

Keppel Infrastructure Trust



Analyst Briefing Presentation
Creating the largest Singapore infrastructure-focused business trust

18 November 2014

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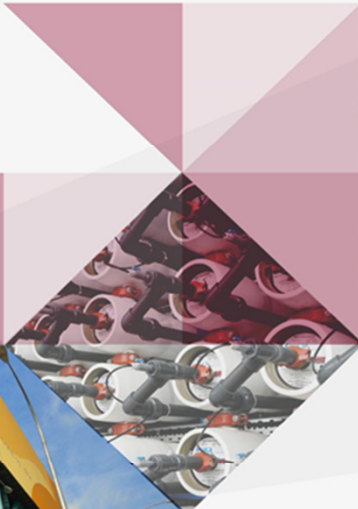
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Table of contents

1. Overview of the Proposed Transactions
2. Transaction Rationale

Appendices

1. Overview of the Proposed Transactions



Overview of the Proposed Transactions

1

Combination of Keppel Infrastructure Trust (“KIT”) and Cityspring Infrastructure Trust (“CIT”) (“Combination”)

2

Acquisition of 51% interest in Keppel Merlimau Cogen Pte Ltd (“KMC”) by KIT (“KMC Acquisition”) funded by an equity fund raising (“EFR”)

The Combined Trust will have proforma total assets of over S\$4 billion, making the Combined Trust the largest Singapore infrastructure-focused business trust

Overview of the Proposed Transactions

Combination of KIT and CIT

| | |
|------------------------------------|---|
| Overview | <ul style="list-style-type: none"> ■ Combine KIT's asset portfolio with CIT's <ul style="list-style-type: none"> – KIT selling all its business undertakings and assets to CIT in exchange for new units in CIT – KIT will then carry out a distribution-in-specie of the new CIT units to KIT's unitholders – CIT to be renamed Keppel Infrastructure Trust ("Combined Trust") ■ Distribution of S\$30m to CIT unitholders before Completion ■ Distribution of S\$30m to unitholders⁽¹⁾ after Completion and before EFR |
| Consideration | <ul style="list-style-type: none"> ■ Swap ratio of 2.106⁽²⁾ CIT units for every 1 KIT unit <ul style="list-style-type: none"> – Swap ratio is fixed and is not subject to any adjustment – Swap ratio based on the 180-day VWAP prices of KIT (S\$1.0446) and CIT (S\$0.4960)⁽²⁾ |
| Sponsor and Trustee-Manager | <ul style="list-style-type: none"> ■ Keppel (22.9%) and Temasek (19.97%) remain as the two largest unitholders ■ Keppel Infrastructure Fund Management Pte Ltd ("KIFM")⁽³⁾ will become the trustee-manager of the Combined Trust ■ The Combined Trust's trustee-manager fees will be revised to adopt the KIFM fee structure and deliver cost savings of approximately S\$3.6m⁽⁴⁾ to unitholders ■ Keppel has agreed that KIFM shall waive its divestment fee for the Combination ■ Temasek, as owner of CSIM, will not receive compensation for CSIM relinquishing its role as trustee-manager of CIT |
| Conditions | <ul style="list-style-type: none"> ■ Approval of KIT and CIT unitholders at their respective EGMs <ul style="list-style-type: none"> – Keppel and Temasek will be required to abstain from voting in these Interested Person Transactions ("IPT") ■ Other regulatory approvals and consents (including SGX, EMA, PUB, NEA, IDA, etc.) ■ Combination is conditional upon the approval of the KMC Acquisition, but not vice versa |
| Completion | <ul style="list-style-type: none"> ■ Expected Completion in 2Q CY2015 ■ Completion will take place after all conditions precedent have been fulfilled, including the execution of definitive transaction documents for the KMC Acquisition |

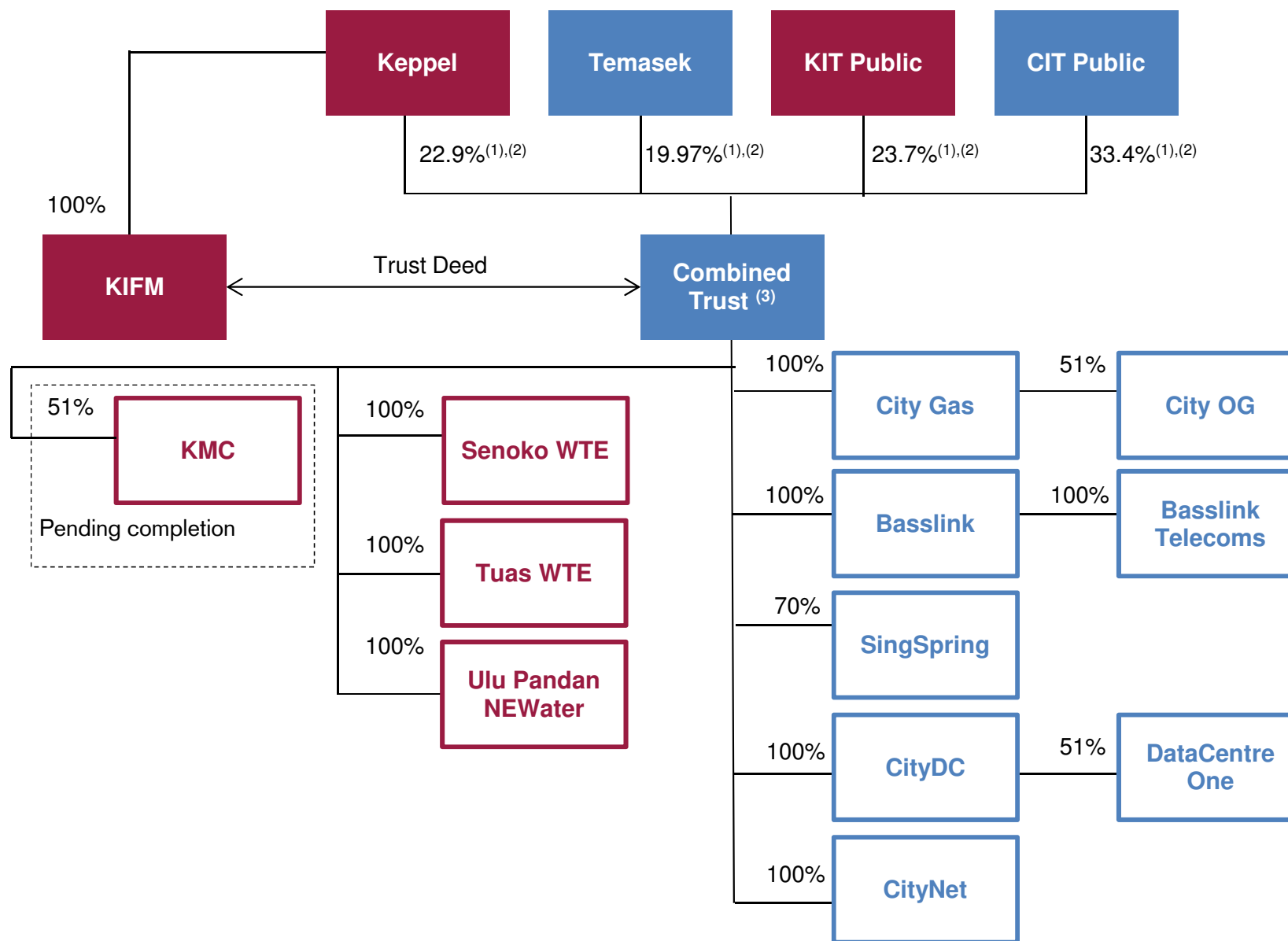
(1) Including KIT unitholders whose KIT units are swapped into CIT units according to the swap ratio.

(2) Based on the 180-day volume weighted average price ("VWAP") as of 13 November 2014, being the last full trading day of both KIT and CIT prior to this announcement.

(3) Or another related entity of Keppel.

(4) Based on a comparison of KIFM's fee structure for KIT and CSIM's fee structure for CIT, had the Combination been completed and KIFM's fee structure been adopted on 1 January 2013, the Combined Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$3.6 million for the calendar year ended 31 December 2013 assuming no fees were payable for acquisitions or divestments..

Combined Trust structure



- (1) Holdings shown above are post completion of the Combination, but exclude the EFR for the KMC Acquisition.
- (2) Based on the 180-day VWAP as of 13 November 2014. 180-day VWAP for KIT = S\$1.0446; 180-day VWAP for CIT = S\$0.4960, resulting in a swap ratio of 2.106 CIT units per 1 KIT unit.
- (3) Combined Trust will be renamed Keppel Infrastructure Trust.

Overview of the Proposed Transactions

The KMC Acquisition

| | |
|---|---|
| Overview | <ul style="list-style-type: none">■ Acquisition of a 51% stake in KMC from Keppel Energy Pte Ltd (“KE”)■ KMC owns Keppel Merlimau Cogen Plant<ul style="list-style-type: none">– 1,300 MW combined cycle gas turbine generation facility located on Jurong Island, Singapore |
| Consideration | <ul style="list-style-type: none">■ Cash consideration of S\$510m (financed by an EFR exercise)■ The equity value of KMC is based on an enterprise value of S\$1.7 billion, less S\$700m loan to be raised by KMC |
| Capacity Tolling Agreement (“CTA”) | <ul style="list-style-type: none">■ CTA for 15 years with potential extension for further 10 years■ Contract full capacity with Keppel Electric Pte Ltd (“Keppel Electric”)<ul style="list-style-type: none">– Under the CTA, the maximum capacity fee is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC’s operating costs being passed through |
| Conditions | <ul style="list-style-type: none">■ Approval of KIT unitholders at an EGM<ul style="list-style-type: none">– Keppel will be required to abstain from voting in this IPT■ Successful debt fund raising of S\$700m by KMC■ Other regulatory approvals and consents■ The KMC Acquisition is conditional upon the approval of the EFR |
| Completion | <ul style="list-style-type: none">■ Expected Completion in 2Q CY2015■ Completion will take place after all conditions precedent have been fulfilled, including the execution of definitive transaction documents |

KMC Acquisition demonstrates the commitment of Keppel Infrastructure Holdings Pte Ltd (“KI”) to grow KIT by creating investment opportunities that are suitable for the trust

The Keppel Merlimau Cogen Plant Opportunity

Asset description

| Metric | Data |
|---------------------------|---|
| Total generating capacity | 1,300 MW, CCGT |
| Location | Tembusu sector, Jurong Island, Singapore |
| Weighted average age | ~4 years |
| Design life | ~25 years |
| Land lease | Expiring 2035 with 30-year extension option |
| Generation licence | 30 years from 2003 |



KMC – 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

KMC – Providing long term and stable cash flows

- ✓ Full capacity contracted exclusively with Keppel Electric
- ✓ Under the CTA, the maximum capacity fee is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through
- ✓ Mitigates the volatility caused by movements in electricity price and demand in the Singapore merchant power market
- ✓ KI to guarantee Keppel Electric's payment obligations
- ✓ KMC plant will continue to be run by the team which has operated it since 2007 under a long term operations and maintenance contract with KMC O&M Pte Ltd

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

Overview of the Proposed Transactions

EFR for the KMC Acquisition

| | |
|---------------------------|---|
| Size | <ul style="list-style-type: none">■ Targeted EFR size of up to S\$525m |
| Use of Proceeds | <ul style="list-style-type: none">■ To fund the KMC Acquisition and other transaction related expenses |
| Offer Structure | <ul style="list-style-type: none">■ Placement to institutional and other investors, and■ Preferential offering to existing unitholders■ Further details to be set out in the unitholders' circular |
| Issuing Entity | <ul style="list-style-type: none">■ EFR will be completed by the Combined Trust, if the Combination is approved by KIT and CIT unitholders<ul style="list-style-type: none">– KIT unitholders who receive CIT units would be eligible to participate in the preferential offering■ If the Combination is not approved, KIT will proceed with the EFR |
| Unitholder Support | <ul style="list-style-type: none">■ Keppel and Temasek intend to subscribe for their pro-rata entitlements under the preferential offer■ Keppel and Temasek do not intend to dispose of their units in the Combined Trust from the date of completion of the Combination, to a date no earlier than 12 months following the completion of the EFR |

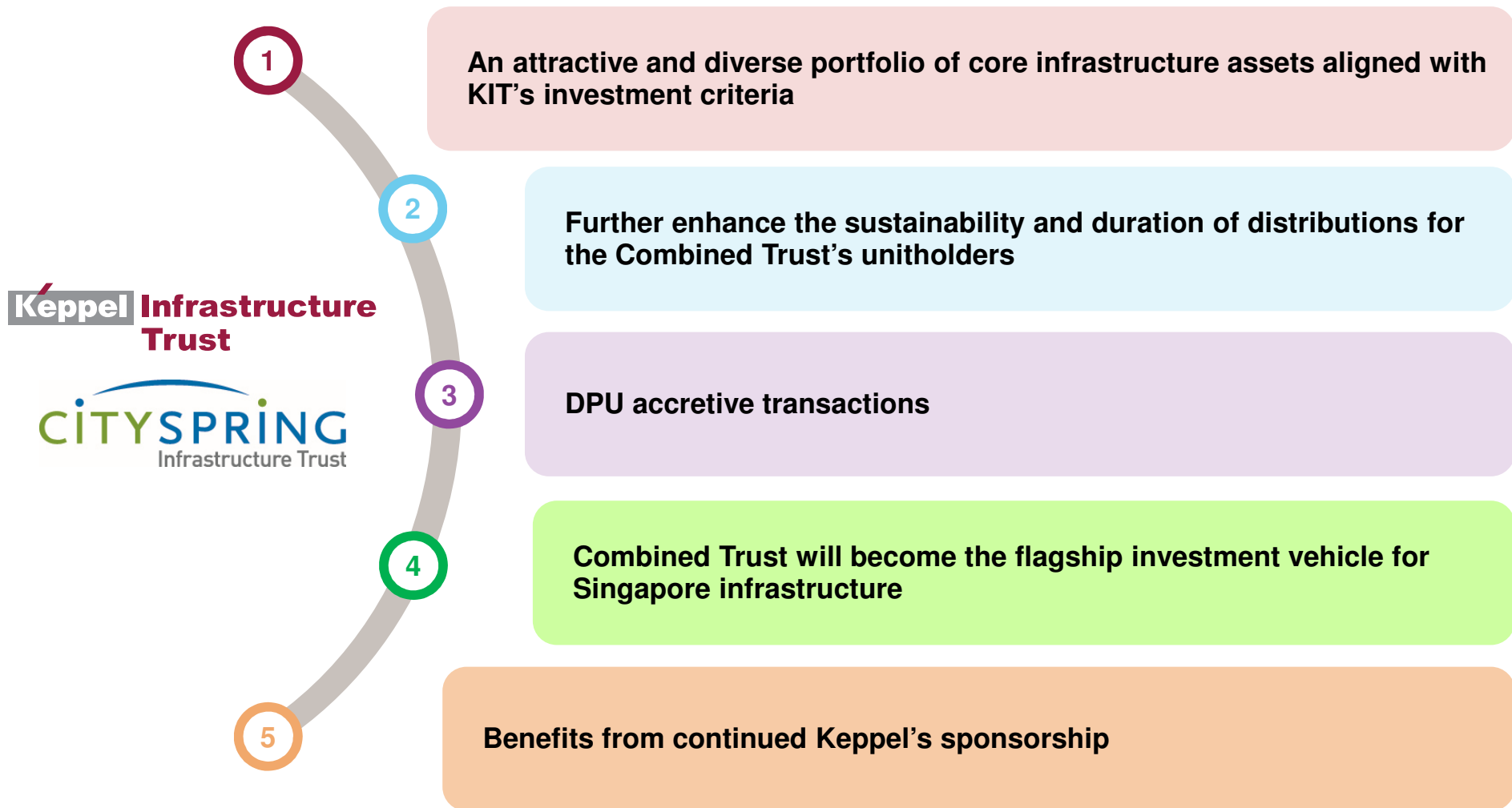
Launch time of the EFR exercise following completion of the Combination, dependent on market conditions

2. Transaction rationale



Transaction rationale

The Combination will create a large and well-diversified portfolio of core infrastructure assets that will underpin future distributions and growth



An attractive portfolio of core infrastructure assets aligned with KIT's investment criteria...

KIT Investment Criteria

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

CIT portfolio of highly strategic assets

| City Gas | SingSpring | Basslink | DataCentre One | KMC |
|---|---|---|--|---|
| ■ Sole producer and retailer of town gas in Singapore | ■ Singapore's first large-scale seawater desalination plant | ■ Only electricity interconnector between Tasmania and mainland Australia | ■ Uptime Institute Tier 3 datacentre (estimated completion in 1Q CY2016) | ■ A top-tier gas-fired power plant in Singapore |

| | | | | | | |
|---|---|------------------|---|---|---|---|
| 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 | ✓ | ✓ | ✓ | ✓ | ✓ |

CIT's portfolio of core infrastructure assets as well as KMC serve basic essential needs and are not easily replicated

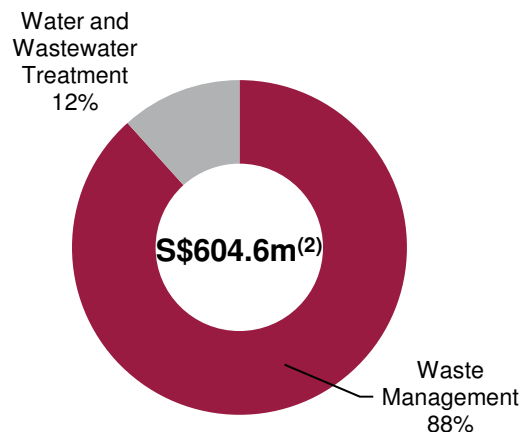
(1) City Gas has been in operation for over 100 years.

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

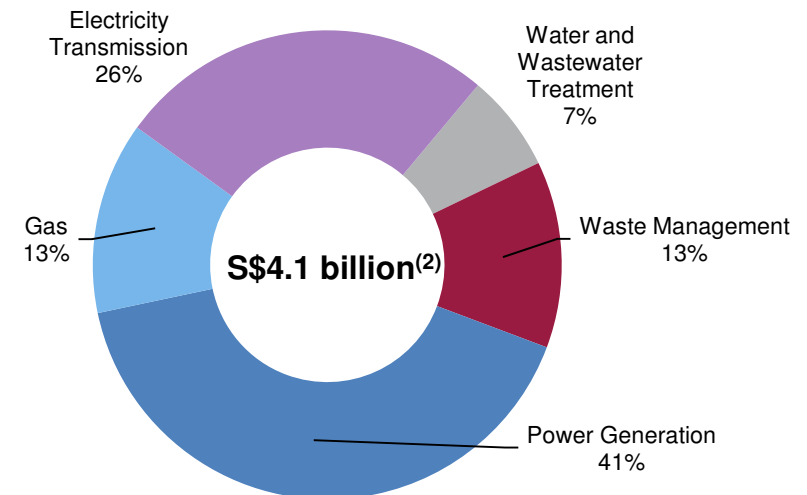
...a portfolio of core infrastructure assets providing diversification

- ✓ Diverse portfolio of core infrastructure assets
- ✓ Located in jurisdictions with well-developed legal framework

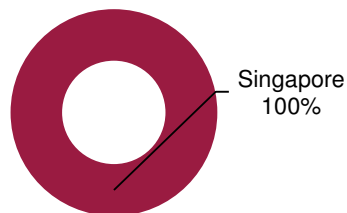
Total assets by segment (KIT)



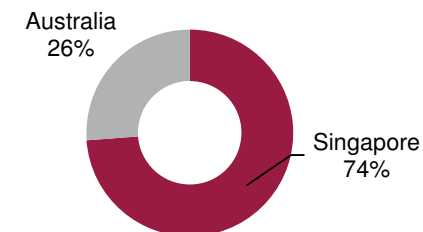
Total assets by segment (KIT + KMC + CIT) ⁽¹⁾



Total assets by geography (KIT)



Total assets by geography (KIT + KMC + CIT) ⁽¹⁾



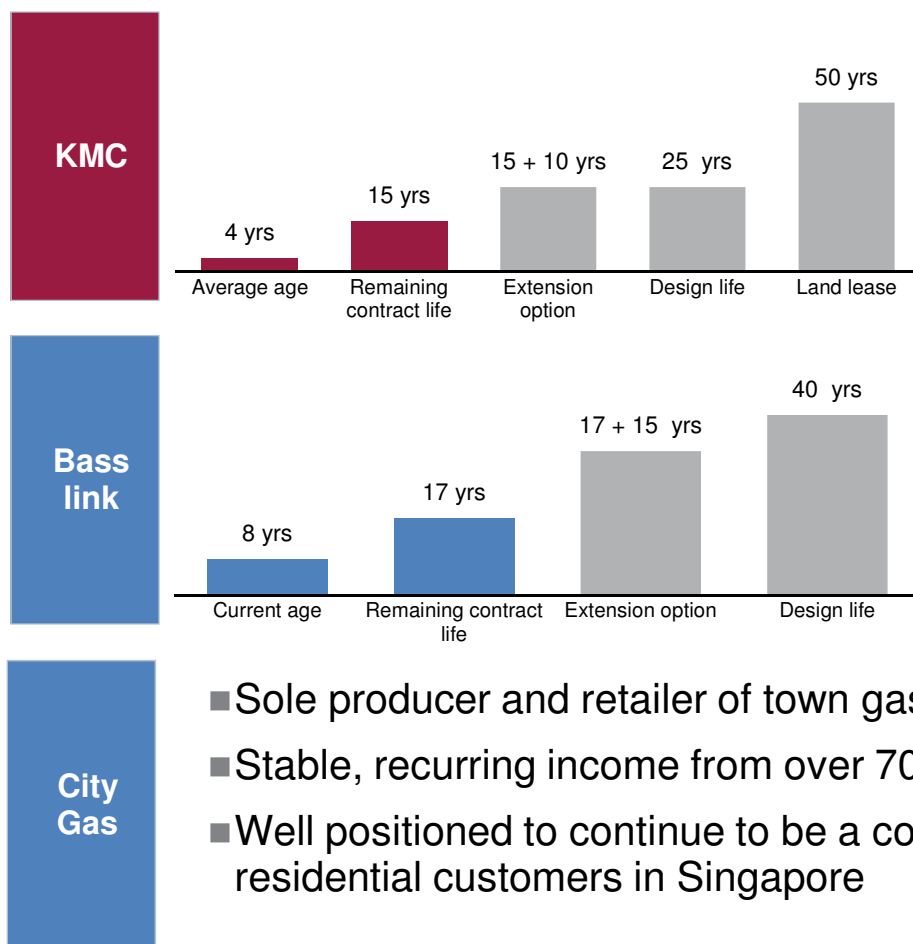
The Combination, coupled with the KMC Acquisition, would provide the Combined Trust with a well-diversified asset portfolio

(1) Comprises of KIT total assets based on FY2013 management accounts, CIT total assets based on FY2014 audited financials, and KMC enterprise value of S\$1,700m.

(2) Excludes total assets attributable to corporate segment.

Further enhance the sustainability and duration of distributions for the Combined Trust's Unitholders

Potential for extension beyond existing contract life



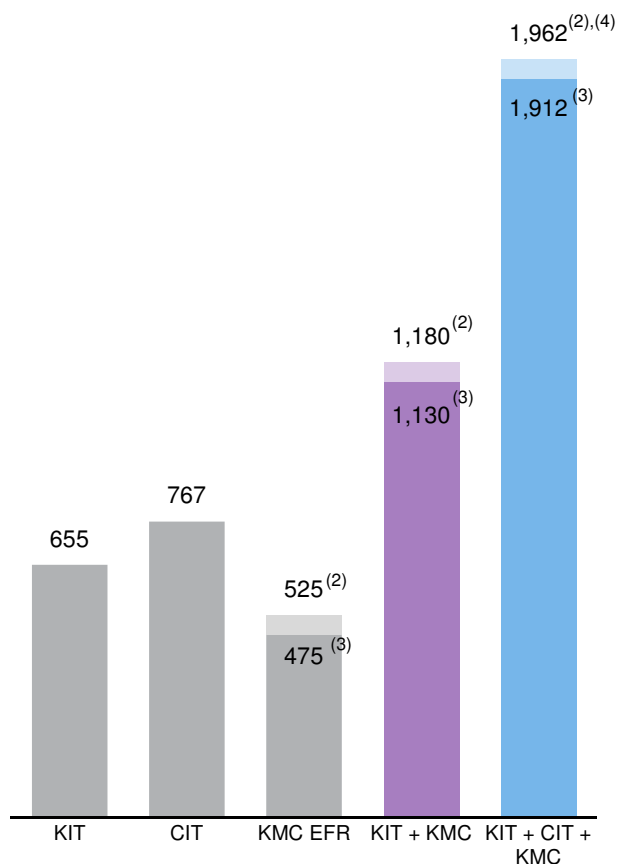
- KMC and Basslink have substantially longer design lives than existing contracts
- Could be extended with further capital expenditures
- Generate cashflows beyond the initial contract period

- 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

The Combination, coupled with the KMC Acquisition, would help extend the average life of the Combined Trust's cash flow generating assets

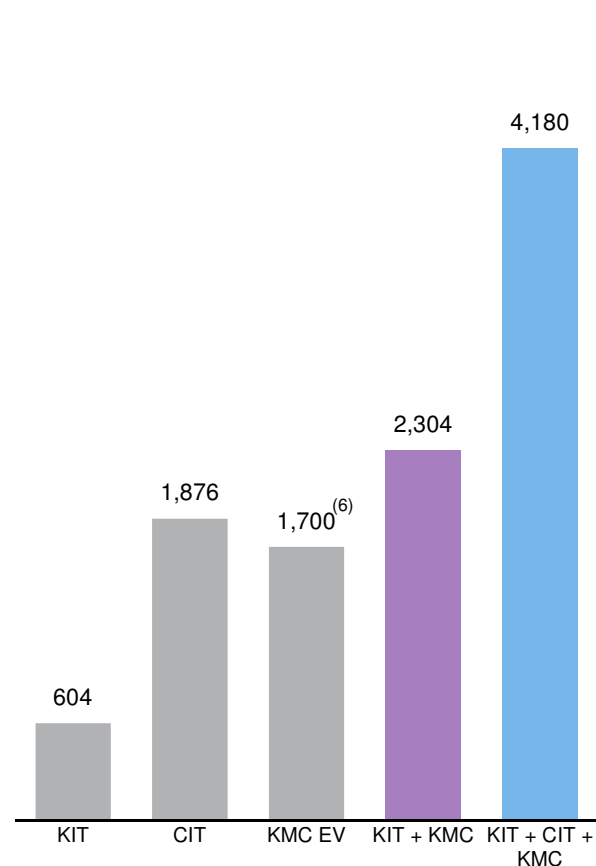
Market value ⁽¹⁾

(S\$m)



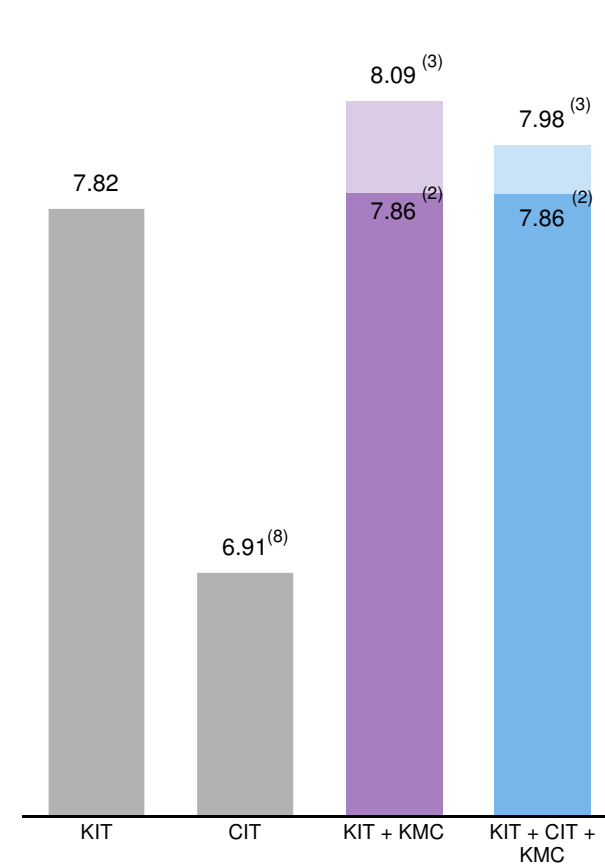
Total assets ⁽⁵⁾

(S\$m)



DPU ⁽⁷⁾

(S\$ cents)



Note:

Proforma financial impact calculated on the bases and assumptions set out in the SGXNET announcements.

(1) Based on last close unit price of S\$1.04 for KIT and S\$0.505 for CIT as at 13 November 2014, and assumes S\$525m EFR.

(2) Assuming S\$525m EFR.

(3) Assuming S\$475m EFR.

(4) Based on swap ratio of 2.106, post Combination, CIT / Combined Trust will have 2,845,212,436 units outstanding. Implied market value of S\$1,437m based on CIT's last closing price of S\$0.505 for KIT + CIT, plus S\$525m EFR, for total market value of S\$1,962m.

(5) KIT and CIT total assets as of 30 September 2014.

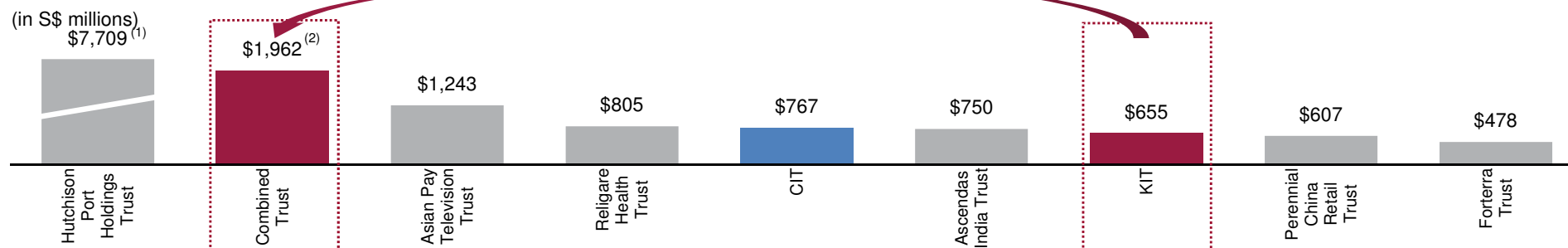
(6) 100% of the enterprise value of KMC.

(7) From the perspective of KIT unitholders, taking into account the swap ratio of 2.106 CIT units for every 1 KIT unit.

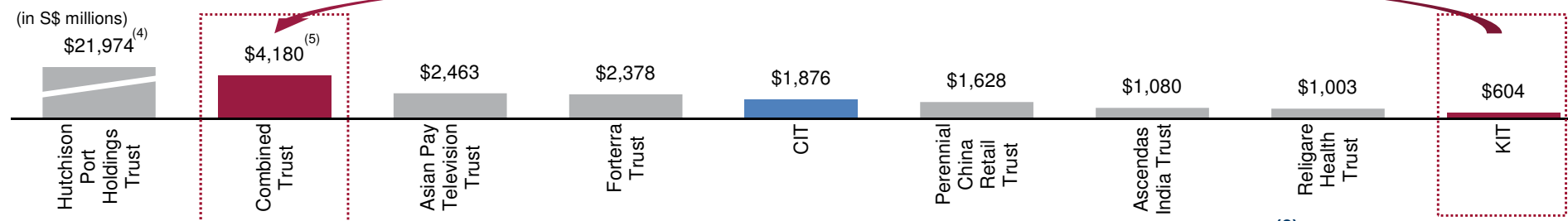
(8) Based on the CIT DPU of 3.28 cents and the swap ratio of 2.106.

Combined Trust will become the flagship investment vehicle for Singapore infrastructure

Market capitalization

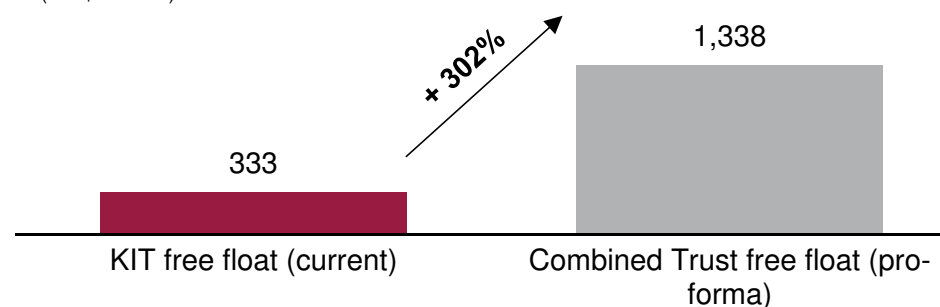


Total assets⁽³⁾



Free float (current vs pro forma)⁽⁶⁾

(in S\$ millions)



- ✓ Largest Singapore infrastructure-focused business trust
- ✓ Second largest business trust listed in Singapore
- ✓ Flagship investment vehicle for investors looking to get exposure to the Singapore infrastructure sector
- ✓ Increased size and scale
- ✓ Further strengthen ability to pursue larger acquisitions
- ✓ Expand the free float and enhance liquidity of units
- ✓ Attract greater broker research coverage

The proposed combination will allow KIT to increase size and scale, broaden its investor base as well as improve the liquidity and research coverage of the Combined Trust's units

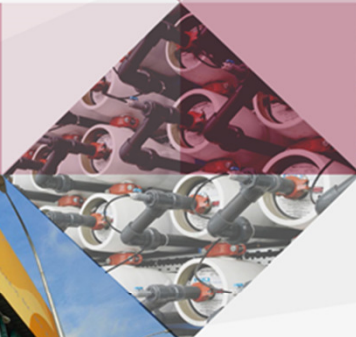
Source: Company information and FactSet as of 13 November 2014.
 (1) Based on share price of S\$0.885 as of 13 November 2014 as disclosed on Hutchison Port Holdings Trust website.
 (2) Based on swap ratio of 2.106, post Combination, CIT / Combined Trust will have 2,845,212,436 units outstanding. Implied market value of Combined Trust is based on CIT's last closing price of S\$0.505 plus assuming a S\$525mn equity fund raising. This should not be interpreted to mean that the Combined Trust will trade at such market capitalization at the completion of the proposed transactions.
 (3) Total assets as of 30 September 2014.
 (4) Assuming exchange rate of HK\$1.00 = S\$0.1642 as of 30 September 2014.
 (5) Comprised of S\$603.7m, S\$1,876.4m and S\$1,700m of total assets of KIT, CIT and KMC, respectively, as of 30 September 2014.
 (6) Current free float as of 13 November 2014 and pro forma free float based on KIT last close as of 13 November 2014 and includes EFR for KMC Acquisition as per bases and assumptions set out in the SGXNET announcements.

Benefits from continued Keppel's sponsorship

Keppel Infrastructure

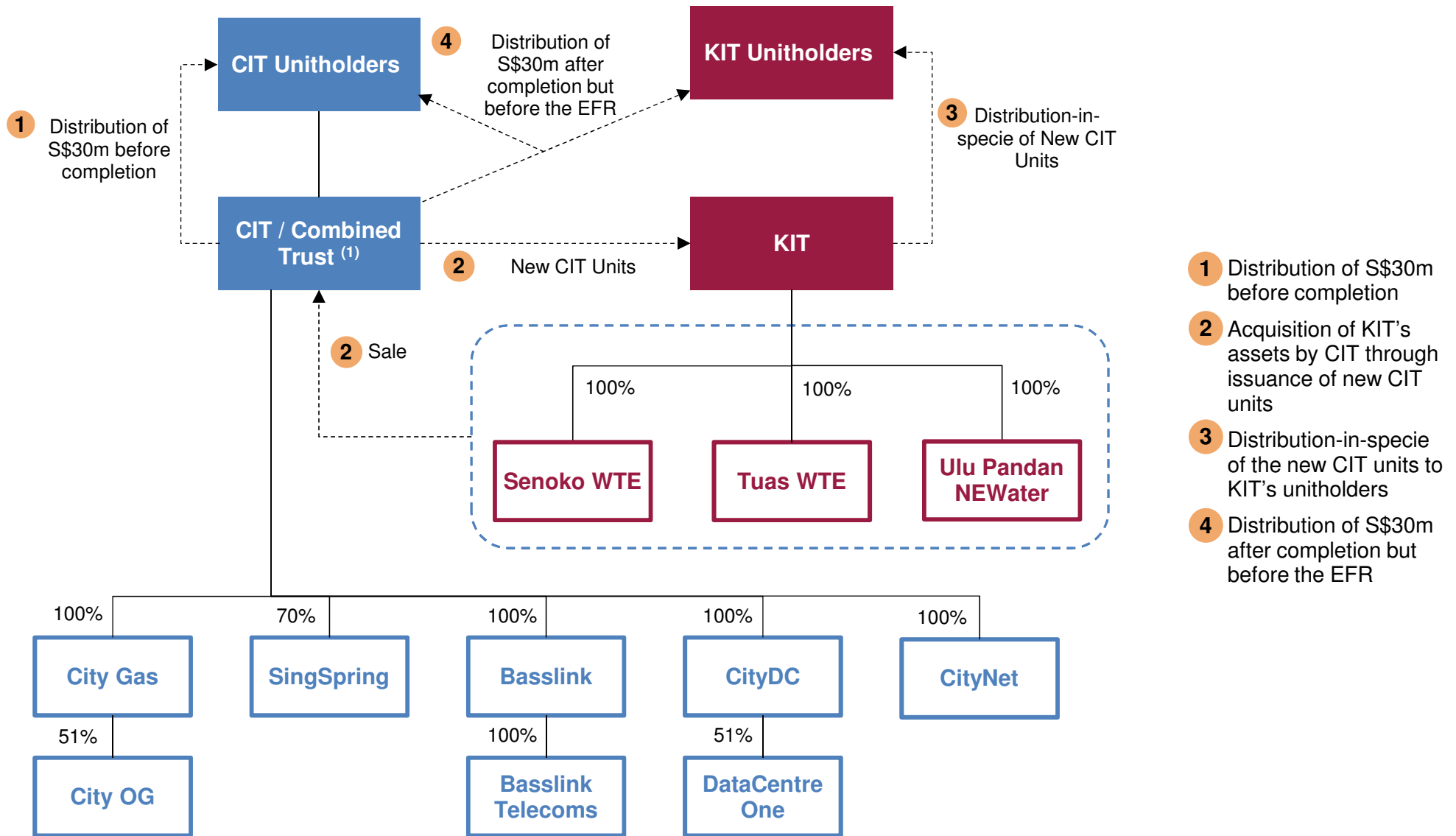
- A wholly-owned subsidiary of Keppel Corporation Limited ("KCL")
- Drives the Keppel group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services
- Complementary businesses to that of the Combined Trust's assets
- Combined Trust will continue to benefit from KI's sponsorship in the following ways
 - 1 Expertise and network in sourcing for and evaluating acquisitions
 - 2 Operational expertise in managing and operating the Combined Trust's assets
 - 3 First right of refusal to acquire assets developed or incubated by KI
 - 4 Potential co-investment opportunities with KI, including warehousing suitable opportunities
- KMC Acquisition demonstrates KI's commitment to KIT as a Sponsor, by creating a suitable investment that generates stable cash flows for KIT whilst preserving the option for KIT to enjoy potential upside from the Singapore power sector in the future
- KIT Trustee-Manager has first rights over Keppel Energy's shares in KMC in the event that Keppel Energy wishes to divest its 49% interests in KMC, and vice-versa

Appendices



Overview of the Proposed Transactions

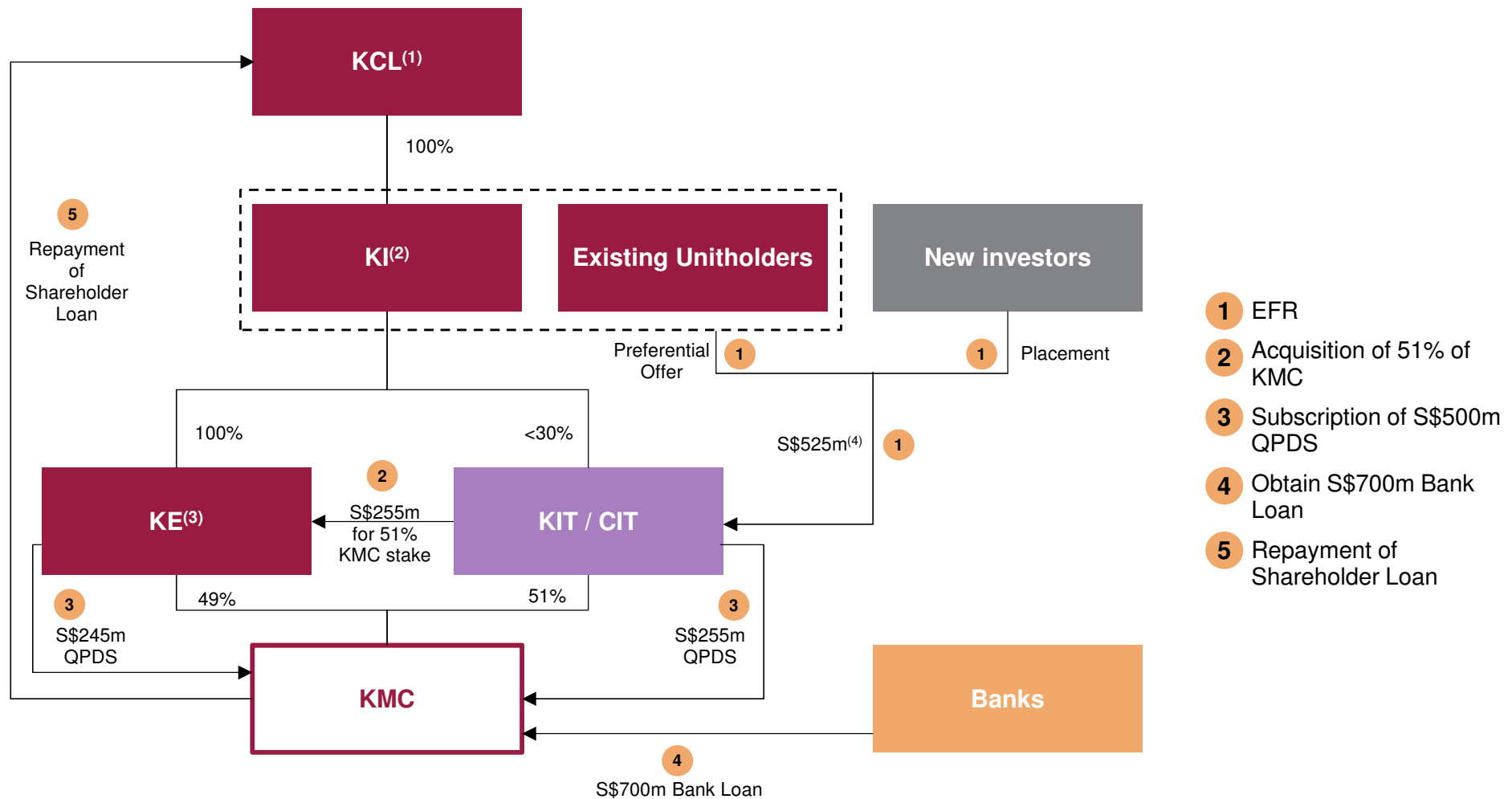
Transaction structure of the Combination



(1) The Combined Trust will be renamed Keppel Infrastructure Trust.

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.

Approvals at EGM

Entity

Resolutions

KIT

- EGM
 - Ordinary resolution to include:
 - KMC Acquisition and EFR
 - The Combination
 - Special resolution for the voluntary winding-up and dissolution of KIT
- The Combination is an “interested person transaction” of KIT
- KMC Acquisition is an “interested person transaction” of KIT
- Keppel will be required to abstain from voting

CIT

- EGM
 - Ordinary resolution to include:
 - The Combination and KMC EFR
 - Appointment of KIFM⁽¹⁾ as the Combined Trust’s trustee-manager
 - Special resolution for the amendment of the CIT trust deed to reflect the proposed fee structure of the Combined Trustee-Manager, amongst other amendments
- The Combination is an “interested person transaction” of CIT
- Temasek will be required to abstain from voting

Further details of the Proposed Transactions will be set out in a circular which will be despatched to unitholders in due course

Note: In the meantime, unitholders are advised to exercise precaution in relation to their units until they or their advisers have considered the information and the recommendations to be set out in the circular.

(1) Or another related entity of KIFM.