The *pro forma* FCFE for FY2020 decreases from S\$225.7 million to S\$213.9 million, or by approximately S\$11.8 million (approximately 5.2%). The *pro forma* FCFE for FY2021 decreases from S\$192.2 million to S\$182.8 million, or by approximately S\$9.4 million (approximately 4.9%).

(d) The DPU is not solely dependent on, and may not be directly correlated with, the Distributable Income of the Trust. KIT, being a business trust, is also permitted to pay distributions to Unitholders out of its retained cash and residual cash flows. The DPU declared by the Trustee-Manager for any given period is based on the discretion of the Board taking into account factors including, but not limited to, the recommendations of the Management, a holistic analysis of the cash needed by the Trust to support organic growth and acquisition activities, and the solvency and liquidity situation of the Trust at any given time.

We note that based on the above and Paragraph 2.4.3 of the Letter to Unitholders of the Circular, the impact of the Proposed Base Fee and the Proposed Performance Fee on DPU is purely for illustrative purposes only, and is computed assuming that the incremental aggregate amount of fees arising from applying the Proposed Base Fee and Proposed Performance Fee is purely funded from Distributable Income which in the computation of the DPU, will translate into a direct decrease in the DPU declared in FY2020 and FY2021.

We note that this should not be taken as reflective of how DPU is declared or will be declared by the Trustee-Manager in the future, whether or not the Proposed Base Fee and Proposed Performance Fee is implemented.

(i) *Pro Forma* DPU

The *pro forma* DPU for FY2020 decreases from 3.72 Singapore cents to 3.48 Singapore cents, or by approximately 0.24 Singapore cents (approximately 6.5%). The *pro forma* DPU for FY2021 decreases from 3.78 Singapore cents to 3.60 Singapore cents, or by approximately 0.18 Singapore cents (approximately 4.8%).

(ii) *Pro Forma* DPU yield

The *pro forma* DPU yield for FY2020 decreases from 6.8% to 6.4%, or by approximately 0.4%. The *pro forma* DPU yield for FY2021 decreases from 6.9% to 6.6%, or by approximately 0.3%.

4.4 Other factors which we deem to be relevant in relation to the Proposed Base Fee and Performance Fee Supplement

We have also taken into consideration the following in relation to our evaluation of the Proposed Base Fee and Performance Fee Supplement:

- (a) The Trustee-Manager is proposing the Proposed Base Fee and Performance Fee Supplement to allow Unitholders to benefit from sustainable long-term distributions to Unitholders arising from new growth opportunities and expansion of KIT's reach. We recognise that a review of the existing fee structure for the Trustee-Manager is appropriate owing to the refreshed strategy of KIT and to better align the remuneration of the Trustee-Manager with the interests of the Unitholders and with the risk and rewards of evaluating and pursuing the potential growth opportunities available to the KIT going forward.
- (b) The Existing Management Fee is a fixed fee which has no correlation to the size of KIT's diverse portfolio of businesses and assets, and such a structure may not be considered reflective of the activities and resources demanded of the Trustee-Manager to manage a business trust with a diversified portfolio of businesses and assets across multiple jurisdictions such as KIT, nor does it support the Trust's expansion and/or growth plans.
- (c) In consideration of item (b) above, the Proposed Base Fee would be a fairer representation of the complexity and depth of the operations of KIT that require the Trustee-Manager's attention.
- (d) The proposed formula for the Proposed Base Fee and Proposed Performance Fee were derived based on a benchmarking study performed by the Management on the fee structure of REITs and business trusts listed on the SGX-ST.
- (e) The majority of the Recently Listed REITs have the same base fee and performance fee structure as the Proposed Base Fee and Proposed Performance Fee. Majority of the Recently Listed REITs use distributable income as the basis of the base fee for the REIT manager and also apply the same rate (being 10.0%). Similarly, the performance fee of majority of the Recently Listed REITs are based on the excess in distribution per unit benchmark and also apply the same rate (being 25.0%).

- (f) The Proposed Base Fee is to be implemented progressively. For the avoidance of doubt, prior to the commencement of the First Half-Year, after the Effective Date (being up to and including 30 June 2022), only the Existing Management Fee (and not the Proposed Base Fee) shall apply. The progressive implementation of the Proposed Base Fee is intended to reflect the progressive building-up of KIT's portfolio of assets by the Trustee-Manager, and will also allow more time to build up the Trustee-Manager's resources.
- (g) In accordance with the terms of the Proposed Base Fee and Performance Fee Supplement, the Proposed Base Fee shall be payable half-yearly in arrears (as opposed to quarterly in arrears for the Existing Management Fee) to the Trustee-Manager. The Proposed Performance Fee shall be payable yearly in arrears (as opposed to quarterly in arrears for the Existing Performance Fee) to the Trustee-Manager.
- (h) The Trustee-Manager is to be given discretion to defer the timing for the payment of the Proposed Base Fee and the Proposed Performance Fee for a period not exceeding 12 calendar months. This is in order to provide the flexibility for the Trustee-Manager to allow for a longer payment period for part or all of the Proposed Base Fee and the Proposed Performance Fee to the Trustee-Manager in exceptional or unforeseen circumstances (including but not limited to unexpected cash flow considerations).
- (i) As an added safeguard, the computations of the Proposed Base Fee and the Proposed Performance Fee will be subject to an annual audit based on certain agreed-upon procedures, to be conducted by an auditing firm that is approved under the Accountants Act, where the audit partner-in-charge assigned to the audit is a public accountant under the Accountants Act, and the report of the auditors will be provided to the Board. Further, the Board may at its sole discretion appoint an auditing firm that is approved under the Accountants Act to provide its decision or determination in respect of such computation, and any decision or determination provided by such auditing firm in respect of such computation shall be final, binding and conclusive. The annual audit based on certain agreed-upon procedures is intended to provide additional assurance that the concept of Distributable Income has been computed in accordance with the provisions of the Trust Deed.
- (j) The Proposed Base Fee and Performance Fee Supplement only involves the revision of the Existing Management Fee and the Existing Performance Fee, the timing of the payment of the Proposed Base Fee and the Performance Fee, and the Trustee-Manager's discretion to defer the timing for the payment of the Proposed Base Fee and the Proposed Performance Fee for a period not exceeding 12 calendar months. No changes are being proposed for the other terms of the Trust Deed, including the other existing fees payable to the Trustee-Manager under the Trust Deed.
- (k) The entry into the Proposed Base Fee and Performance Fee Supplement complies with all applicable Singapore laws and regulations.

5 OUR OPINION ON THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

In arriving at our advice to the Independent Directors and the Audit and Risk Committee, we have reviewed and deliberated on the factors which we consider to be relevant and to have a significant bearing on our assessment of the Proposed Base Fee and Performance Fee Supplement. The factors we have considered in our evaluation, which are based on, among others, representations made by KIT, the Directors and the Management and discussed in detail in the earlier sections of this letter and which we have relied upon, are as follows:

- (a) the rationale for and benefits of the Proposed Base Fee and Performance Fee Supplement;
- (b) the review of strategy, operations and assets undertaken by KIT with the objective to drive further performance and growth, and the announcement in January 2022 of KIT's refreshed strategy, which will involve KIT rebalancing its portfolio mix with a focus on acquisitions to drive long-term growth in distributions;
- (c) comparison of the Proposed Base Fee and the Proposed Performance Fee against the Existing Management Fee and the Existing Performance Fee;
- (d) the Existing Management Fee, being a fixed fee, having no correlation to the size of KIT's diverse portfolio of businesses and assets, and may not be considered reflective of the activities and resources demanded of the Trustee-Manager to manage a business trust with a diversified portfolio of complex assets across multiple jurisdictions such as KIT. The Existing Management Fee also does not support the Trust's expansion and/or growth plans;
- (e) while the Proposed Base Fee and Proposed Performance Fee Supplement is expected to result in higher fees to the Trustee-Manager, it would be more reflective of the management activities and resources required by the Trustee-Manager to implement KIT's refreshed strategy than the existing fee structure;
- (f) the Proposed Base Fee taking into account the cash generated by the operations of KIT's assets, and being aligned with the interests of Unitholders as Distributable Income is generally indicative of the potential distributions available to be made to Unitholders;
- (g) the Proposed Performance Fee being in alignment with the distributions received by Unitholders as it is pegged to the growth in DPU;
- (h) the proposed formula for the Proposed Base Fee and Proposed Performance Fee were derived based on a benchmarking study performed by the Management on the fee structure of REITs and business trusts listed on the SGX-ST;
- (i) all Selected Business Trusts are charged a base fee (which is based on a fixed amount that is subject to CPI adjustment, asset value or a combination of asset value and income) and performance fee (which is based on either results being higher than a benchmark or on income);
- (j) the sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 are within the range and are lower than the average and median sums of the base fee and performance fee as a percentage of revenue for the Selected Business Trusts;

- (k) the sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 are within the range, are lower than the average but higher than the median sums of the base fee and performance fee as a percentage of market capitalisation for the Selected Business Trusts;
- (l) the sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 are within the range and are higher than the average and median sums of the base fee and performance fee as a percentage of AuM for the Selected Business Trusts;
- (m) majority of the Recently Listed REITs have the same base fee and performance fee structure as the Proposed Base Fee and Proposed Performance Fee;
- (n) the sum of the Proposed Base Fee and the Proposed Performance Fee for FY2020 is within the range and is higher than the average and median sums of the base fee and performance fee as a percentage of market capitalisation for the Recently Listed REITs;
- (o) the sum of the Proposed Base Fee and the Proposed Performance Fee for FY2021 is within the range and is lower than the average and median sums of the base fee and performance fee as a percentage of market capitalisation for the Recently Listed REITs;
- (p) the sums of the Proposed Base Fee and the Proposed Performance Fee for FY2020 and FY2021 are within the range and are higher than the average and the median sums of the base fee and performance fee as a percentage of AuM for the Recently Listed REITs;
- (q) impact of the Proposed Base Fee and Performance Fee Supplement to Unitholders, with the *pro forma* EBITDAs for FY2020 and FY2021 decreasing by approximately 3.6% and 3.0% respectively, the *pro forma* FCFEs for FY2020 and FY2021 decreasing by approximately 5.2% and 4.9% respectively, the *pro forma* DPU for FY2020 and FY2021 decreasing by approximately 6.5% and 4.8% respectively and the *pro forma* DPU yield for FY2020 and FY2021 decreasing by approximately 0.4% and 0.3% respectively;
- (r) the progressive implementation of the Proposed Base Fee;
- (s) the Trustee-Manager is to be given discretion to defer the timing for the payment of the Proposed Base Fee and the Proposed Performance Fee for a period not exceeding 12 calendar months in order to provide the flexibility for the Trustee-Manager to allow for a longer payment period for part or all of the Proposed Base Fee and the Proposed Performance Fee to the Trustee-Manager in exceptional or unforeseen circumstances (including but not limited to unexpected cash flow considerations);
- (t) the computations of the Proposed Base Fee and the Proposed Performance Fee being subject to an annual audit based on certain agreed-upon procedures;

- (u) the Proposed Base Fee and Performance Fee Supplement involving only the revision of the Existing Management Fee and the Existing Performance Fee, the timing of the payment of the Proposed Base Fee and the Performance Fee, and the Trustee-Manager's discretion to defer the timing for the payment of the Proposed Base Fee and the Proposed Performance Fee for a period not exceeding 12 calendar months. No changes are being proposed for the other terms of the Trust Deed, including the other existing fees payable to the Trustee-Manager under the Trust Deed; and
- (v) the entry into the Proposed Base Fee and Performance Fee Supplement complying with all applicable Singapore laws and regulations.

Having considered the factors and the assumptions set out in this letter, and subject to the qualifications set out herein, we recognise that a review of the existing fee structure for the Trustee-Manager is appropriate owing to the refreshed strategy of KIT and to better align the remuneration of the Trustee-Manager with the risk and rewards of evaluating and pursuing the potential growth opportunities available to KIT going forward. The Trustee-Manager has also sought to mitigate the effect of assuming the Proposed Base Fee through progressive implementation of the Proposed Base Fee so that the returns generated by the progressive build-up of KIT's portfolio of assets on the part of the Trustee-Manager will better match the investment by the Trustee-Manager in new resources arising from this review. We are therefore of the opinion that the Proposed Base Fee and Performance Fee Supplement is on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders.

Accordingly, we advise the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the Proposed Base Fee and Performance Fee Supplement.

Unitholders should note that by voting in favour of the resolution relating to the Proposed Base Fee and Performance Fee Supplement, the payment of the Proposed Base Fee and Proposed Performance Fee to the Trustee-Manager in accordance with the Proposed Base Fee and Performance Fee Supplement shall not be subject to aggregation or further Unitholders' approval requirements under Rules 905 and 906 of the Listing Manual, to the extent that there is no subsequent increase in the rates of, or change in the structure of, the Proposed Base Fee and the Proposed Performance Fee.

The Independent Directors and the Audit and Risk Committee should note that we have arrived at our opinion based on information made available to us prior to, and including, the Latest Practicable Date. Our opinion on the Proposed Base Fee and Performance Fee Supplement cannot and does not take into account any subsequent developments after the Latest Practicable Date as these are governed by factors beyond the scope of our review, and would not fall within our terms of reference in connection with our evaluation of the Proposed Base Fee and Performance Fee Supplement.

We have prepared this letter as required under Rule 921(4)(a) of the Listing Manual, as well as for the use of the Independent Directors and the Audit and Risk Committee in connection with and for the purposes of their consideration of the Proposed Base Fee and Performance Fee Supplement, but any recommendation made by the Independent Directors and the Audit and Risk Committee in respect of the Proposed Base Fee and Performance Fee Supplement shall remain their responsibility.

While a copy of this letter may be reproduced in the Circular, no other person may reproduce, disseminate or quote this letter (or any part thereof) for any purpose (other than the intended purpose in relation to the Proposed Base Fee and Performance Fee Supplement) at any time and in any manner without our prior written consent in each specific case. For the avoidance of doubt, nothing in this letter prevents KIT, the Trustee-Manager, the Directors, or the Unitholders from reproducing, disseminating or quoting this letter without our prior consent for the purpose of any matter relating to the Proposed Base Fee and Performance Fee Supplement. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
Ernst & Young Corporate Finance Pte Ltd

Mah Kah Loon
Chief Executive Officer

Elisa Montano
Associate Partner

KEPPEL INFRASTRUCTURE TRUST

(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (“EGM”) of Keppel Infrastructure Trust (“KIT”) will be convened and held by electronic means on Tuesday, 19 April 2022 at 4.00 p.m. (Singapore time) or immediately after the conclusion or adjournment of the Annual General Meeting convened at 3.00 p.m. on the same day, to transact the following business for the purposes of considering, and if thought fit, passing with or without modifications, the following resolution which will be proposed as an Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THE PROPOSED BASE FEE AND PERFORMANCE FEE SUPPLEMENT

That:

- (a) 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 (the “**Trustee-Manager**”), 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
- (b) the Trustee-Manager and any director of the Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager and/or such director of 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.

BY ORDER OF THE BOARD

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

Darren Tan
Company Secretary

28 March 2022
Singapore

Notes:

1. This EGM is being convened and will be 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". In addition to printed copies of this Notice of EGM that will be sent to Unitholders, Unitholders can also access this Notice of EGM on Keppel Infrastructure Trust's website at <https://www.keppinfratrust.com/investor-information/agg-and-egm> and SGXNet.
2. The proceedings of this EGM will be broadcasted "live" through an audio-and-video webcast and an audio-only stream. Unitholders who wish to attend the EGM or appoint a proxy (other than the Chairman of the EGM ("Chairman")) to attend the EGM and investors holding Units through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors") who wish to attend the EGM must **pre-register at <https://www.keppinfratrust.com/2022meeting> no later than 4.00 p.m. on 17 April 2022**. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to authenticated persons by 5.00 p.m. on 18 April 2022. Persons who do not receive the email by 5.00 p.m. on 18 April 2022, but have registered by the 17 April 2022 deadline should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email at keppel@boardroomlimited.com or via phone at +65 6536 5355 (Mondays to Fridays, excluding Public Holidays, from 8.30 a.m. to 5.30 p.m.).
3. Investors holding Units through relevant intermediaries ("Investors") (other than CPF/SRS investors) will not be able to pre-register at <https://www.keppinfratrust.com/2022meeting> for the "live" broadcast of the EGM. An Investor (other than CPF/SRS investors) who wishes to participate in the "live" broadcast of the EGM should instead approach his/her relevant intermediary as soon as possible in order to make the necessary arrangements. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, via email to keppel@boardroomlimited.com no later than 4.00 p.m. on 17 April 2022.

In this Notice of EGM, a "relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act 1953, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the EGM may:
 - (a) (i) vote "live" via electronic means at the EGM by pre-registering at <https://www.keppinfratrust.com/2022meeting> by no later than 4.00 p.m. on 17 April 2022, or (ii) appoint a proxy (other than the Chairman) to vote "live" via electronic means at the EGM on his/her/its behalf by submitting the proxy form in accordance with Explanatory Note 5 below and pre-registering such proxy by no later than 4.00 p.m. on 17 April 2022. Following verification, an email containing instructions on how to join the "live" broadcast will be sent to the Unitholder or such proxy (as the case may be) by 5.00 p.m. on 18 April 2022; or
 - (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the EGM. A proxy need not be a Unitholder.

The instrument for the appointment of proxy ("proxy form") will be sent to Unitholders and may be accessed at Keppel Infrastructure Trust's website at <https://www.keppinfratrust.com/investor-information/agg-and-egm> or SGXNet. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

Where a Unitholder (whether individual or corporate) appoints a proxy (other than the Chairman) to be his/her/its proxy through the proxy form to vote "live" via electronic means at the EGM but does not pre-register such proxy at <https://www.kepinfratrust.com/2022meeting> by 4.00 p.m. on 17 April 2022, (a) if specific instructions as to voting, or abstentions from voting, in respect of a resolution in such proxy form is given, the Chairman will be appointed as the proxy to vote in accordance with such instructions, or (b) if specific instructions are not given as to voting, or abstentions from voting, in respect of a resolution in such proxy form, the appointment of such proxy (other than the Chairman) as proxy for that resolution will be treated as invalid.

5. **The proxy form must be submitted in the following manner:**

- (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com,

in either case, by 4.00 p.m. on 17 April 2022, being **48 hours before the time appointed for holding this EGM.**

A Unitholder who wishes to submit the proxy form must complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed proxy forms by post, Unitholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The proxy form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them.

A CPF/SRS investor who wishes to exercise his/her vote at the EGM:

- (a) may vote "live" via electronic means at the EGM by pre-registering at <https://www.kepinfratrust.com/2022meeting> by no later than 4.00 p.m. on 17 April 2022; or
- (b) may have the Chairman appointed as proxy to vote on his/her behalf at the EGM, in which case he/she should approach his/her respective CPF agent bank or SRS operator to specify his/her voting instructions by 5.00 p.m. on 7 April 2022, being 7 working days before the date of the EGM. CPF/SRS investors are not able to appoint proxies of their own.

An Investor (other than CPF/SRS investors) who wishes to vote should instead approach his/her/its relevant intermediary as soon as possible, and by no later than 5.00 p.m. on 7 April 2022 to specify his/her/its voting instructions, including but not limited to, whether he/she/it wishes to vote "live" via electronic means at the EGM.

7. **Unitholders and Investors will be able to ask questions during this EGM via the "live" textbox function. All Unitholders and Investors may also submit questions relating to the business of this EGM no later than 3.00 p.m. on 12 April 2022:**

- (a) via the pre-registration website at <https://www.kepinfratrust.com/2022meeting>;
- (b) by email to investor.relations@kepinfratrust.com; or
- (c) by post to the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

The Trustee-Manager will answer all substantial and relevant questions received prior to **3.00 p.m. on 12 April 2022** through the publication of its responses on Keppel Infrastructure Trust's website and on SGXNet by 4.00 p.m. on 14 April 2022.

8. All documents (including the proxy form, this Notice of EGM and the Circular dated 28 March 2022) and information relating to the business of this EGM have been, or will be, published on SGXNet and/or Keppel Infrastructure Trust's website at <https://www.kepinfratrust.com/investor-information/aggm-and-egm/>. Unitholders and Investors are advised to check SGXNet and/or Keppel Infrastructure Trust's website regularly for updates.

9. Any reference to a time of day is made by reference to Singapore time.

Personal Data Privacy:

By (a) submitting the pre-registration form; (b) submitting any question prior to or at the EGM; and/or (c) voting "live" or voting via the submission of a proxy form appointing a proxy(ies) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or their agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or their agents or service providers) of the appointment of proxies as proxy for the EGM (including any adjournment thereof), the processing of electronic voting by the Unitholders (or their appointed proxies) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

In the case of a Unitholder who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the EGM, the Unitholder warrants that the Unitholder has obtained the prior consent of such participant(s) for the collection, use and disclosure by the Trustee-Manager (or their agents or service providers) of the personal data of such participant(s) for the purpose of the processing and administration by the Trustee-Manager (or their agents or service providers) of the "live" broadcast of the EGM (including any adjournment thereof), the processing of electronic voting, the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Trustee-Manager (or their agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

PROXY FORM



(Business Trust Registration No. 2007001)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 5 January 2007 (as amended))

IMPORTANT

1. This EGM (as defined below) will be 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". In addition to printed copies of the Notice of EGM and this Proxy Form that will be sent to unitholders of Keppel Infrastructure Trust ("Unitholders"), Unitholders can also access the Notice of EGM and this Proxy Form on Keppel Infrastructure Trust's website at <https://www.kepinfratrust.com/investor-information/egm-and-egm/> and SGXNet.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio- and-video webcast or "live" audio-only stream), submission of questions to the Trustee-Manager prior to the EGM and/or via the live textbox function at the EGM, addressing of substantial and relevant questions prior to the EGM and voting "live" via electronic means or by appointing a proxy at the EGM, are set out in the Notice of EGM and the accompanying announcement dated 28 March 2022. This announcement may be accessed at Keppel Infrastructure Trust's website at <https://www.kepinfratrust.com/investor-information/egm-and-egm/> and SGXNet.
3. In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the EGM may (a) vote "live" via electronic means at the EGM or appoint a proxy (other than the Chairman of the EGM ("Chairman")) to vote "live" via electronic means at the EGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the EGM. A proxy need not be a Unitholder.
4. This Proxy Form is not valid for use by investors holding units in Keppel Infrastructure Trust ("Units") through relevant intermediaries ("Investors") (including investors holding through Central Provident Fund ("CPF") or Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. Such Investors (including CPF/SRS investors) should refer instead to the instructions set out in the Notice of EGM and the accompanying announcement dated 28 March 2022. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible, and no later than 5.00 p.m. on 7 April 2022 to specify voting instructions, including but not limited to, whether he/she wishes to vote "live" via electronic means.
5. **Personal Data Privacy:** By submitting this Proxy Form, a Unitholder accepts and agrees to the personal data terms set out in the Notice of EGM dated 28 March 2022.
6. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a Unitholder's proxy to vote on his/her/its behalf at the EGM.

EXTRAORDINARY GENERAL MEETING

I/We _____ (Name(s)) _____ (NRIC/Passport/Co Reg Number(s))
of _____ (address)
being a Unitholder/Unitholders of Keppel Infrastructure Trust ("KIT"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

or failing him/her, or if no persons are named above, the Chairman of the Extraordinary General Meeting (the "Chairman") as my/our proxy/proxies to attend, speak and vote on my/our behalf at the Extraordinary General Meeting of KIT ("EGM") to be convened and held by way of electronic means on 19 April 2022 at 4.00 p.m., or immediately after the conclusion or adjournment of the Annual General Meeting convened at 3.00 p.m. on the same day, and at any adjournment thereof. I/We direct my/our proxy/proxies to vote or abstain from voting on the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies (other than the Chairman) will vote or abstain from voting at his/her/their discretion, as he/she/they may determine on any other matter arising at the EGM. In the absence of specific directions in respect of a resolution, any appointment of the Chairman as proxy for that resolution will be treated as invalid.

No.	Extraordinary Resolution	For*	Against*	Abstain*
1.	To approve the Proposed Base Fee and Performance Fee Supplement			

* If you wish to exercise all your votes "For" or "Against" the resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the resolution, please indicate the number of Units in the boxes provided. If you wish to abstain from voting on a resolution, please tick (✓) within the relevant box provided. Alternatively, please indicate the number of Units which you wish to abstain from voting, in the box provided.

Dated this _____ day of _____ 2022

Total Number of Units held	
-------------------------------	--

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

IMPORTANT: Please read the notes overleaf before completing this Proxy Form.



Notes to the Proxy Form:

1. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register (as defined in Section 815F of the Securities and Futures Act 2001 and maintained by The Central Depository (Pte) Limited ("CDP")), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
2. **In view of the current COVID-19 situation and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and as such a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the EGM may (a) vote "live" via electronic means at the EGM or appoint a proxy (other than the Chairman) to vote "live" via electronic means at the EGM on his/her/its behalf; or (b) appoint the Chairman as his/her/its proxy to vote on his/her/its behalf at the EGM. A proxy need not be a Unitholder. Where a Unitholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.**
3. The Proxy Form is not valid for use by Investors (including CPF/SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor (other than a CPF/SRS investor) who wishes to vote should instead approach his/her relevant intermediary as soon as possible and no later than 5.00 p.m. on 7 April 2022 to specify voting instructions, including but not limited to, whether they wish to vote "live" via electronic means. A CPF/SRS investor who wishes to exercise his/her vote at the EGM may (a) vote "live" via electronic means at the EGM by pre-registering at <https://www.kepinfratrust.com/2022meeting> by no later than 4.00 p.m. on 17 April 2022; or (b) have the Chairman appointed as proxy to vote on his/her behalf at the EGM, in which case he/she should approach his/her respective relevant intermediary to specify his/her voting instructions by 5.00 p.m. on 7 April 2022, being 7 working days before the date of the EGM.
4. The Proxy Form must be submitted in the following manner:
 - (a) if submitted by post, be lodged with the Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to keppel@boardroomlimited.com, in either case, by 4.00 p.m. on 17 April 2022, being **48 hours before the time appointed for holding this EGM.**

fold along this line (1)

Affix
Postage
Stamp

Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of Keppel Infrastructure Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

fold along this line (2)

A Unitholder who wishes to submit the Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy shall be deemed to be revoked if a Unitholder attends the "live" broadcast of the EGM.
6. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or notes set out in the Proxy Form.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
9. Any reference to a time of day is made by reference to Singapore time.

General:

The Trustee-Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by the CDP to the Trustee-Manager.

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