

Keppel Infrastructure Trust

Investor Presentation

March 2018



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At a Glance

Key Highlights

- / One of Singapore's largest **infrastructure business trusts**
- / Generates **long-term, regular** and **predictable cash flows** from a **diversified** portfolio of **core infrastructure assets**:
 - Sole producer and retailer of town gas in Singapore
 - 4 waste and water concessions on long-term contract with Singapore government agencies
 - 51% stake in KMC, a 1,300 MW CCGT in Singapore with a long standing tolling contract
 - 51% stake in a high quality data centre in Singapore with a long term lease
 - Sole electricity interconnector between Tasmania and Victoria in Australia
- / **Sponsored by Keppel Infrastructure**, which owns 18.2% of KIT
- / Temasek owns 15.9% with remaining 65.9% publicly held
- / Able to tap on synergies in co-investment, incubation opportunities and industry expertise, through Keppel Infrastructure and Keppel Capital
- / Constituent of **FTSE ST Large & Mid Cap Index**, and **MSCI Singapore Small Cap Index**

Financial Snapshot

Market Value ⁽¹⁾

Market Capitalisation	S\$ 2,199 m
Enterprise Value	S\$ 3,780 m

Cash Flows

EBITDA	S\$ 240 m
DPU	S 3.72 cents
Distribution yield ⁽¹⁾	6.5%

Leverage

Cash	S\$ 214 m
Debt	S\$ 1,794 m
Net debt	S\$ 1,580 m

Total assets	S\$ 3,956 m
Net debt / Total assets	0.4x
Net debt / EBITDA	6.6x






⁽¹⁾ Based on market closing price of S\$0.57 as at 23 March 2017

Large & Well-diversified Portfolio of Core Infrastructure Assets

Investment Criteria

- KIT aims to provide Unitholders with **long-term, regular** and **predictable distributions** by pursuing investments that exhibit the characteristics listed below

Portfolio of highly strategic assets

Utilities Infrastructure		Power Infrastructure		Telecoms Infrastructure
City Gas	Singapore Concessions	KMC	Basslink	DataCentre One
				









1	Long-term, regular and/or predictable cash flows	✓	✓	✓	✓	✓
2	Long-term contracts or concessions / customer stability	✓ ⁽¹⁾	✓	✓	✓	✓
3	Creditworthy or reputable off-takers	✓ ⁽²⁾	✓	✓	✓	✓
4	Diversification of asset class risks	✓	✓	✓	✓	✓
5	Jurisdictions with well-developed legal framework	✓	✓	✓	✓	✓

KIT's portfolio of core infrastructure assets meets urbanisation needs of today, and provides KIT a strong platform to further expand regionally and globally.

⁽¹⁾ City Gas is the sole producer and retailer of town gas in Singapore and has been in operation for over 100 years

⁽²⁾ City Gas has a large, diversified customer base and is not reliant on any single customer

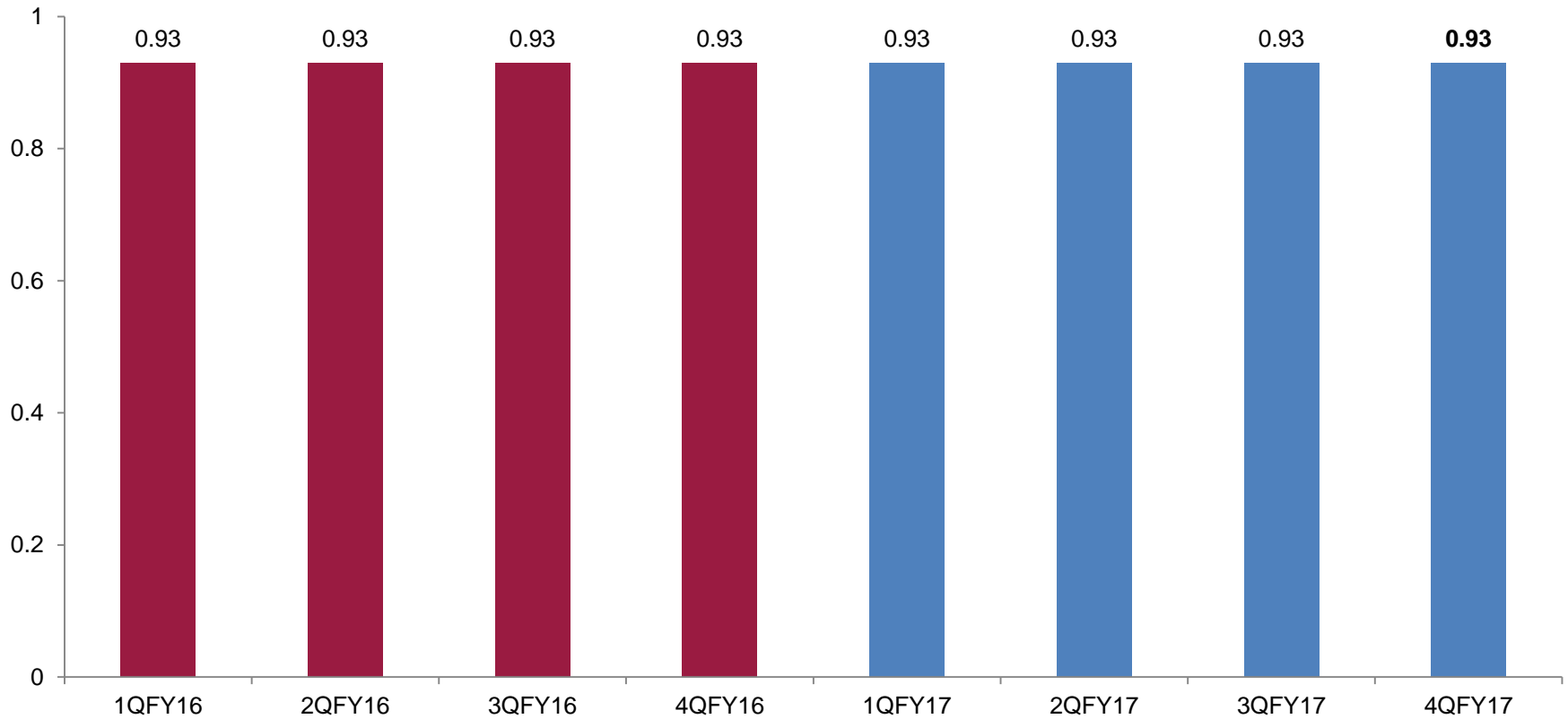
Generates Long-term Predictable Cash Flows Uncorrelated to GDP...

	Asset	Business	Customer	Contract Terms	Cash Flows
SINGAPORE	 Senoko WTE Plant	2,310 tonnes/day waste incineration concession	NEA, Singapore government agency	2024	Principally fixed availability payment
	 Tuas WTE Plant	800 tonnes/day waste incineration concession	NEA, Singapore government agency	2034	Principally fixed availability payment
	 Ulu Pandan NEWater	148,000 m ³ /day ⁽¹⁾ NEWater concession	PUB, Singapore government agency	2027	Approximately half fixed, and half variable payments
	 SingSpring	136,380 m ³ /day seawater desalination concession	PUB, Singapore government agency	2025 <i>(Underlying land lease till 2033)</i>	Principally fixed availability payment
	 City Gas	Sole producer and retailer of piped town gas	Over 813,000 commercial and residential customers	n.a.	Stable fees with fuel and electricity costs passed through to consumer
	 KMC	1,300MW Combine Cycle Gas Turbine power plant capacity tolling agreement	Keppel Electric	2030, with option for 10-year extension <i>(Underlying land lease till 2035, with 30-year extension)</i>	Principally fixed availability payment
	 DataCentre One	Data centre	One-Net, 100% subsidiary of MediaCorp, SG national broadcaster	2036, with option for 8-year extension	Contractual lease revenue
AUST	 Basslink	Owner and operator of the Basslink Interconnector between the States of Victoria and Tasmania	Hydro Tasmania <i>(Owned by Tasmania state government)</i>	2031, with option for 15-year extension	87.5% availability payments, 65% indexed to Australia CPI

⁽¹⁾ Ulu Pandan has an overall capacity of 162,800m³ of which, 14,800m³ is undertaken by Keppel Seghers

... Supporting Regular and Stable Distributions

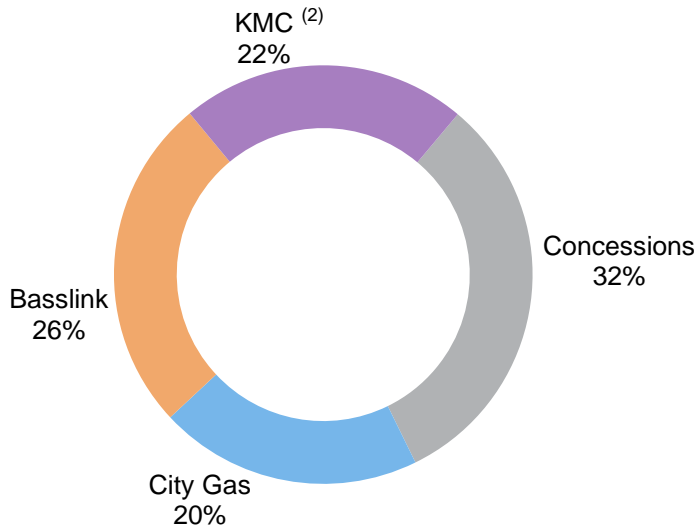
DPU (S cents)



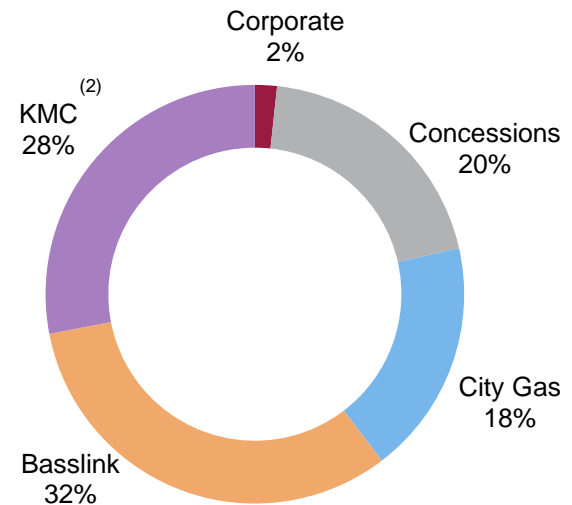
Diversified Portfolio of Core Infrastructure Assets

Long-term, regular and predictable cash flows generated from a diversified portfolio ranging from Utilities, Power and Telecommunications infrastructure assets

FY2017 Adjusted EBITDA ⁽¹⁾



Total Assets as at 31 Dec 2017



⁽¹⁾ Adjusted EBITDA includes reduction in concession receivables and excludes Trust/corporate expenses

⁽²⁾ Based on KIT's 51% stake in KMC

4 Strong Balance Sheet

S\$m	As at 31 December 2017	
	Total	Excluding Basslink
Cash	214	162
Borrowings	1,794	1,082
Net debt	1,580	920
Total assets	3,956	2,961
Total liabilities	2,645	1,713 ⁽¹⁾
EBITDA	240	176
Net gearing	39.9%	31.1%
Net debt / EBITDA	6.6X	5.2X

Sustainable gearing backed by

- / Long term contracts expiring between 2024 and 2046
- / Creditworthy customers and City Gas' large and stable customer base
- / Recurring and stable revenue streams

⁽¹⁾ This differs from the figure of \$1,194m stated in the FY2017 results presentation, which had intercompany liabilities subtracted.

Three-pronged Growth Strategy

1 Organic Growth from Existing Portfolio

Potential Upsides

- Organic growth of City Gas
 - Higher penetration of gas water heaters
 - 38,000 new HDB units expected over 2018-2019; 23,000 new private residential units from 2018-2020
- Stable positive contributions from DataCentre One
- Basslink
 - Use all cash flows to repay debt
- Potential adjustment in KMC tolling fees after initial 15-year period

Solid Stable Base

- Stable cash flows
- Scale and liquidity
- Strong balance sheet

2 Keppel Synergy

Keppel Capital

- Co-investment, bridge financing and incubation opportunities
- Non-energy and non-environmental space asset management

Keppel Infrastructure

- Keppel Group's energy and environmental infrastructure arm
- Operation and maintenance, as well as development and industry expertise
- ROFRs for 49% of KMC, as well as other assets owned and developed by Sponsor
- Co-investment and incubation opportunities

3 Acquisition Strategy

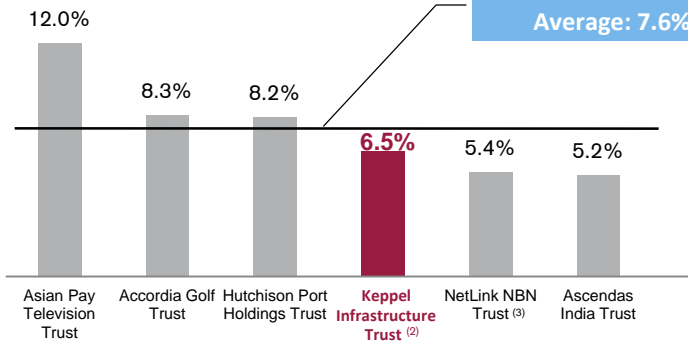
KIT New Investments

- Assets that generate long term stable cash flows with some growth
- Singapore and other developed markets in Asia or Europe
- Co-invest with likeminded partners to reduce ticket size/risk and gain diversification
- Transaction types:
 - Availability based assets (utilities, transmission, storage and pipelines)
 - Customised sale and leaseback transaction
 - Inflation + assets (transportation and telecoms)
- Selected greenfield investments with experienced operators, limited construction exposures and equity cheque funded entirely by debt

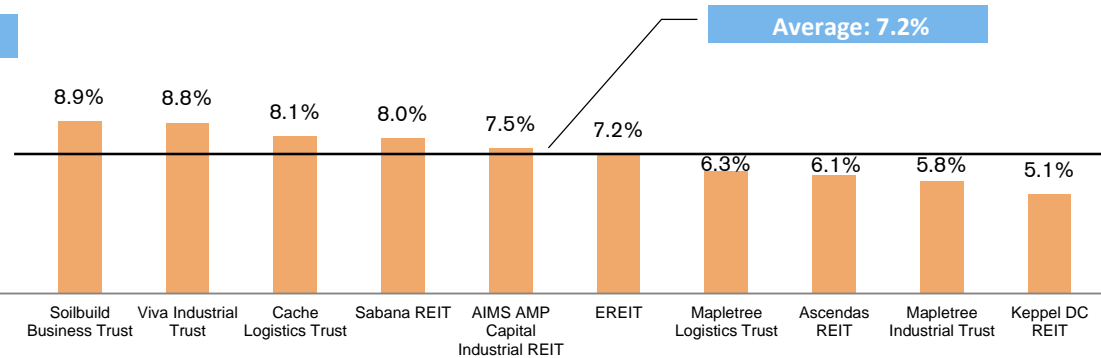
Attractive Risk Adjusted Returns

Distribution Yield (1)

Infrastructure Trusts



Singapore Industrial REITs



KIT's value proposition vis-à-vis S-REITs

- 1 **Regular and recurring cash flows across all economic cycles**
 - Not correlated to GDP, since cash flows are underpinned by long-term contracts
 - Real estate tends to be more cyclical, and are subject to rental cycles as well as regular rent reviews
- 2 **Limited supply of core quality infrastructure assets**
 - Low barriers to entry and few players with strong track record
 - More varied options in the real estate sector
- 3 **Long-term contracts**
 - KIT's assets are contracted at between 8 to 30 years, some of which include options for lease extensions
 - Weighted average lease expiry for industrial S-REITs at approximately 4 years
- 4 **Low credit risks** with creditworthy and reputable off-takers or large diversified customer base
- 5 **Sustainable leverage** positions KIT for future growth

(1) Source: Bloomberg's dividend yield data as at 23 March 2017

(2) Based on market closing price of S\$0.57 as at 23 March 2017

(3) Based on forecast dividend yield disclosed in NetLink NBN Trust's Prospectus dated 10 July 2017

7 Key Investment Highlights

KIT is well-positioned to deliver long-term value and growth to Unitholders.

1

One of Singapore's largest infrastructure business trust

2

Diversified portfolio of core infrastructure assets

3

Long term contracts with credit worthy customers or large and stable customer base

4

Generate long term, regular and predictable cash flows

5

Sustainable gearing with prudent capital management

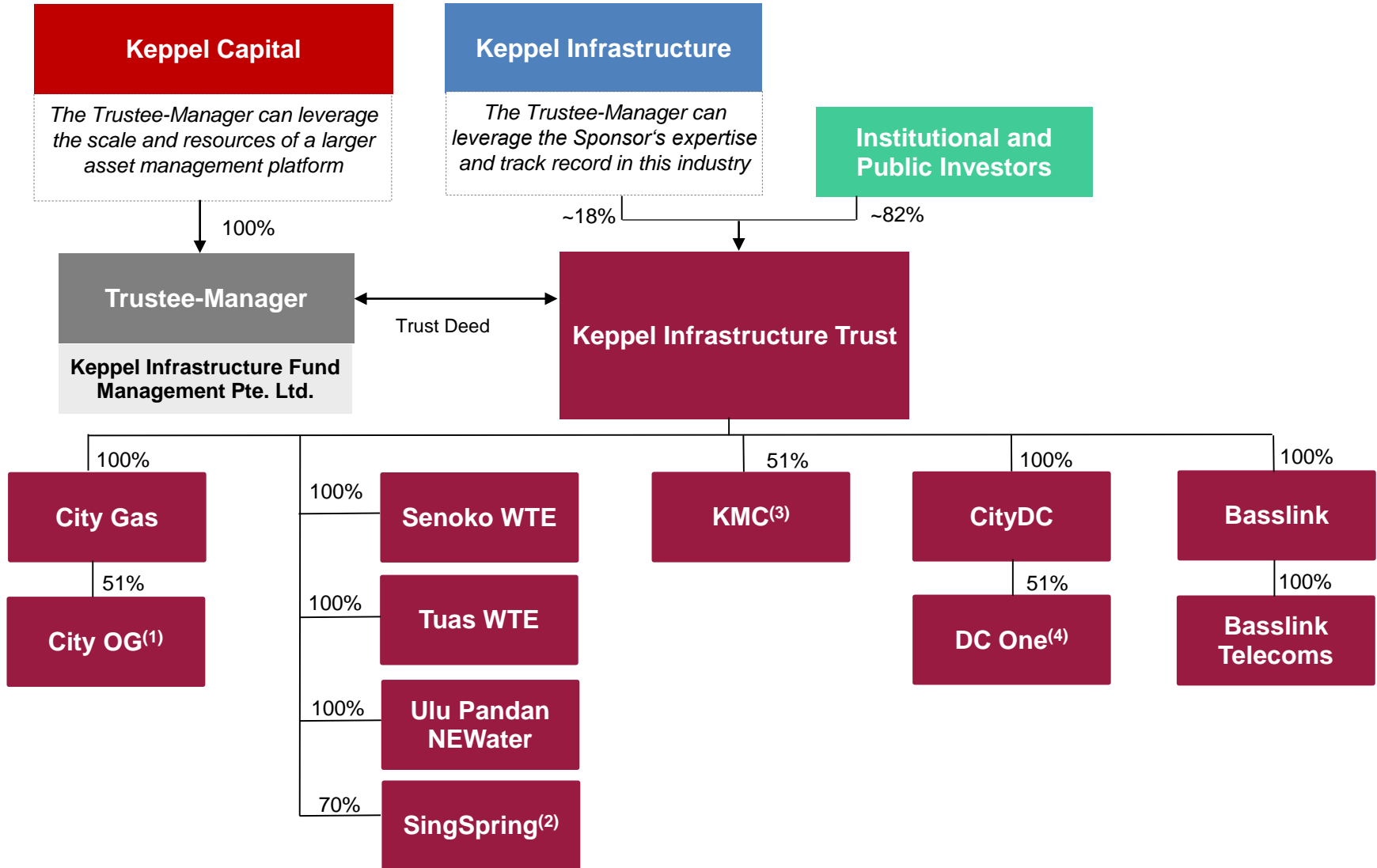
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Enhanced liquidity and diversified investor base

Keppel Infrastructure Trust

Additional Information

Keppel Infrastructure Trust Structure



(1) Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City OG.

(2) Hyflux Ltd holds the remaining 30% equity interest in SingSpring.

(3) Keppel Energy holds the remaining 49% equity interest in KMC.

(4) WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One.

Pipeline from Sponsor

Keppel Infrastructure has a pipeline of assets for possible acquisition by KIT, subject to meeting KIT's investment criteria and other strategic considerations



Keppel Marina East Desalination Plant - 100% through Keppel Infrastructure Services

- Singapore's fourth desalination plant, and the first with the ability to treat sea and fresh water by using osmosis and other advanced membrane technology
- Expected to be operational in 2020, capable of producing 137,000 cubic metres (about 30m gallons) of fresh drinking water per day



Keppel Merlimau Cogen (KMC) - 49% through Keppel Energy

- Operational since 2007, with a total generation capacity of 1,300 MW
- KI, as the sponsor of KIT, owns 49% shareholding in KMC through Keppel Energy



District cooling systems (DCS) - 100% through Keppel DHCS Pte Ltd (Keppel DHCS)

- DCS plants in Changi Business Park, Biopolis@one-north, Mediapolis@one-north, and Woodlands Wafer Fab Park

Key Differences: Business Trusts, REITs and Listed Companies in Singapore

	Business Trust	S-REIT	Listed Company
Regulatory Regime	<ul style="list-style-type: none"> Business Trusts Act 	<ul style="list-style-type: none"> Code on Collective Investment Scheme 	<ul style="list-style-type: none"> Companies Act
Constitution	<ul style="list-style-type: none"> Not a separate legal entity Created by a trust deed Unitholders have beneficial interest and a lesser degree of control than shareholders of a company 	<ul style="list-style-type: none"> Not a separate legal entity Created by a trust deed Unitholders have beneficial interest and a lesser degree of control than shareholders of a company 	<ul style="list-style-type: none"> A separate legal entity
Responsible Entity	<ul style="list-style-type: none"> Trustee-Manager as the single responsible entity with its role similar to the combined roles of the REIT's asset manager and trustee 	<ul style="list-style-type: none"> Trustee and Asset Manager are separate entities 	<ul style="list-style-type: none"> Board of directors and management
Board of Directors	<ul style="list-style-type: none"> Majority of directors must be independent Higher standard of independence 	<ul style="list-style-type: none"> One-third of the Board to consist of independent directors 	<ul style="list-style-type: none"> At least two nonexecutive directors who are independent and free of any material business or financial connection with the company
Asset	<ul style="list-style-type: none"> No restriction 	<ul style="list-style-type: none"> Real estate 	<ul style="list-style-type: none"> No restriction
Depreciation/ Revaluation	<ul style="list-style-type: none"> No impact on distribution payout 	<ul style="list-style-type: none"> No impact on distribution payout 	<ul style="list-style-type: none"> Affects dividend payout, which is restricted to accounting profits
Gearing Limit	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 45% of deposited property 	<ul style="list-style-type: none"> None
Taxation on Distributions	<ul style="list-style-type: none"> Distributions are net of tax 	<ul style="list-style-type: none"> Tax transparent if more than 90% of taxable profits are distributed 	<ul style="list-style-type: none"> Dividends are net of tax

Source: Adapted from SGX-ST website

KIFM Management Fee Structure

Management Fee	<ul style="list-style-type: none">• S\$2.0 million per annum• Inflation adjustment in reference to the CPIS
Performance Fee	<ul style="list-style-type: none">• 4.5% p.a. of sum of cash flow received by KIT
Acquisition Fee	<ul style="list-style-type: none">• 0.5% of the Enterprise Value of any investment acquired, where the investment is acquired from:<ul style="list-style-type: none">– Sponsor Group Entities (SGE)– Partly from SGE and third party with SGE >50% in aggregate or indirect interests in investment prior to acquisition• 1% for all other cases
Divestment Fee	<ul style="list-style-type: none">• 0.5% of the Enterprise Value of any investment sold or divested by KIT or a KIT entity

Loan Profile

Entity	Amount (S\$m)	Loan Maturity	Repayment
City Gas	178.0	Feb 2019	Bullet*
SingSpring	60.6	Dec 2024	Amortising
Basslink	717.4 (A\$703.3m)	Nov 2019	Amortising*
KMC	700.0	Jun 2020	Bullet*
KIT	145.6	Feb 2019	Bullet*

* To be refinanced upon maturity

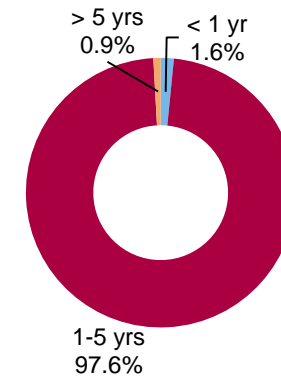
Prudent Capital Management

Debt Overview

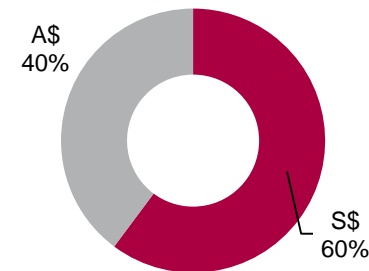
- / Hedged ~91% of total loans
- / Other than KIT corporate loan, rest of the loans are non-recourse
- / Maintain stable interest rate of 4-5%
 - Singapore average: 3-4%
 - Australian average: 6-7%
- / Weighted average term to expiry of ~2.2 years
 - ~100% of loans due in 2019 and beyond
- / S\$717.4m (A\$703.3m)⁽¹⁾ Basslink loan
 - Interest rate substantially hedged
 - Natural currency hedge for A\$ cash flows
 - All residual cash flows used for debt service
 - No dependence on Basslink's cash flows for distribution
 - No cash flow exposure to near term A\$ forex movement

Debt Breakdown

Debt Repayment Profile



Debt Breakdown by Currency



⁽¹⁾ Based on exchange rate of A\$1.00 = S\$1.020

Thank You

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