

Proposed Base Fee and Performance Fee Supplement

28 March 2022



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Building a well-diversified portfolio of infrastructure businesses and assets that generate long-term growth in distributions and contribute to a sustainable future

Contents

- Growth since listing 4
- Overview of Proposed Fee Amendments 5
- Rationale 6
- Implementation and Financial Impact 12
- Additional Information 17

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

Distributable Income

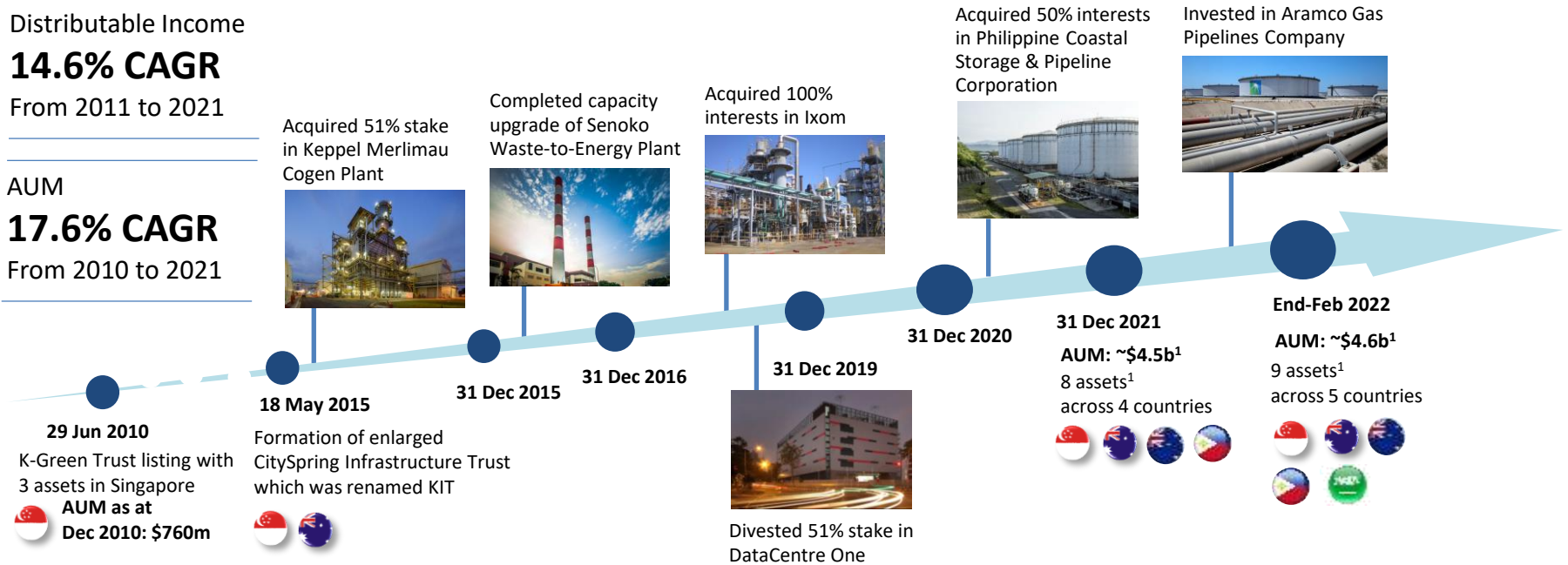
14.6% CAGR

From 2011 to 2021

AUM

17.6% CAGR

From 2010 to 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 the Proposed Fee Amendments

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
<p>Existing Management Fee \$2m per annum¹</p>
<p>Existing Performance Fee 4.5% per annum of the Trust Income</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>



Proposed Fee Structure
<p>Proposed Base Fee 10% per annum of Distributable Income³</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 No change</p>

1. With adjustments for inflation.
2. 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.
3. 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



Rationale of the Proposed Fee Amendments



- 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



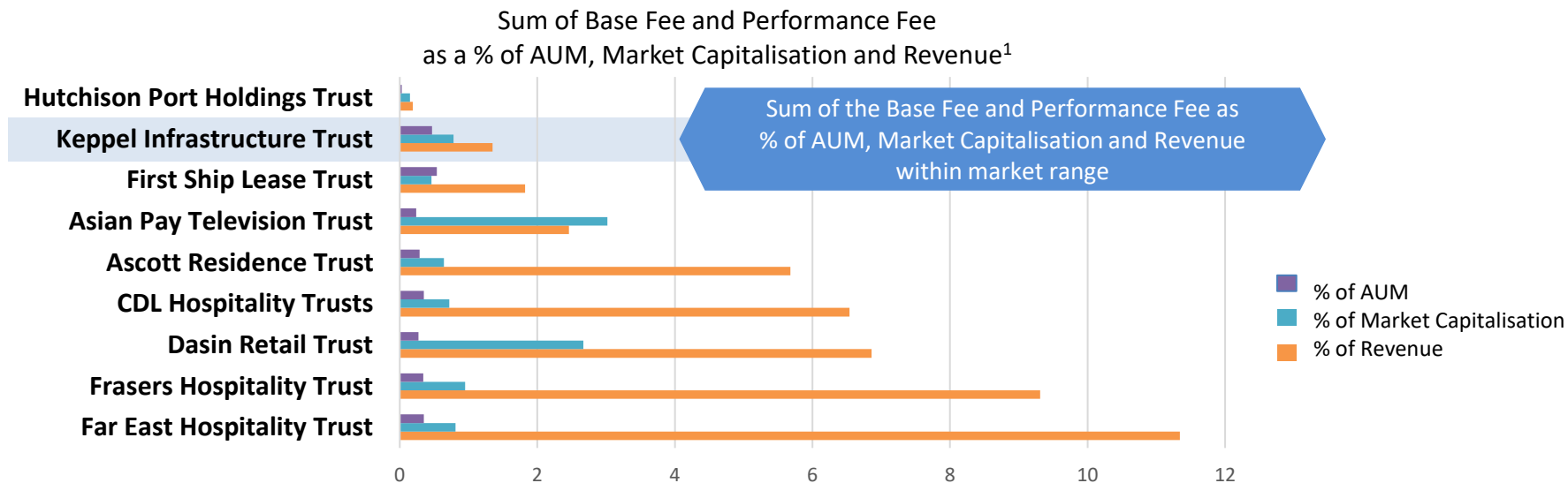
1. As at 31 December 2021.

2. As at end-February 2022.

3. 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 to Unitholders dated 28 March 2022 ("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

Key Asset Classes

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

Traditional asset classes with long-term utility-like contracted cash flows



Utilities



Transmission and Distribution

Socio-economic infrastructure that furthers economic growth and enhances social well-being



Transportation



Social

Infrastructure that benefit from the low-carbon economy



Energy Transition



Environmental



Renewables

Asset classes that support the digital economy



Digital and Communications

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



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



Strategic review of Ixom to unlock value and further KIT's growth

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.

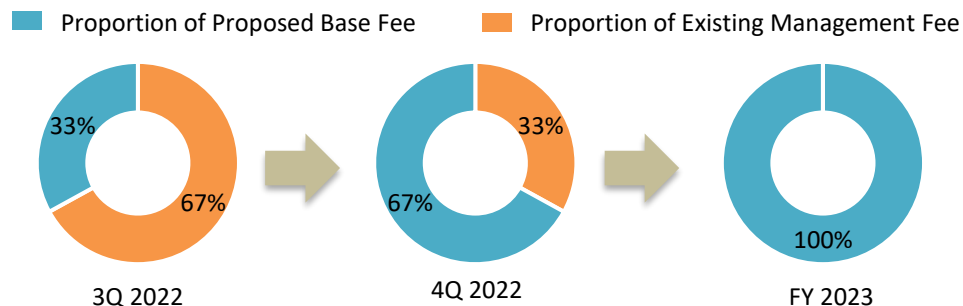
Implementation and Financial Impact



Implementation of Proposed Fee Amendments

- **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

Proposed Base Fee only fully implemented in FY 2023



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

* Based on KIT's FY 2020 and FY 2021 Audited Financial Statements and should be read together with the full text of Appendices B and B2 of the Circular.

1. 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.

2. 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 FY2021. 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.

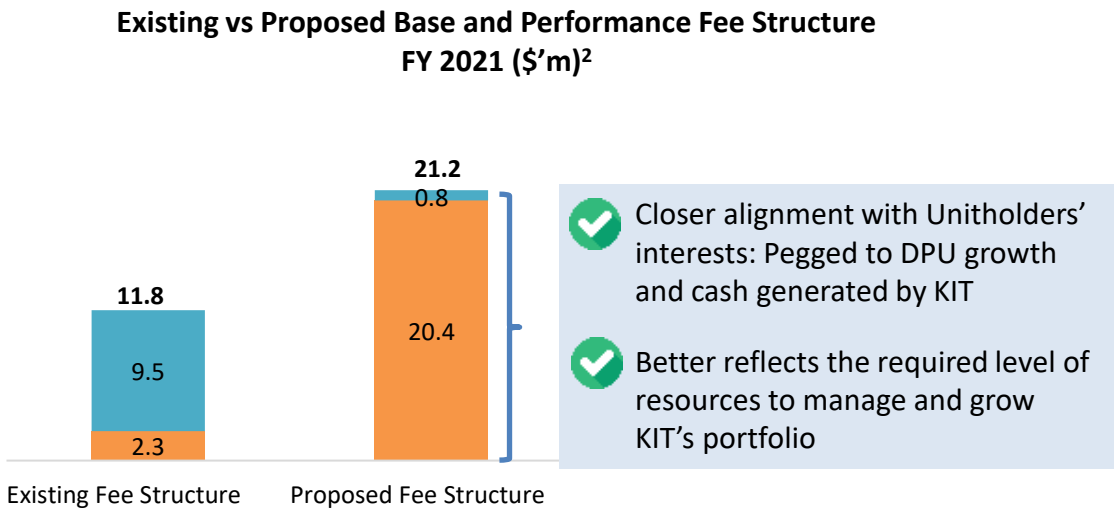
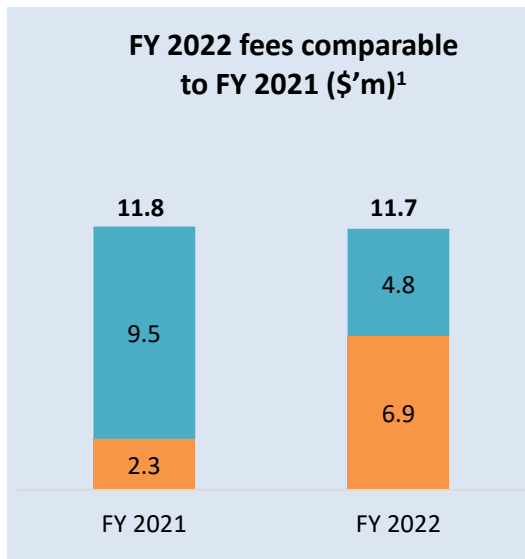
3. Based on the Existing Performance Fee of \$9.5m paid to the Trustee-Manager in respect of FY 2021. The Existing Performance Fee shall cease to be payable on 1 July 2022.

4. 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 FY2021.

5. No Proposed Performance Fee will be payable for FY2022 given that the Proposed Performance Fee of \$0.8m for FY2022 is less than the Existing Performance Fee of \$4.8m paid for 1H FY 2022. 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 Appendix B2 of the Circular for further details.
 2. See paragraph 2.4.1 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 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.

Timeline

Important Dates and Times

- 28 Mar 2022** ● Announcement
- 17 Apr 2022
4pm** ● Last date and time for pre-registration for EGM and lodgment of Proxy Forms
- 19 Apr 2022
4pm, or immediately
after AGM** ● Extraordinary General Meeting (EGM)
- From 3Q 2022** ● Proposed Base Fee and Performance Fee Supplement to take effect from 3Q 2022, subject to Unitholders' approval at the EGM

Rationale of the Proposed Fee Amendments

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- 2** To closer align interests with that of Unitholders
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Additional Information



Illustrative Computation of Proposed Base Fee and Performance Fee

Proposed Base Fee and Performance Fee based on FY 2020 and FY 2021 Financial Results¹

**Proposed Base Fee²
(for FY 2021)** = 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 million³
= Approximately S\$20.4 million

**Proposed Performance Fee⁴
(for FY 2021)** = (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 \$0.0006⁵) x 4,991.0 million⁶
= Approximately S\$0.8 million

1. Please refer to Appendix B1 of the Circular for further details. 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 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.
2. See Section A2 of Appendix B1 of the Circular for further details on the computation of the Proposed Base Fee for FY 2021.
3. Please see Section A1 of Appendix B1 of the Circular for details on the computation of this figure.
4. Please see Section B of Appendix B1 of the Circular for details on the computation of this figure.
5. 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.
6. The weighted average of the number of Units in issue in FY2021 was 4,991.0 million Units.

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