



Annual General Meeting - Presentation

10 July 2012

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1 Overview

2 Businesses

3 Financial Results

4 Strategy for Growth

Background

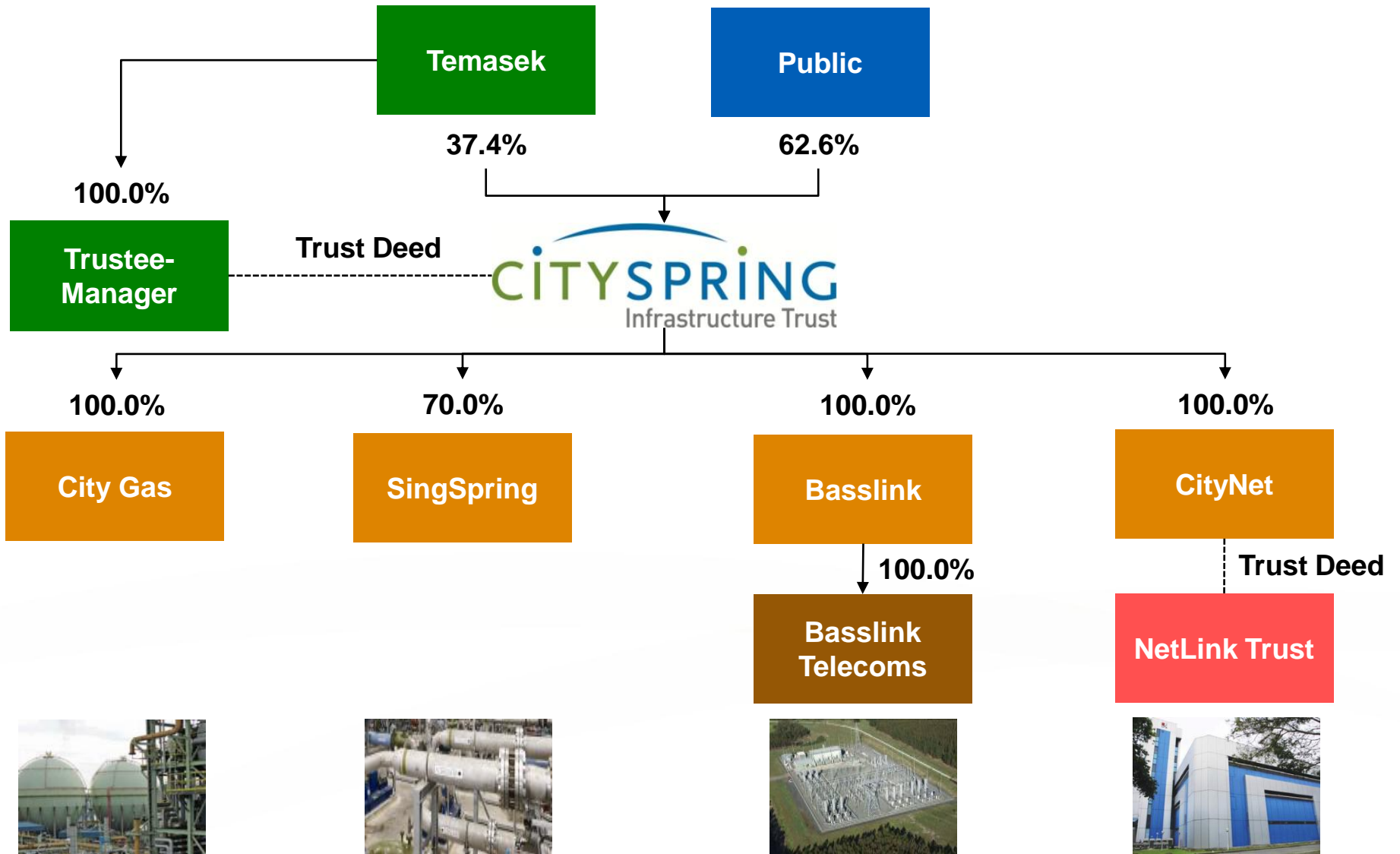
- First infrastructure business trust listed on the Mainboard of the SGX-ST
- Temasek's platform for infrastructure investments
 - Supports CitySpring's aim to position itself as a leading player in the infrastructure sector

Investors

- Sponsor – Temasek is CitySpring's largest unitholder (37.4%)
- Approximately 20,000 investors

Investment Mandate

- Investment criteria:
 - Long term, regular and predictable cashflow
 - Long term capital growth
 - Exercise control/significant influence
- Primary geographical focus in Asia, Middle East, Australia and New Zealand
- Sector focus in utilities, transportation/logistics and communications



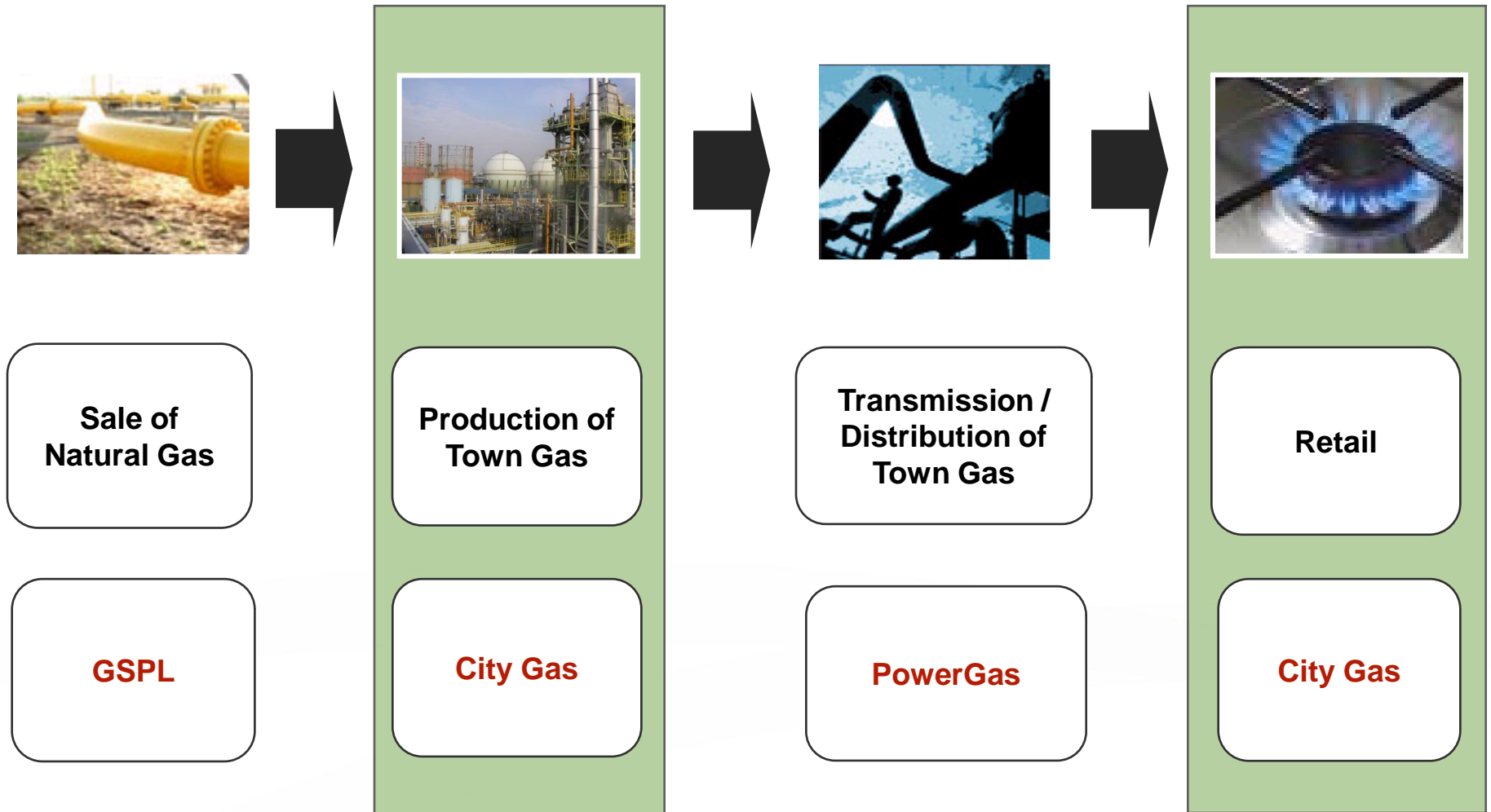
Owns and operates essential utility assets

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Sole producer and retailer of town gas in Singapore

Stable cashflow from a wide customer base of over 650,000 customers as at end of FY2012

**Singapore's Water Policy –
"Four Taps Approach"**

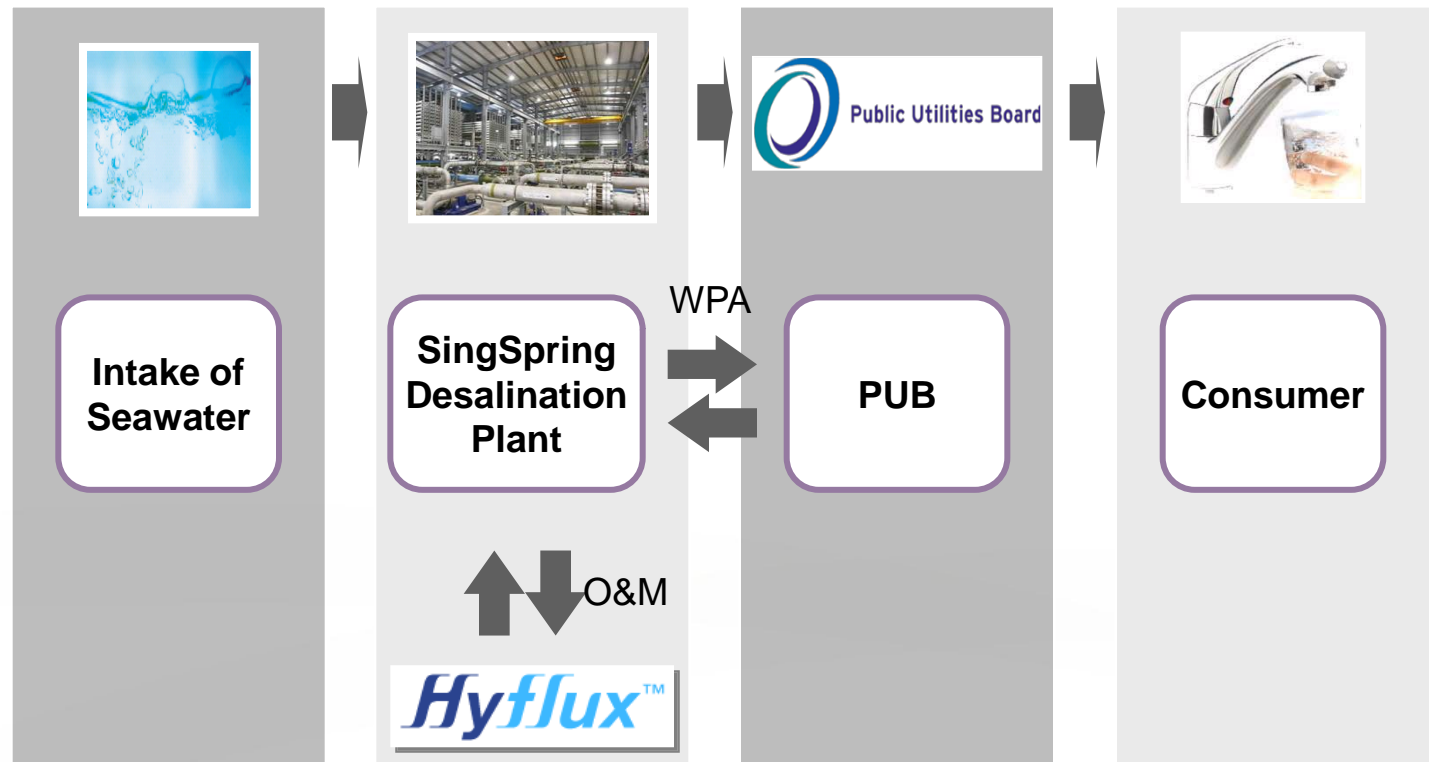
1. Local Catchment Water

2. Imported Johor Water

3. NEWater – Recycled
Water

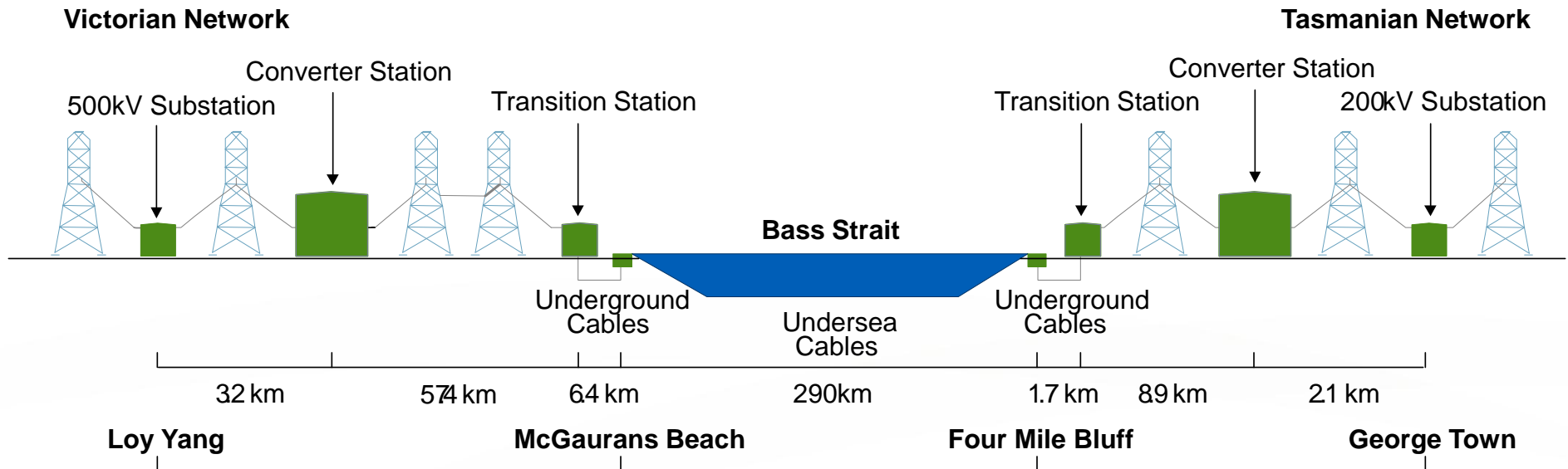
4. Desalinated Water

Seawater Desalination Process



**Long-term, regular and predictable cashflow due to
Water Purchase Agreement with PUB**

- **Unique:** Basslink is the only subsea electricity transmission cable, connecting the states of Victoria and Tasmania in Australia
- **Strategic:** Basslink was constructed to allow Tasmania to participate in the National Electricity Market (“NEM”) and to provide power stability

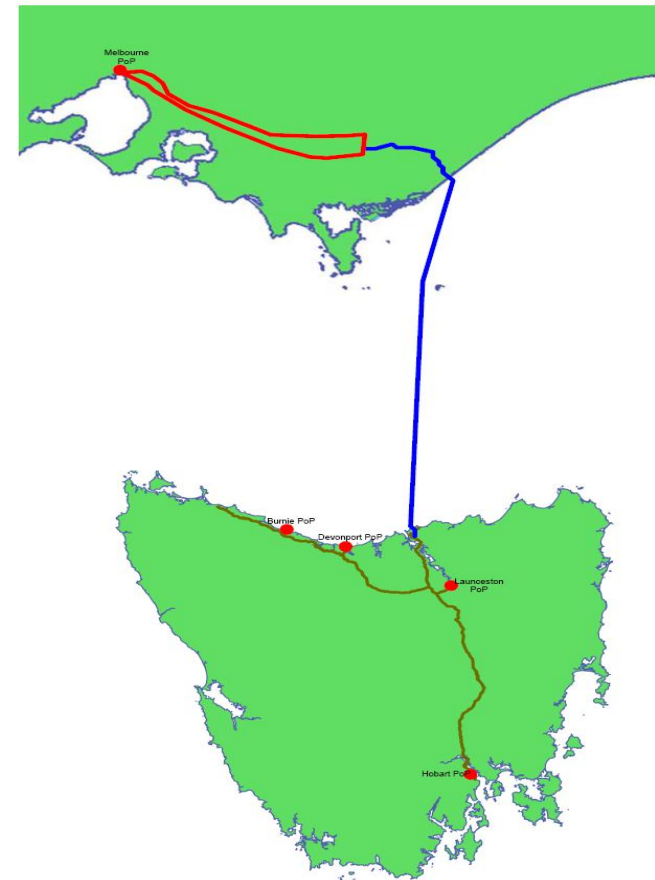


Cashflow underpinned by long-term contract with Hydro Tasmania

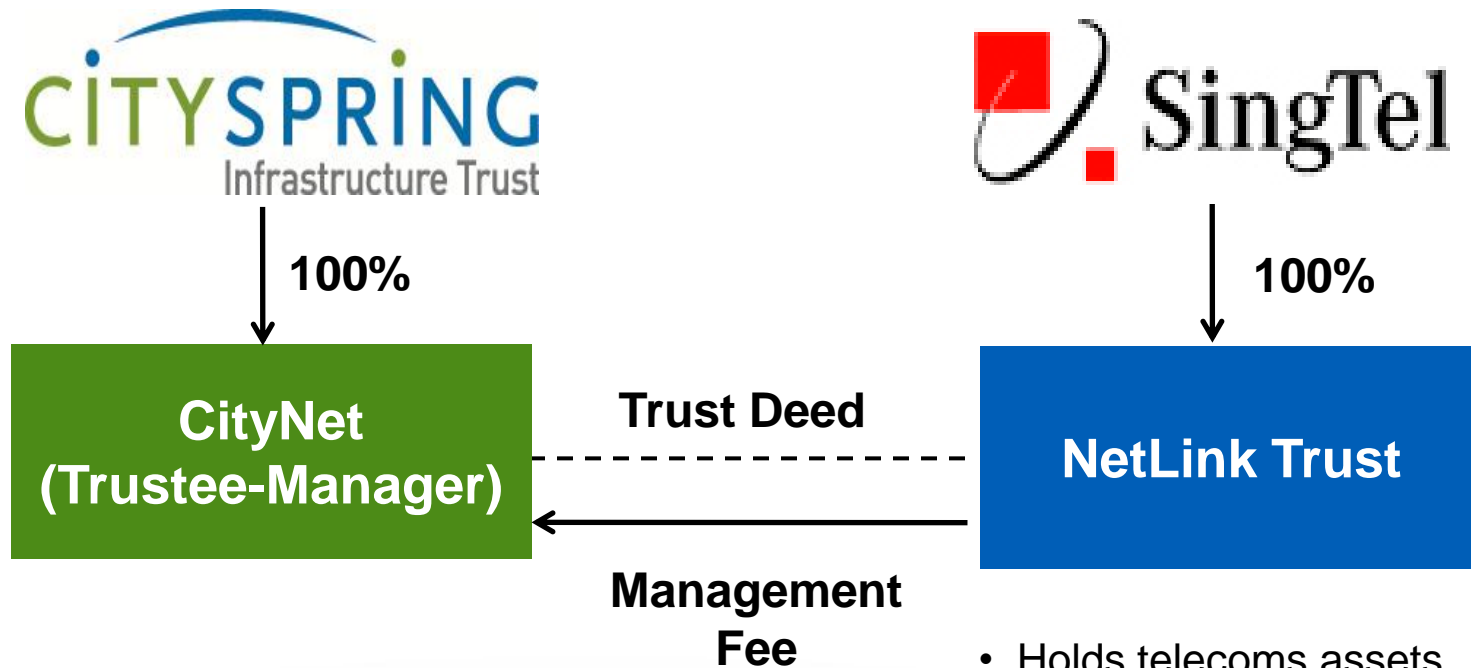
- On 3 July 2009, Basslink’s fibre optic cables were commercialised and started carrying customers’ traffic
- Basslink Telecoms, as a wholesale service provider, offers **basic IP connectivity and transmission capacity** from PoPs⁽¹⁾ in Tasmania via Bass Strait to PoPs in Melbourne
 - 2 PoPs in Hobart, Tasmania – PipeNetwork and Aurora Datacentres
 - 2 PoPs in Melbourne – Primus and NextGen Datacentres

Note:-

(1) Points of presence



The only alternative provider of telecommunication connectivity between Tasmania and mainland Australia, and is seen as highly strategic



- Holds telecoms assets transferred from SingTel:
 - Exchange buildings
 - Ducts and manholes
- Provides access to exchange buildings, ducts and manholes to SingTel, OpenNet and others

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- Cash Earnings

Total cash earnings⁽¹⁾ of S\$58.6 million in FY12, 21.7% lower than FY11

- Distribution Per Unit (“DPU”)

Annual DPU of 3.28 Singapore cents targeted for FY13 (barring unforeseen circumstances and assuming no material changes to the Group)

(1) *Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest*

The lower cash earnings of S\$16.3 million was mainly due to:

- Payment of early redemption guarantee fee of A\$2.2 million (approximately S\$2.8 million) associated with purchase and cancellation of the Basslink bonds and costs of A\$1.9 million (approximately S\$2.5 million) for a marine cable survey which is required once in two years.
- Time lag in reflecting the cost pass-through in tariffs. The increase in fuel cost for City Gas in FY12 is not fully reflected in the tariffs. The tariff adjustments mechanism is designed to ensure that we fully recover our fuel costs over a period of time. City Gas has obtained approval from the Energy Market Authority to increase its general gas tariff by 3.3% with effect from 1 May 2012. This followed a 1.3% increase in general gas tariff from 1 February 2012, an 8% increase from 1 November 2011 and a 9% increase from 1 August 2011.
- One-off loan upfront refinancing fees of S\$3.9 million for CitySpring's corporate loan and City Gas' senior term loan

	FY12	FY11
	S\$'000	S\$'000
Cash Earnings	58,642	74,894
Applied as follows:		
Principal Repayment of Subsidiary Entity Loan	(9,479)	(9,295)
Non-controlling interest	(4,383)	(4,235)
Distribution to Unitholders	(47,654)	(41,156)

Group cash earnings for FY12 also includes the contribution of S\$1.4 million from CityNet. CityNet, a wholly-owned subsidiary of CitySpring, was awarded the mandate by SingTel to act as trustee-manager of NetLink Trust on 22 July 2011.

We measure our performance using cash earnings, instead of accounting profits or losses. Accounting profits are affected by non-cash items such as depreciation and amortisation, accounting taxes and etc. Cash earnings, on the other hand, serves as a better indicator of our performance to our Unitholders.

City Gas

- City Gas achieved total cash earnings of \$31.7 million for FY12.
- Its customer base grew by about 2.9% from 632,634 as at the end of FY11 to about 651,212 as at the end of FY12.
- Town gas volume growth has improved for most segments and in particular, the hospitality and F&B segments.
- Gas water heater penetration rate for new HDB apartments has increased from a historical rate of 5% to about 40%. More hotels and clubs have also adopted gas water heating systems in FY12.
- Town gas sold increased by nearly 3.7% from FY11 to FY12.
- Strong growth in natural gas sales has also helped to contribute to cash earnings in FY12

SingSpring

- Achieved total cash earnings of S\$17.9 million for FY12
- Continues to maintain record of 100% availability and met all the terms under the Water Purchase Agreement with PUB
- Successfully completed HACCP⁽¹⁾ annual surveillance audit on 30 Mar 2012
- Successfully completed security enhancement works in 2011. These works involved installing heavy-duty drop-arm barriers and other security equipment and accessories.

(1) HACCP stands for Hazard Analysis Critical Control Point. It is a food safety management standard.

Basslink

- Achieved cash earnings of A\$15.2 million for FY12
- CRSM⁽²⁾ was negative A\$15.5 million for FY12
- Achieved cumulative availability of 98.64% for the 12 months ended 31 Dec 2011, and 100% for the three months ended 31 Mar 2012
- Basslink Telecoms has contributed more than 10% of Basslink Group FY12 revenue

⁽²⁾ The Commercial Risk Sharing Mechanism ("CRSM") is a mechanism provided under the Basslink Services Agreement ("BSA") between Basslink and Hydro Tasmania ("HT") for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The CRSM payments are based on the differences between the high and low Victorian electricity pool prices, and are subject to a maximum +25% increase (i.e., a payment to Basslink) and -20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA.

(S\$ million)	FY08*	FY09	FY10	FY11	FY12
Group Cash Earnings	69.2	60.9	57.9	74.9	58.6
Distribution to Unitholders	34.4	34.3	39.4	41.2	47.7

* FY08 covered the period from 5 Jan 2007 to 31 Mar 2008

- CitySpring distributes to unitholders out of Group Cash Earnings
- The Group has consolidated cash balance of S\$161 million as at 31 March 2012, of which S\$120 million is unrestricted and S\$41 million is restricted (in debt service reserve accounts for loans extended to the CitySpring Group)
- The accumulated cash balance can be used to fund future acquisitions and general corporate purposes

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Since IPO in Feb 2007

- Acquired Basslink in August 2007
- Launched Basslink Telecoms as a new business in July 2009
- Established CityNet to manage NetLink Trust in July 2011
- City Gas and Osaka Gas had signed a Heads-of-Agreement to explore the establishment of a joint venture to retail natural gas to industrial users in Singapore earlier this year
- We have also made significant progress in strengthening CitySpring's financial position and flexibility during the year with a successful rights issue and the subsequent reduction of debt at Basslink.

Going Forward

- With a stronger financial base, we will continue to seek out investment opportunities and generate organic growth avenues that can synergise with our existing businesses and tap our core competencies.
- We will seek out essential utilities with availability-based revenue models or strong market positions, or develop promising infrastructure assets to profitability and strong cashflow generation.

Appendix

	FY12	FY11	
	Actual S\$'000	Actual S\$'000	Change %
Revenue	481,407	424,479	13.4
Other income	4,471	6,907	(35.3)
Other gains - net	20,212	535	N/M
Total expenses	(510,076)	(440,830)	(15.7)
<hr/>			
Loss before fair value changes on DFI and income tax	(3,986)	(8,909)	55.3
Fair value loss on DFI	(8,385)	(7,258)	(15.5)
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Loss before income tax	(12,371)	(16,167)	23.5
Income tax expense	(22,615)	(5,762)	N/M
<hr/>			
Net loss after income tax	(34,986)	(21,929)	(59.5)
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EBITDA	128,578	120,977	6.3
Cash earnings ⁽¹⁾	58,642	74,894	(21.7)
Cash earnings less NCI	54,259	70,659	(23.2)

N/M - Not meaningful

DFI - Derivative financial instruments

NCI - Non-controlling interest

(1) Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest

	As at 31 Mar 12 S\$'000	As at 31 Mar 11 S\$'000
ASSETS		
Cash and bank deposits	160,533	159,094
Derivative financial instruments	8,736	87,687
Trade and other receivables	64,477	49,802
Inventories	15,208	13,184
Intangibles	416,462	428,063
Finance lease receivables	163,863	171,368
Property, plant and equipment	1,205,091	1,234,503
Other assets	5,872	7,570
Total assets	2,040,242	2,151,271
LIABILITIES		
Trade and other payables	90,302	80,282
Derivative financial instruments	19,094	16,500
Borrowings	1,352,837	1,566,247
Notes payable to non-controlling interest	15,000	15,000
Other payables	129,173	115,930
Total liabilities	1,606,406	1,793,959
Net Assets	433,836	357,312
Units in issue	886,731	680,245
Hedging reserve	(109,048)	(56,785)
Translation reserve	(11,983)	(16,489)
Accumulated losses	(341,257)	(259,586)
	424,443	347,385
Non-controlling interest	9,393	9,927
Total Unitholders' funds	433,836	357,312

	FY12 Actual S\$'000	FY11 Actual S\$'000
Cash flows from operating activities		
Net loss after income tax	(34,986)	(21,929)
Non-cash adjustments	152,274	150,680
Operating cash flow before working capital changes	117,288	128,751
Changes in operating assets and liabilities	(59,576)	(49,213)
Net cash generated from operating activities	57,712	79,538
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,178)	(1,391)
Proceeds from sale of property, plant and equipment	184	17
Net cash used in investing activities	(2,994)	(1,374)
Cash from financing activities		
Decrease/(increase) in restricted cash	19,784	(25,800)
Repayment of borrowings and purchase and cancellation of bonds	(207,270)	(9,295)
Net proceeds raised from issue of units	205,107	-
Payment of loan upfront fee	(4,069)	-
Distributions paid to unitholders of the Trust	(45,488)	(41,156)
Distributions paid by subsidiary to non-controlling interest	(1,500)	(1,770)
Net cash used in financing activities	(33,436)	(78,021)
Net increase in cash and cash equivalents	21,282	143
Cash and cash equivalents at beginning of the period	98,825	98,928
Effect of currency translation on cash and cash equivalents	(39)	(246)
Cash and cash equivalents at end of the period ⁽¹⁾	120,068	98,825

⁽¹⁾ Excludes restricted cash of S\$40,465 and S\$60,269 respectively

	FY12 Actual S\$'000	FY11 Actual S\$'000
EBITDA	128,578	120,977
Add/(less):		
Other cash receipts	13,007	13,228
Net finance costs	(66,850)	(65,713)
Payment of loan upfront fees & legal fees	(4,069)	-
Fair value loss on DFI	8,385	7,258
Unit issue expenses charged to income statement	1,417	-
Gain associated with purchase and cancellation of Basslink bonds	(19,417)	-
Other non-cash flow expenses	(508)	347
Maintenance capital expenditure incurred	(1,901)	(1,203)
Cash earnings	58,642	74,894
Less: Cash earnings attributable to NCI	(4,383)	(4,235)
Cash earnings less NCI	54,259	70,659



Thank You

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