

# **Distribution Reinvestment Plan**

**KFM Diversified Infrastructure and Logistics Fund**

ARSN 122 556 441

**Effective 2 January 2007**

**Freehills**

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# Summary of the Distribution Reinvestment Plan

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## 1 Introduction

The Distribution Reinvestment Plan ("DRP") offers Unitholders the opportunity to purchase additional units in KFM Diversified Infrastructure and Logistics Fund ("Trust") by reinvesting part or all of their periodic distributions. The capital raised through the DRP will be used either to repay borrowings or to assist in funding transactions undertaken by the Trust.

Permanent Investment Management Limited, the responsible entity of the Trust ("Responsible Entity"), and Kaplan Funds Management Limited as manager of the Trust ("Manager"), consider it important that the DRP operates to the advantage of all Unitholders, not only those that participate in the DRP. Therefore, the Responsible Entity will only operate the DRP where it has formed the view (in consultation with the Manager) that the benefits derived from the capital raised through the DRP will exceed the costs associated with the DRP.

Accordingly, under the terms of the DRP the Responsible Entity has the ability to:

- determine the amount of capital that the DRP will raise by limiting the amount of distribution monies that a participant can reinvest at each distribution;
- periodically adjust the parameters determining the DRP Issue Price;
- suspend the DRP;
- determine that the DRP will be underwritten.

The following sections outline the way the DRP works and should be read in conjunction with the Terms and Conditions of the DRP. If you are interested in participating in the DRP you are encouraged to read the Terms and Conditions of the DRP in full.

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## 2 Eligibility to Participate

Participation in the DRP is optional and is open to all Unitholders resident in Australia or New Zealand.

The DRP is not registered under the securities laws of any foreign jurisdiction. Consequently, Unitholders of the Trust whose registered address is not in Australia or New Zealand may not participate in the DRP.

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## 3 How to Participate

To participate, vary a previous election or terminate participation, a Unitholder must lodge an Election Notice with the Trust's Unit Registry. If a Unitholder has multiple unit holding accounts in the Trust, a separate Election Notice will be required for each account.

A Unitholder may have either full or partial participation in the DRP.

The DRP has no minimum participation requirement. In addition, Unitholders may vary or terminate their participation in the DRP at any time. The Responsible Entity may refuse any election.

An Election Notice may be lodged with the Trust's Unit Registry at any time.

An Election Notice received before the DRP Election Closing Date for a particular distribution period will take effect for that and subsequent distribution periods.

An Election Notice to participate or vary participation received after a DRP Election Closing Date will apply only to subsequent distributions. However, if a participant wishes to terminate participation in the DRP, he/she may lodge an Election Notice terminating participation at any time prior to the record date for a distribution period, and it will take effect for that and subsequent distribution periods.

DRP Election Closing Dates will be 20 June and 20 December, unless alternative DRP Election Closing Dates are announced to the ASX.

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## 4 How the DRP Operates

Each semi-annual period, the Responsible Entity will announce to the ASX:

- (a) the maximum amount of a participant's distribution that can be reinvested under the DRP (the "Maximum Reinvestment Amount"). Where the participant is a custodian or nominee acting on behalf of multiple beneficiaries, the Maximum Reinvestment Amount will apply to each separate beneficiary;
- (b) the method by which the DRP issue price will be determined ("DRP Issue Price Calculation Method") (including, if applicable, the period during which the DRP Issue Price will be determined (the "Pricing Period")). This is explained further in the terms and conditions of the DRP; and
- (c) the closing date by which Unitholders must lodge an election to participate or vary their DRP participation if they wish their election to take effect in respect of the current distribution period (the "DRP Election Closing Date") (note that election to terminate participation is not subject to the DRP Election Closing Date).

Following the end of a distribution period, the Responsible Entity will determine each Unitholder's net distribution entitlement.

If the amount the participant has elected to reinvest is less than the Maximum Reinvestment Amount, then that amount will be reinvested. If it is a greater amount, the Responsible Entity will reinvest only the Maximum Reinvestment Amount on behalf of that participant. Any remaining distribution (including any amount that a participant had elected to reinvest but that is greater than the Maximum Reinvestment Amount) will be paid to a participant in accordance with that participant's instructions for cash distributions.

The distribution amount to be reinvested will be applied to meet the DRP Issue Price of fully paid units in the Trust. Where the amount to be reinvested does not equal a whole multiple of the DRP Issue Price of units, the residual money will be carried forward to the next reinvestment. Should you cancel your participation in

the DRP or sell all your units any reinvestment surplus will be paid to you at a later date.

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## **5 DRP Issue Price**

The DRP Issue Price will be the average of the daily volume weighted average price of all Units sold on the Australian Stock Exchange during the Pricing Period ("Average Market Price"), less an amount not exceeding 5% of the Average Market Price as the Responsible Entity determines from time to time, or if the Responsible Entity determines that this price does not provide an appropriate reflection of the market price of a Unit, a price determined by an independent valuer in accordance with the Constitution.

Pricing period means the period of 10 Business Days immediately following the relevant record date for payment of a distribution (or such other period as the Trustee may determine).

Unitholders may at any time contact the Responsible Entity to ascertain the method by which the DRP Issue Price will be determined in respect of a distribution, the Maximum Reinvestment Amount and the DRP Election Closing Date.

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## **6 Brokerage and Commission**

Units acquired through the DRP will be issued free of brokerage and commission.

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## **7 DRP Underwriting**

Where the Responsible Entity (in consultation with the Manager) considers it appropriate, the Responsible Entity may periodically have the DRP underwritten.

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## **8 Ranking for Distributions**

Units created through the DRP will rank equally in all respects with existing issued units from the date of issue.

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## **9 Taxation**

Under current Australian taxation laws, reinvested income will be regarded for tax purposes as if it were received in cash. Please refer to the DRP distribution statement for the details of each distribution.

The Responsible Entity does not take any responsibility for the taxation liabilities of Unitholders and it is suggested that you obtain independent advice concerning your taxation position.

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## **10 ASX Listing**

After allotment, the Responsible Entity will apply to have the units issued under the DRP quoted on the Australian Stock Exchange.

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# Terms and Conditions of the Distribution Reinvestment Plan ("DRP")

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## 1 Definitions

ASX	means the Australian Stock Exchange;
ASX Listing Rules	mean the listing rules of the ASX;
Units	Fully paid ordinary units in the Trust;
Trust	KFM Diversified Infrastructure and Logistics Fund;
Business Day	means a day which is a Business Day under the ASX Listing Rules;
Constitution	The constitution of the Trust dated 20 October 2006 as amended;
DRP	Distribution Reinvestment Plan;
DRP Issue Price	The issue price of a Unit issued in respect of a particular distribution
DRP Issue Price Calculation Method	The method by which the DRP Issue Price will be calculated in respect of a distribution;
Pricing Period	The period during which the DRP Issue Price is determined.
Unitholder	A member holding Units;
Participant	A Unitholder participating in the DRP;
Record Date	as defined in the Australian Stock Exchange Limited Listing Rules;
Responsible Entity:	Permanent Investment Management Limited

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## 2 Participation in the DRP

Participation in the DRP is optional. Subject to clause 3, all Unitholders holding Units are eligible to participate in the DRP and participation is subject to these terms and conditions.

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## 3 Unitholders in Countries Other than Australia and New Zealand

Participation in the DRP by Unitholders who are not resident in Australia or New Zealand at the time of election to participate in the DRP and allotment of Units will not be permitted. New Zealand residents may participate while the necessary government approvals exist.

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## 4 Election to Participate or Vary Participation

A Participant may at any time give notice to the Responsible Entity ("Election Notice") to:

- (a) elect to participate in the DRP;
- (b) increase or decrease the number or percentage of Units participating in the DRP; or
- (c) terminate participation in the DRP.

The Responsible Entity will determine the cut off date for the receipt and processing of Election Notices for a particular distribution period ("DRP Election Closing Date"). (The Responsible Entity anticipates that the DRP Election Closing Date will be 20 June and 20 December of each year.)

Unitholder Election Notices to participate or vary participation received by the Trust Unit Registry before the DRP Election Closing Date and Election Notices to terminate participation received prior to the record date for a distribution will (subject to amendment) have effect for that and subsequent distributions. Election Notices to participate or vary participation received by the Trust Registry after a DRP Election Closing Date will apply to subsequent distributions.

To elect to participate, vary participation or terminate participation in the DRP, Unitholders must complete the Election Notice. Election Notices must be forwarded to the Trust's Unit Registry at:

Computershare Investor Services Pty Limited  
 Level 3  
 60 Carrington Street  
 Sydney NSW 2000

Election Notice forms are available from the Unit Registry at any time.

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## 5 Degree of Participation

Unitholders' participation may be either full or partial as follows:

- (a) Full participation applies to distributions payable on all the Participant's Units (100%) held from time to time;
- (b) Partial participation applies to either:
  - (1) the number of Units nominated in the Election Notice by the Participant. However, if at the date of distribution (or date it is calculated) the number of Units held by the Participant is less than the nominated number of Units, then the provisions of the DRP in respect of that distribution payment will only apply to such lesser number of Units; or
  - (2) the percentage of the Participant's Units held from time to time as nominated in the Election Notice (rounded up).

In the event that a signed Election Notice:

- does not indicate the degree of participation, it shall be deemed to be an election for full participation;
- indicates both partial and full participation, it shall be deemed to be full participation;
- indicates partial participation and both the number of Units and a percentage participation, it shall be deemed to be a percentage participation of Units held from time to time; or
- indicates full and partial participation by both the number of Units and percentage participation, it shall be deemed to be full participation.

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## 6 Operation of the DRP

- 6.1 Before each distribution is processed, the Responsible Entity may determine:
- (a) the maximum amount of a Participant's distribution that can be reinvested in the DRP ("Maximum Reinvestment Amount"). The Maximum Reinvestment Amount may have no limit. Where the Participant is a nominee or trustee acting on behalf of multiple beneficiaries the Maximum Reinvestment Amount will apply to each separate beneficiary. In these situations the Participant is required to provide confirmation as required by the Responsible Entity.
  - (b) the DRP Issue Price Calculation Method in connection with that distribution.
- 6.2 The DRP Issue Price will be determined in a manner that is consistent with the Constitution of the Trust. This price will generally be based on the average of the daily volume weighted average price of all fully paid Units sold on the Australian Stock Exchange Limited during the Pricing Period, ("Average Market Price"), less an amount not exceeding 5% of the Average Market Price as the Responsible Entity determines from time to time. However, at the Responsible Entity's discretion, the DRP Issue Price may be a price determined by an independent valuer.
- 6.3 Pricing period means the period of 10 Business Days immediately following the relevant record date for payment of a distribution (or such other period as the Trustee may determine).
- 6.4 The Responsible Entity will establish and maintain a DRP statement register ("DRP Statement Account") for each Participant.
- 6.5 In processing the DRP for each Participant, the Responsible Entity will:
- (a) determine the Participant's distribution amount;
  - (b) from the distribution amount, determine the amount to be reinvested under the DRP in respect of that Participant;
  - (c) if the amount the Participant has elected to have participate in the DRP is less than the Maximum Reinvestment Amount, deduct any amount the Responsible Entity is required to deduct (eg for TFN withholding tax and non-resident withholding tax etc) and credit the net amount available for reinvestment to the Participant's DRP Statement Account;



- (d) if the amount the Participant has elected to have participate in the DRP is greater than the Maximum Reinvestment Amount, deduct any amount the Responsible Entity is required to make from the Maximum Reinvestment Amount and credit the net amount available for reinvestment to the Participant's DRP Statement Account;
- (e) determine the number of whole Units to be allotted, at the DRP Issue Price;
- (f) allot the additional Units to that Participant's holding;
- (g) retain any residual in the Participant's DRP Statement Account, without interest.

If the amount the Participant has elected to have participate in the DRP is greater than the Maximum Reinvestment Amount, the amount that exceeds the Maximum Reinvestment Amount, after any deductions the Responsible Entity is required to make, will be paid to the Participant in accordance with that Participant's cash distribution instructions.

The Responsible Entity may issue Units under the DRP within 60 days of the Record Date of each distribution.

## **7 Income Entitlement**

The Units created through the DRP ("DRP Units") will rank equally in all respects with existing fully paid Units that have been on issue for the whole of the distribution period during which the DRP Units were issued, as from the date of issue. DRP Units issued to Participants will be recorded on the register.

## **8 Costs to Participants**

No brokerage, commission or other transaction costs will be payable by a Participant on Units allotted under the DRP unless required by law, be payable by a participant.

## **9 DRP Statements**

The Responsible Entity will send to each participant a DRP Statement providing details of the Participant's transactions in the DRP.

## **10 Unitholder Termination in certain circumstances**

If the Responsible Entity is notified of the death or bankruptcy of a Participant, participation in the DRP by that Participant shall cease unless the personal representative or executor of the estate of the Participant or trustee in bankruptcy (as the case may be) otherwise notifies the Responsible Entity or unless the deceased or bankrupt Participant held the relevant Units jointly with other persons who remain eligible to participate.

Upon termination of the participation of a Unitholder for whatever reason, unless otherwise directed, the Unitholder or the legal representative of a deceased Unitholder will be paid the cash balance, if any, shown in the Unitholder's DRP Statement Account as at the date of termination. Terminating Participants will receive their DRP Statement Account balance when the Responsible Entity next distributes residual balances.

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## 11 Disposal of Units

Where all of a Participant's Units or a percentage of a Participant's holding are subject to the DRP and the Participant disposes of part of their holding, the remaining Units held by the Participant will continue to participate in the DRP.

Where a Participant has nominated a specific number of Units to participate in the DRP and the Participant disposes of part of that Unit holding, then the Units disposed of will be deemed to be Units not participating in the DRP.

If the number of Units disposed of is greater than the number of the Participant's Units not participating in the DRP, the disposal will be deemed to include all the Participant's Unit holding not participating in the DRP, and the balance, if any, shall be attributed to Units participating in the DRP.

Unless otherwise directed, where a Participant disposes of Units and the Participant's holding falls below the number of Units nominated to participate in the DRP it will be deemed that 100% of the Participant's holding will then participate in the DRP until such time that the Participant's holding exceeds the nominated number.

Where a Participant disposes of all Units without giving the Responsible Entity notice of termination of participation, the Participant will be deemed to have terminated participation in the DRP with respect to the Unit holding on the date the Responsible Entity registered an instrument of transfer or disposal of the Participant's holding.

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## 12 Modification, Suspension and Termination of the DRP

The DRP may be modified, by the Responsible Entity at any time by giving not less than 30 days notice to all Participants. A change in the DRP Election Closing Date, the DRP Issue Price Calculation Method, the Pricing Period (if applicable) or the Maximum Reinvestment Amount does not constitute a modification of the Plan.

The Responsible Entity may suspend the DRP at any time without giving notice of its suspension to Participants. If the DRP is temporarily suspended the Responsible Entity will immediately notify the ASX. In the case of modification, it will be deemed that existing Participants will continue under the modified DRP unless the Responsible Entity is notified to the contrary by the prescribed Election Notice.

The Responsible Entity will announce to the ASX:

- (a) the maximum amount of a Participant's distribution that can be reinvested under the DRP (the "Maximum Reinvestment Amount"). Where the

Participant is a custodian or nominee acting on behalf of multiple beneficiaries the Maximum Reinvestment Amount will apply to each separate beneficiary;

- (b) the DRP Issue Price Calculation Method (including the Pricing Period, if applicable);
- (c) the closing date by which Unitholders must lodge an election to participate or vary their DRP participation if they wish their election to take effect in the current distribution period (the "DRP Election Closing Date") (note that election to terminate participation is not subject to the DRP Election Closing Date).

A change to the DRP Calculation Method or the Maximum Reinvestment Amount will be announced prior to the DRP Election Closing Date.

A change to the DRP Election Closing Date will be announced prior to the DRP Election Closing Date. However, accidental omission to announce this information shall not invalidate the change or the DRP.

The accidental omission to give notice of modification, suspension or termination or the non-receipt of any notice by any Participant shall not invalidate the modification, suspension or termination of the DRP.

The Responsible Entity reserves the right to waive strict compliance with any of these Terms and Conditions.

### **13 Stock Exchange Listing**

The Responsible Entity will promptly make application for Units allotted under the DRP to be listed on the official list of the Australian Stock Exchange Limited.

### **14 Taxation**

The Responsible Entity takes no responsibility whatsoever for the taxation liabilities of Unitholders.

### **15 General**

The DRP and its operation and the terms and conditions herein shall be governed by the provisions of the Constitution dated 20 October 2006 (as amended), the Official Listing Rules of the Australian Stock Exchange Limited and the Corporations Act 2001 (Cth).

## Directory

### Responsible Entity

Permanent Investment Management Limited  
Level 4  
35 Clarence Street  
Sydney NSW 2000

### Trust Registry

Computershare Investor Services Pty Limited  
Level 3  
60 Carrington Street  
Sydney NSW 2000  
Telephone: 1300 855 080  
Facsimile: 02 8235 8150  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

For inquiries regarding DRP, unitholdings, change of address etc, please contact the Unit Registry at the address or number listed above.

Dated and Issued on