

Keppel Infrastructure Trust



Investor Presentation
Creating the largest Singapore infrastructure-focused business trust

May 2015

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1. Transaction overview



Transaction overview

KMC Acquisition

Acquisition of 51% interest in KMC by KIT funded by an Equity Fund Raising (“EFR”)



A top-tier gas-fired power plant in Singapore

Equity Fund Raising

Preferential offering

No. of units: 218,862,495

Pref ratio: 1 unit for every 13 units as of BCD

Price range: S\$0.505 to S\$0.545

Placement to limited no. of institutional and other QIBs

No. of units: up to 812,694,000

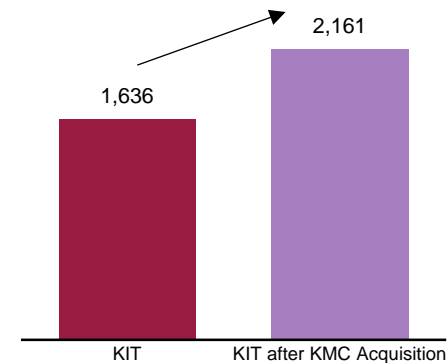
Price range: S\$0.510 to S\$0.550

KIT after KMC Acquisition

- Pro forma total assets of over S\$4 billion
- Largest Singapore infrastructure-focused business trust
- Managed by KIFM⁽¹⁾

Market value ⁽²⁾

(S\$m)

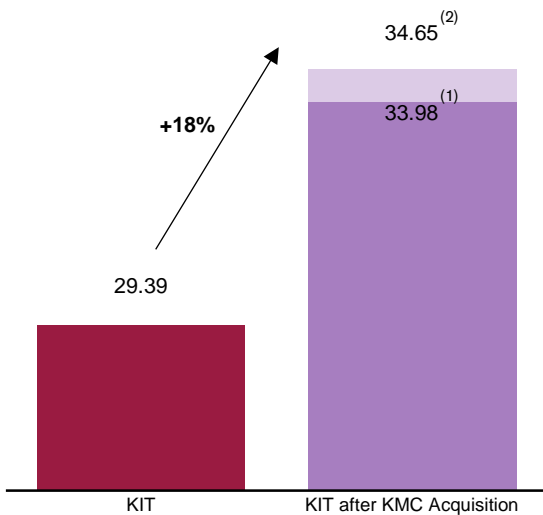


(1) Keppel Infrastructure Fund Management, the Trustee Manager of KIT.
(2) Assuming a S\$525 million EFR. Based on KIT unit price of S\$0.575 as of 19 May 2015.

KIT will become the flagship investment vehicle for Singapore infrastructure

Net asset value per unit (Pro forma as of 31 December 2014)

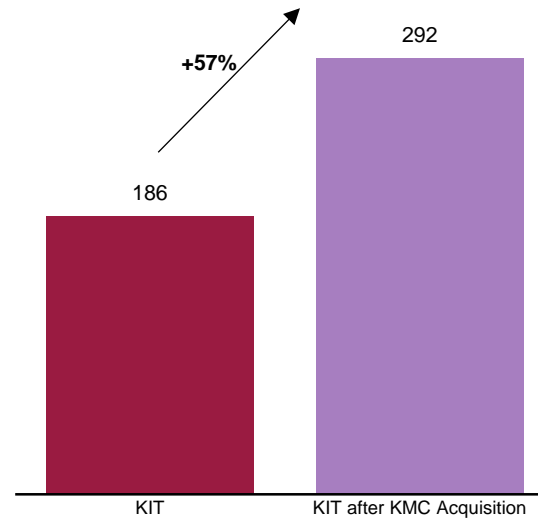
(S\$m)



✓ **Transformational size and scale**

Adjusted EBITDA ⁽³⁾

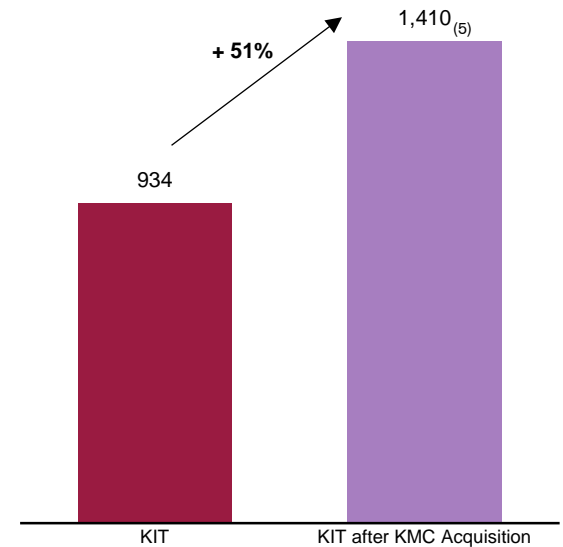
(S\$m)



✓ **Strengthen ability to pursue larger acquisitions**

Public float (current vs pro forma) ⁽⁴⁾

(S\$m)



✓ **Expand the public float and enhance liquidity of units**

The Proposed Transactions will allow KIT to increase its scale, broaden its investor base as well as expand the absolute size of the free float and to improve the liquidity

(1) Based on 812,694,000 Placement Units issued at the minimum issue price of S\$0.510 and 218,862,495 Preferential Offering Units issued at the minimum issue price of S\$0.505.
 (2) Based on 737,672,000 Placement Units issued at the maximum issue price of S\$0.550 and 218,862,495 Preferential Offering Units issued at the maximum issue price of S\$0.545.
 (3) Adjusted EBITDA for the calendar year 2014 on a consolidated basis. Adjusted EBITDA refers to EBITDA plus reduction in concession receivable and excluding certain non-recurring expenses.
 (4) Excludes the Units held directly and indirectly by Tembusu Capital Pte. Ltd. ("Tembusu") and KI.
 (5) Excludes the Units held directly and indirectly by Tembusu and KI and assuming (1) Tembusu and KI do not subscribe for more than their respective provisional allotments of Preferential Offering Units and there are no other changes in their unitholdings; and (2) the Private Placement and the Preferential Offering are priced at the mid-point of the respective price ranges.

The KMC Acquisition

Overview

- Acquisition of a 51% stake in KMC from Keppel Energy Pte Ltd (“KE”)
- KMC owns Keppel Merlimau Cogen Plant, a 1,300 MW combined cycle gas turbine generation facility located on Jurong Island, Singapore

Consideration

- Cash consideration of S\$510m
- Equity value based on an enterprise value of S\$1.7 billion, less S\$700m loan to be raised by KMC

Capacity Tolling Agreement (“CTA”)

- Long term CTA to contract entire capacity of the KMC Plant to Keppel Electric for an availability based fee and with most of the operating costs being passed through

Conditions

- Successful debt fund raising of S\$700m by KMC
- Other regulatory approvals and consents – All approved
- Execution of definitive transaction documents
- Successful completion of the EFR or successful drawdown of an equity bridge loan agreement

Timetable for EFR

Event	Date and time
Launch of the Private Placement	20 May 2015
Close of the Private Placement	21 May 2015
Expected date of announcement of the Private Placement Issue Price and Preferential Offering Issue Price	22 May 2015
Expected date for commencement of trading of Placement Units	29 May 2015 at 9.00 a.m.
Despatch of Offer Information Statement (together, for the avoidance of doubt, with the AREs and PALs) to Eligible Unitholders	3 June 2015
Opening date and time for the Preferential Offering	3 June 2015 at 9.00 a.m. via ARE or PAL 3 June 2015 at 9.00 a.m. via Electronic Application
Closing date and time for the Preferential Offering	11 June 2015 at 5.00 p.m. via ARE or PAL 11 June 2015 at 9.30 p.m. via Electronic Application
Expected date for commencement of trading of Preferential Offering Units	22 June 2015 at 9.00 a.m.

Placement terms

Company:	Keppel Infrastructure Trust (“KIT”, Bloomberg ticker: KIT SP)
Offering:	Equity Fund raising of about S\$525m i) Equity placement to institutional investors via Reg S ii) Separate non-renounceable preferential offering to existing KIT unitholders with Singapore registered address as of the books closure date
Use of Proceeds:	Fund the acquisition of a 51% interest in Keppel Merlimau Cogen
Undertakings:	Two largest unitholders, Keppel Corp (22.9%) and Temasek (19.97%), to subscribe for their pro rata share in Preferential Offering
i) Equity Placement:	Reg S private placement to institutional and other qualified investors Placement investors will not be entitled to participate in the preferential offering
No. of New Units:	<ul style="list-style-type: none"> ▪ Up to 812,694,000 units
Price Range:	<ul style="list-style-type: none"> ▪ S\$0.510 – S\$0.550 / unit
Offering Size:	<ul style="list-style-type: none"> ▪ S\$406m – S\$414m
Implied Yield (2015E):	<ul style="list-style-type: none"> ▪ 6.78 – 7.31%, based on annualised DPU of 3.73 Singapore cents
Discount:	<ul style="list-style-type: none"> ▪ 0.7% - 8.0%, to adjusted 1 day VWAP S\$0.5541
Pricing Date:	<ul style="list-style-type: none"> ▪ 21 May 2015
Trade Date:	<ul style="list-style-type: none"> ▪ 22 May 2015
Settlement Date:	<ul style="list-style-type: none"> ▪ 29 May 2015
Listing Date:	<ul style="list-style-type: none"> ▪ 29 May 2015

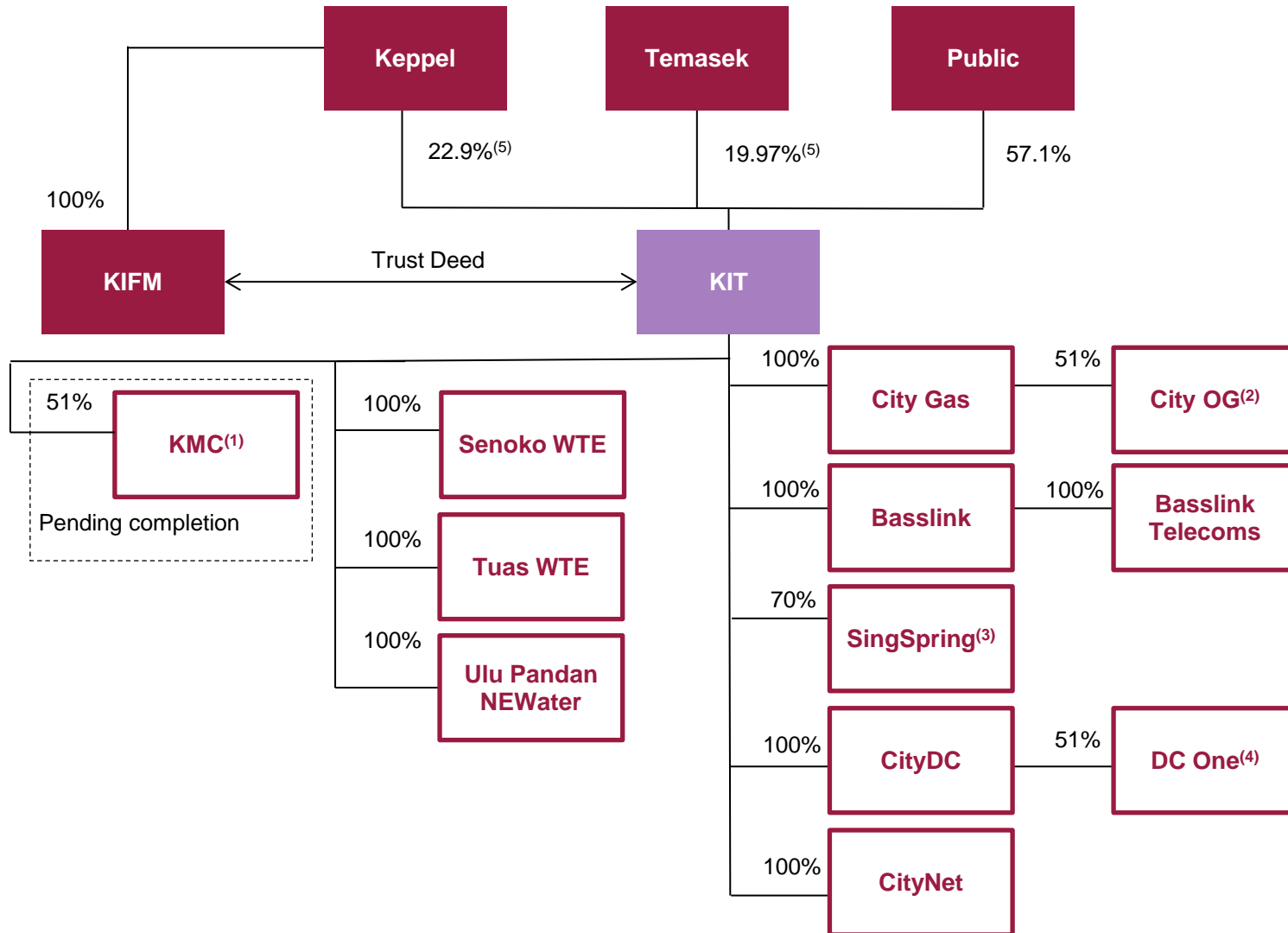
Preferential Offer terms

ii) Preferential Offering:	Non renounceable on the basis of 1 unit for every 13 existing units to existing KIT unitholders with Singapore registered address as of the books closure date
No. of New Units:	■ 218,862,495 units
Price Range:	■ S\$0.505 – S\$0.545
Offering Size:	■ S\$111m – S\$119m
Discount:	■ 1.6% - 8.9%, to adjusted 1 day VWAP S\$0.5541
Lodgment of OIS:	■ 20 May 2015
Last day of cum trading:	■ 25 May 2015
BCD:	■ 28 May 2015
Preferential Offer period:	■ 3 June 2015 to 11 June 2015
Listing:	■ 22 June 2015
Application for Excess:	■ Applications for excess units permitted, subject to availability
Application for Preferential Units:	■ Refer to details set out in the OIS
Selling Restrictions:	Regulation S eligible accounts only
Lock-up:	12 months on Keppel Corp and Temasek
Exchange:	Singapore Stock Exchange (“SGX”)

2. Company overview



KIT structure – before EFR



(1) Keppel Energy holds the remaining 49% equity interest in KMC.
 (2) Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City OG.
 (3) Hyflux Ltd holds the remaining 30% equity interest in SingSpring.
 (4) WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One.
 (5) Assuming preferential and placement offering priced at the mid point of their respective pricing ranges, Keppel's and Temasek's stakes are 18.3% and 16.0% respectively post EFR and KMC acquisition.

Diversified portfolio of core infrastructure assets

Waste Management



Senoko Plant

- Only waste incineration plant located outside of the Tuas area
- Capacity of 2,100 tonnes/day



Tuas DBOO Plant

- Newest of the four waste incineration plants currently operating in Singapore
- Capacity of 800 tonnes/day

Water and Wastewater Infrastructure



Ulu Pandan Plant

- One of Singapore's largest NEWater plants
- Daily capacity of 148,000m³

Power Generation, Electricity Transmission and Gas



KMC

- A top-tier gas-fired 1,300MW CCGT plant in Singapore
- 15-year CTA with maximum capacity fee of S\$108m a year

Telecoms Infrastructure



DataCentre One

- 214,000 square feet Uptime Institute Tier 3 certified datacentre (estimated completion in 1Q CY2016)



CityNet

- Awarded a mandate to act as the trustee-manager of NetLink Trust



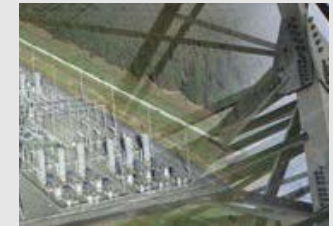
SingSpring

- Singapore's first large-scale seawater desalination plant
- Daily capacity of 136,380m³



City Gas

- Sole producer and retailer of town gas in Singapore
- Over 700,000 customers



Basslink

- Only electricity interconnector between Tasmania and mainland Australia

The KMC plant

Description of the KMC asset

Metric	Data
Total generating capacity	1,300 MW CCGT
Location	Tembusu sector, Jurong Island, Singapore
Weighted average age	~4 years
Land lease	Expiring 2035 with 30-year extension option
Generation licence	30 years from 2003



A substantial and strategic operational asset

- ✓ A top-tier gas-fired power plant in Singapore
- ✓ Strategic asset in Singapore as power plants cannot be easily replicated given land constraints
- ✓ Well-positioned to support the surrounding industries with electricity, steam supply and demineralized water requirements at Tembusu sector of Jurong Island

Capacity Tolling Agreement

Stable and efficient cash flows

- S\$108m annual capacity tolling fee ⁽¹⁾
- Most operating costs passed through to toller
- Mitigates market and fuel risks
- QPDS facilitate tax free distributions

Long-term visibility

- 15-year initial duration of the CTA
- 10-year CTA extension option

High quality credit of toller

- Full capacity tolling contract exclusively with Keppel Electric
- Keppel Infrastructure Holdings Pte. Ltd. ("KI") (a wholly owned subsidiary of Keppel Corp) to guarantee Keppel Electric's payment obligation

Rare opportunity to acquire control in a substantial and strategic operational asset with long term and stable cash flows

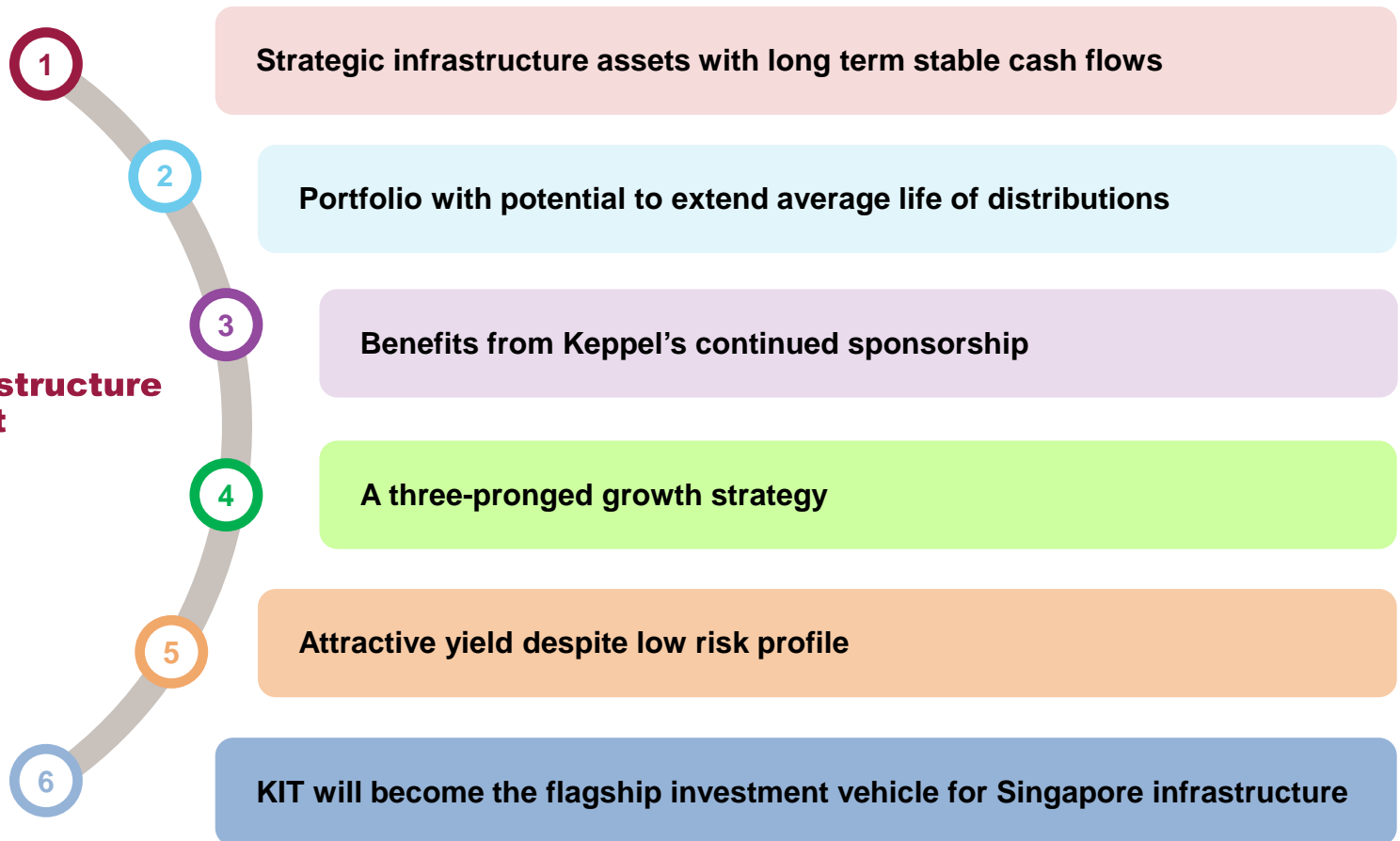
(1) Subject to availability and capacity test targets taking into account provision for downtime (i.e. when the KMC Plant will not be available for generating electricity) for plant testing, and planned and unplanned maintenance works.

3. Key investment highlights of KIT



Key investment highlights

Keppel Infrastructure Trust



Strategic infrastructure assets with long-term stable cash flows

KIT 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



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	✓	✓	✓	✓	✓

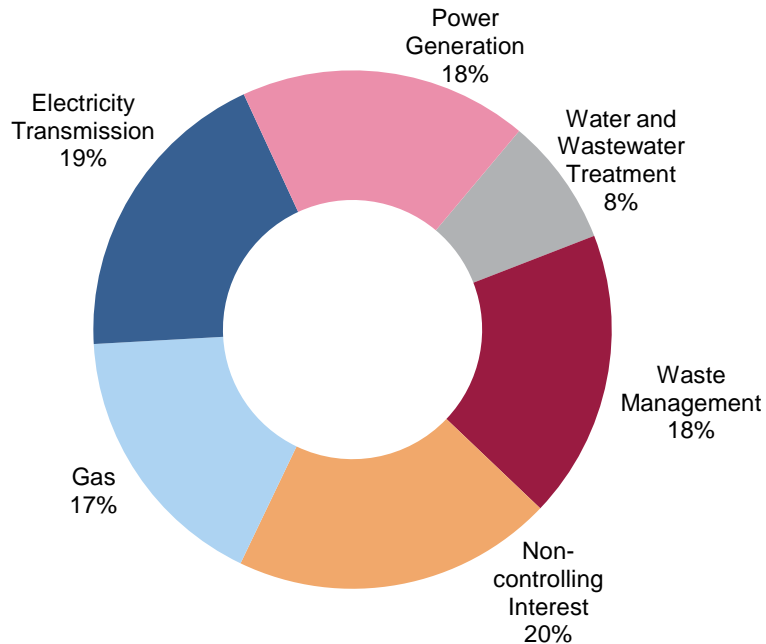
KIT's current portfolio of core infrastructure assets as well as KMC serve basic essential needs and provide KIT with a platform to further expand regionally and globally

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

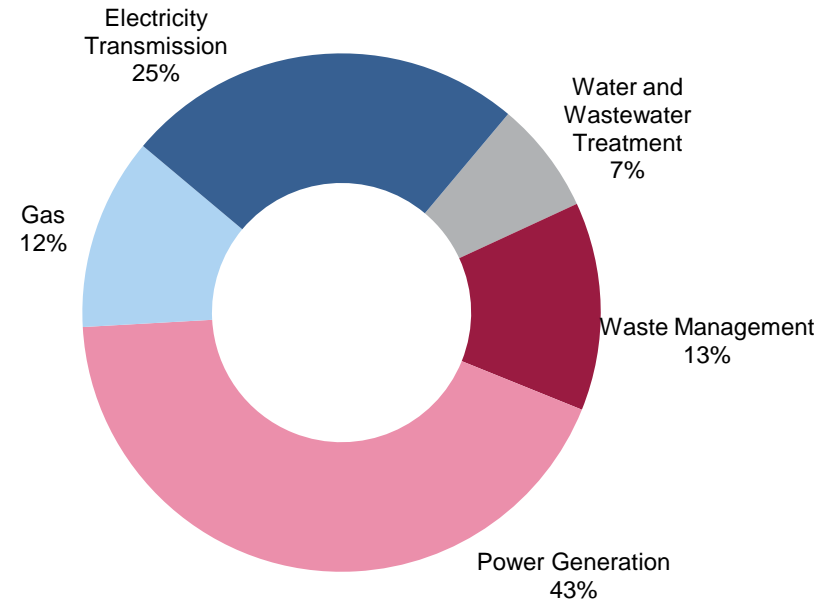
(2) City Gas has a large, diversified customer base and is not reliant on any single customer.

...which results in a well diversified portfolio

Adjusted EBITDA⁽¹⁾ by segment ⁽²⁾⁽³⁾



Total assets by segment ⁽⁴⁾⁽⁵⁾

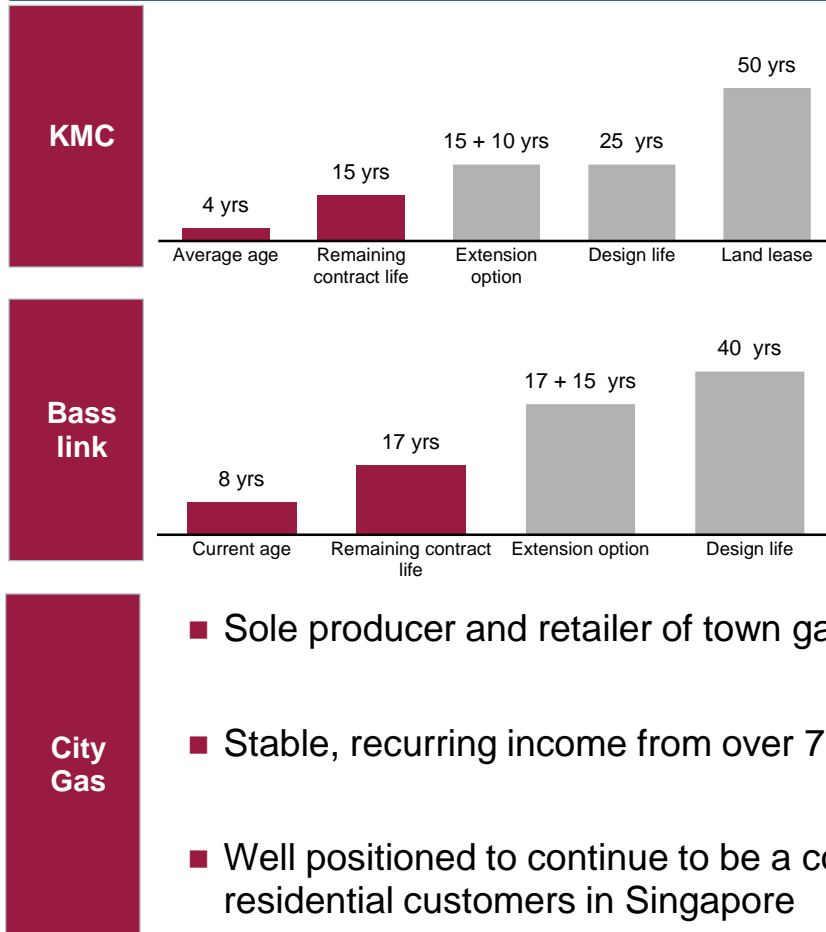


Regular and predictable cash flows from a diversified core portfolio of Singapore infrastructure assets that are not easily replicated

- (1) Adjusted EBITDA means reported EBITDA plus reduction in concession receivable and excluding certain non-recurring expenses.
 (2) Adjusted EBITDA for the calendar year 2014 on a consolidated basis.
 (3) Excludes trust / corporate expenses.
 (4) Based on Pre-Acquisition KIT's and CIT's financial statements as at 31 December 2014, and KMC enterprise value of S\$1,700m.
 (5) Excludes total assets attributable to corporate segment for Pre-Acquisition KIT and CIT.

Portfolio with potential to extend average life of distributions

Value beyond initial contract life



- KMC and Basslink have substantially longer design lives than existing contracts
- Could be extended with further capital expenditures
- Generate cash flows beyond the initial contract period

- Sole producer and retailer of town gas in Singapore
- Stable, recurring income from over 700,000 customers
- Well positioned to continue to be a competitive supplier to a large proportion of the residential customers in Singapore

Keppel Infrastructure

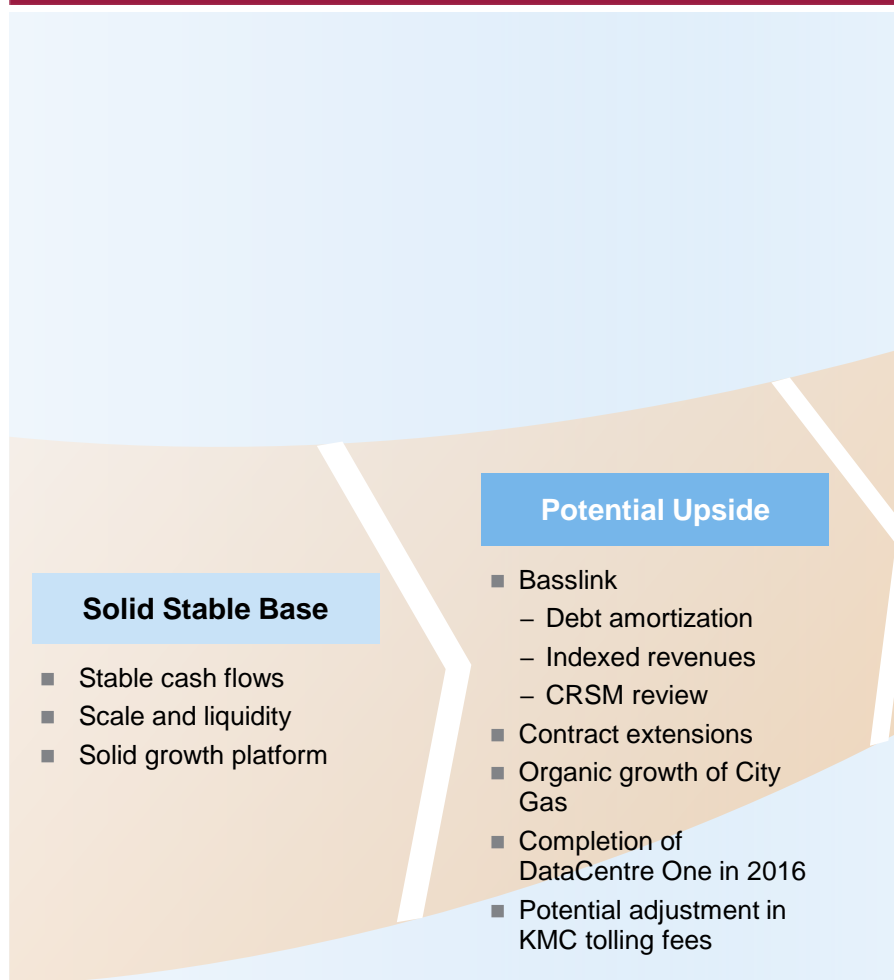
- A wholly-owned subsidiary of Keppel Corporation Limited
- Drives the Keppel group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services
- Complementary businesses to that of KIT's assets
- KIT will continue to benefit from Keppel Infrastructure's ("KI") sponsorship in the following ways
 - 1 Expertise and network in sourcing for and evaluating acquisitions
 - 2 Operational expertise in managing and operating KIT's assets
 - 3 Right of first refusal to acquire assets developed or incubated by KI
 - 4 Potential co-investment opportunities with KI, including warehousing suitable opportunities
- KIT Trustee-Manager has first rights over Keppel Energy's shares in KMC in the event that Keppel Energy wishes to divest its 49% interest in KMC, and vice-versa

KMC Acquisition demonstrates KI's commitment to KIT as a Sponsor by creating a suitable investment that generates stable cash flows for KIT

A three-pronged growth strategy

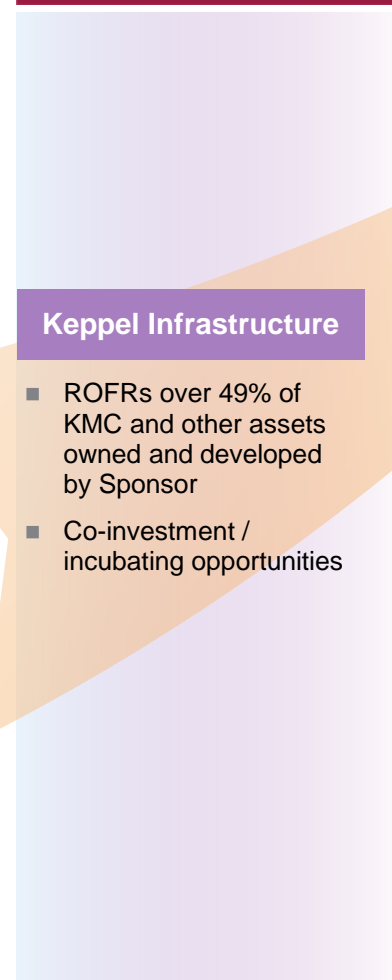
1

Growth of existing portfolio



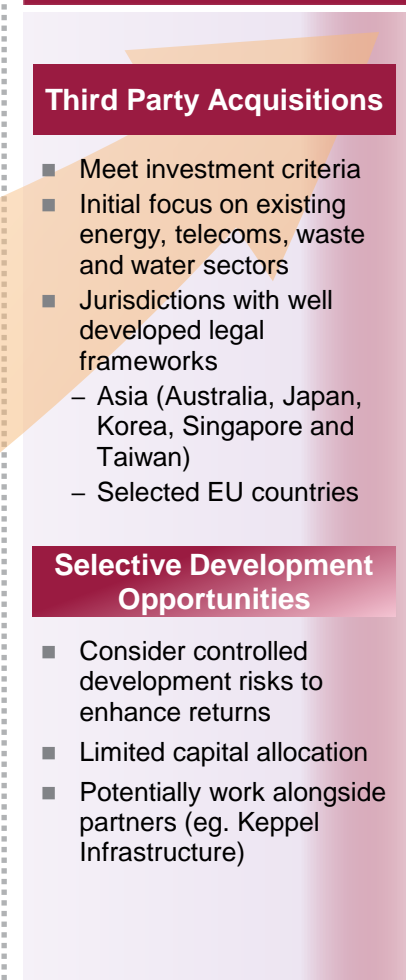
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Keppel sponsorship



3

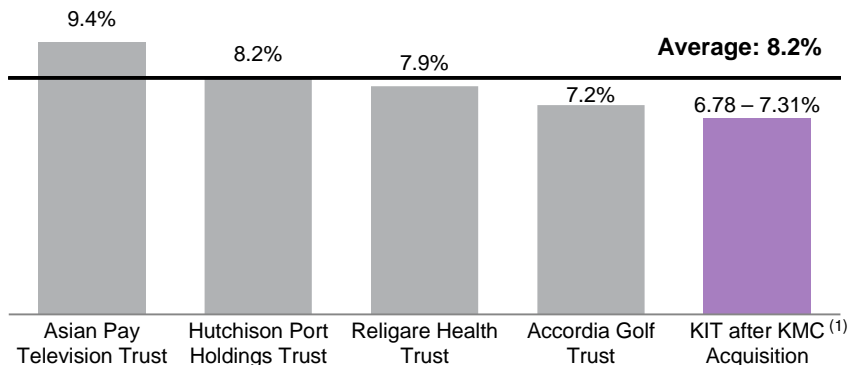
External opportunities



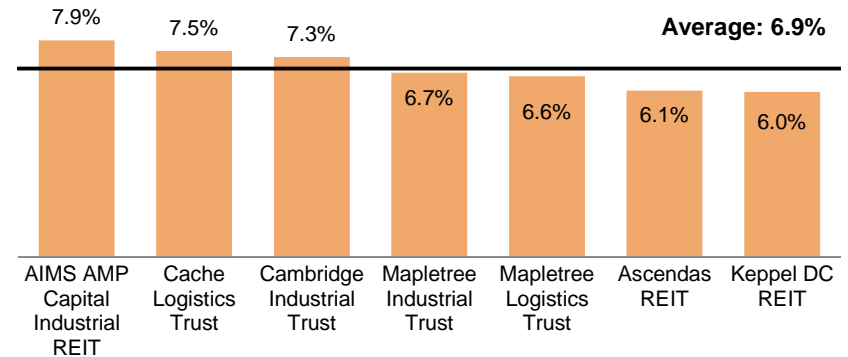
Attractive yield despite low risk profile

Forward dividend yield (2015E)

Infrastructure trusts



Singapore Industrial REITs



KIT offers compelling advantage over S-REITs

- 1 Limited supply of infrastructure assets vs. a less regulated property market that could be subject to over-supply
- 2 Stable and long-term cash flows across all economic cycles
 - Not correlated to GDP
 - Unlike REITs that are subject to rental cycles / renegotiations and fluctuating occupancy rates
- 3 Long-term contracts
 - Weighted average lease expiry (“WALE”) for Singapore Industrial REITs is approximately 3.5 years, whereas KIT’s contracts are 9.5 – 31 years⁽⁵⁾
- 4 Creditworthy and reputable offtakers
- 5 Conservative leverage positions KIT for growth

Source: Company financials, FactSet as of 19 May 2015.
 (1) Based on annualized DPU of 3.73 Singapore cents and a placement price of S\$0.51 – S\$0.55 / unit.

4. Pro forma financials



Financial snapshot

(in S\$m)	KIT after KMC Acquisition
<u>Cash flows</u>	
Adjusted EBITDA ⁽¹⁾	292.2 ⁽²⁾⁽³⁾
Distributable cash flows ⁽⁴⁾	169.3 ⁽²⁾⁽⁵⁾
Total distributions	143.2 ⁽²⁾⁽⁶⁾
DPU (cents)	3.73
<u>Leverage</u>	
Cash	276.6 ⁽⁷⁾⁽⁸⁾
Debt	1,875.1
Net debt / (cash)	1,598.5
Net debt / Total assets	39%
Net debt / Adjusted EBITDA	5.5x

- (1) Adjusted EBITDA means reported EBITDA plus reduction in concession receivable and excluding certain non-recurring expenses.
 (2) Includes S\$5.3m trustee manager fee savings.
 (3) Excludes Hydro Tasmania dispute settlement amount.
 (4) Adjusted EBITDA less KMC non-controlling interest, KMC interest expense, CIT interest expense, capex, SST loan repayment, tax, interest income, changes in working capital and others.
 (5) Excludes Hydro Tasmania dispute settlement amount, Basslink refinancing costs and investment in DataCentre One.

- (6) Based on 218,862,495 preferential units and 773,768,283 placement units (based on midpoint of range).
 (7) Includes restricted cash balance of S\$46.8m.
 (8) Does not include cash balance from KMC as these are considered advance payment of the capacity fees.

Sustainable capital structure

Conservative Leverage

- KIT after KMC Acquisition will have a gearing ratio⁽¹⁾ of 33.1%

Recent Refinancing

- Recent financing demonstrates lenders' confidence in the capital structure
 - KIT's, City Gas and Basslink loans were refinanced in 2014
 - KMC loan to be in place before closing

Asset Based Financing

- Apart from KIT's S\$142m corporate loans, the other loans are at the asset level and non-recourse
- Pre-Acquisition KIT in net cash position

Long Term High Quality Cash Flows

- Leverage supported by underlying long term stable cash flows
 - Long term contracts (9.5 – 31 years)⁽²⁾ with creditworthy counterparties such as government-linked entities and Keppel
 - City Gas' large and stable customer base

Interest Rate Risk Management

- Fixed interest rates in current rate environment and matching cash flow profile
- At least 80% of the loans will be hedged

Currency Hedge

- Borrowing in Australian currency provides a natural currency hedge against foreign exchange exposure arising from Basslink's cash flows

(1) Gearing ratio is defined as net debt over total assets based on the pro forma financial statements for the 12-month period ending 31 December 2014.

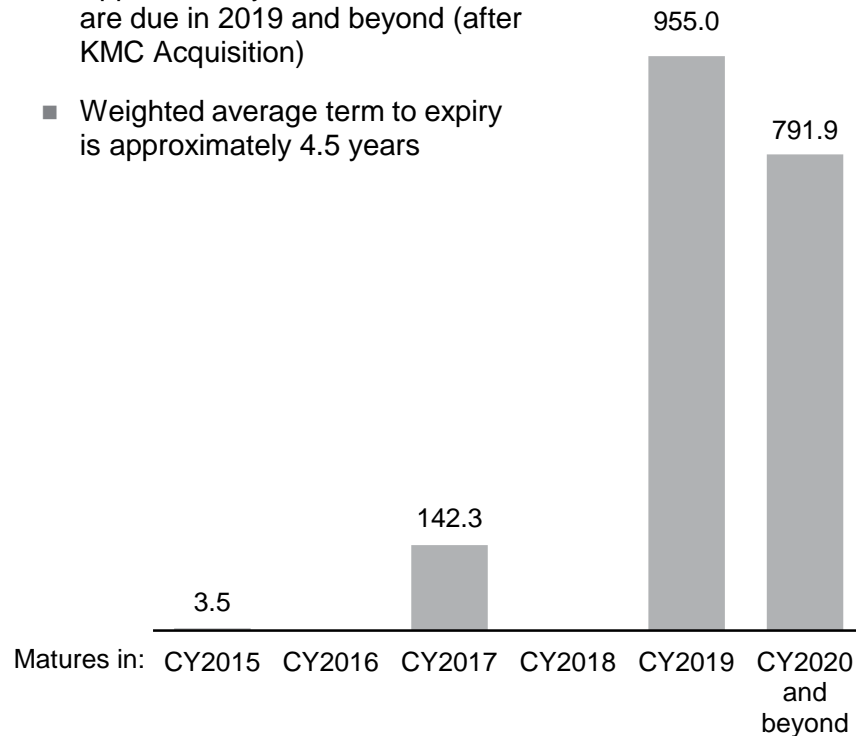
(2) Includes Basslink extension option.

Sustainable capital structure (cont'd)

Maturity profile

(in S\$m)

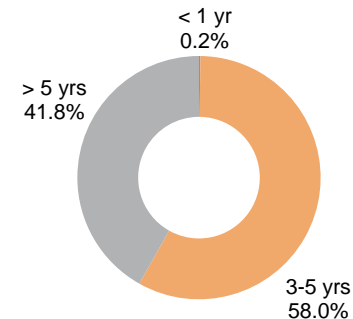
- Approximately 92% of KIT's loans are due in 2019 and beyond (after KMC Acquisition)
- Weighted average term to expiry is approximately 4.5 years



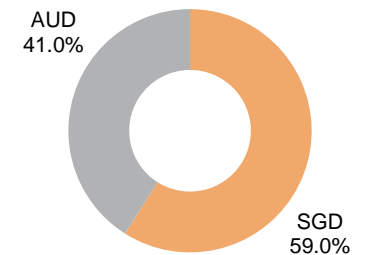
Debt overview

- Blended average interest rate between 4-5%
 - Singapore average interest rates between 3-4%
 - Australian average interest rates between 6-7%
- A\$ debt of A\$717m (S\$777m)⁽¹⁾
 - Interest rate hedged
 - Provides a natural currency hedge for Basslink A\$ cash flows

Debt breakdown by maturity

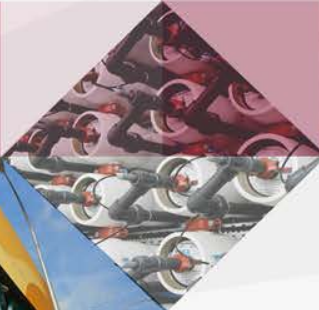


Debt breakdown by currency



(1) Assuming exchange rate of A\$1.00 = S\$1.083.

5. Conclusion



Why KIT?

Attractive risk adjusted returns

Underpinned by multiple core infrastructure assets

Generates long term high quality stable cash flows from credit worthy clients or a large customer base

Uncorrelated to GDP

Potential upsides from existing portfolio and future acquisitions

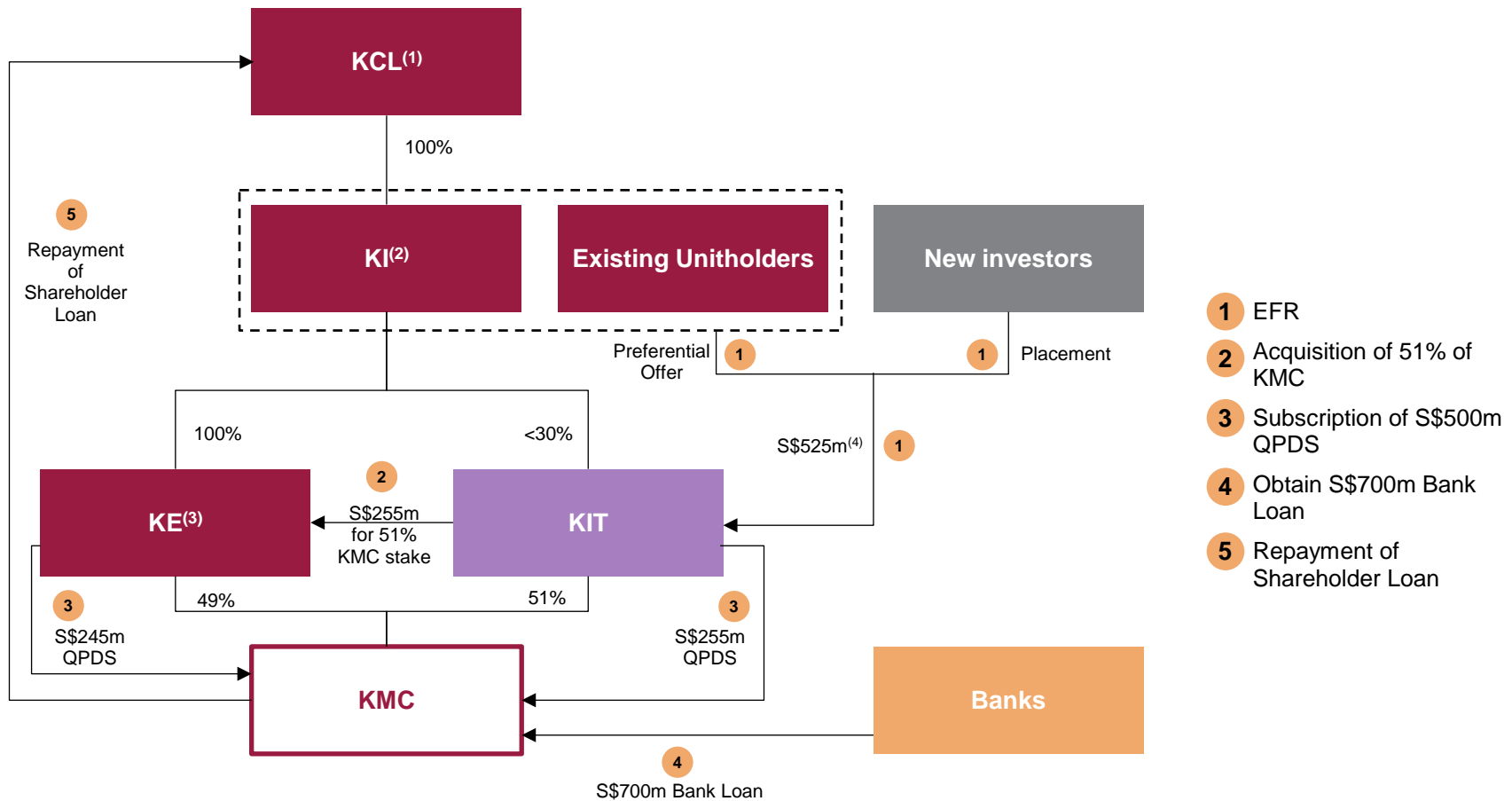
Future growth supported by sustainable leverage and better scale and liquidity

Appendices



Overview of the Proposed Transactions

KMC Acquisition Structure



(1) Keppel Corporation Limited.
 (2) Keppel Infrastructure Holdings Pte. Ltd.
 (3) Keppel Energy Pte. Ltd.
 (4) Including Trustee-Manager's 0.5% acquisition fee and other transaction related expenses.

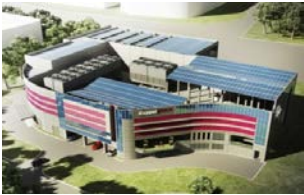
Pipeline from Sponsor

Keppel Infrastructure's pipeline



Keppel Merlimau Cogen - 49% through Keppel Energy

- Operational since 2007
- KI, as the sponsor of KIT, owns 49% shareholding in KMC through Keppel Energy



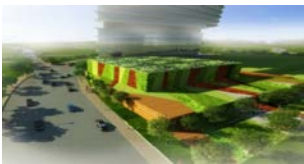
Changi Business Park - 100% through Keppel DHCS Pte Ltd (“ Keppel DHCS”)

- First district cooling systems (DCS) plant in Singapore since June 2000
- Plant design capacity of 37,000 refrigeration tonnes (RT)



One-North (Biopolis DCS) - 100% through Keppel DHCS

- Operational since July 2003, ongoing expansion will increase plant capacity to almost 30,000 RT in 2015



Mediapolis (connected to Biopolis DCS plant) - 100% through Keppel DHCS

- Plant design capacity of 28,000 RT, due for completion in 2015



Woodlands Wafer Fab Park (Keppel DHCS plant) - 100% through Keppel DHCS

- Operational since July 2006, with a plant capacity of 11,000 RT