

Keppel Infrastructure Trust



Extraordinary General Meeting Presentation
Creating the largest Singapore infrastructure-focused business trust

30 April 2015

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1. Overview of the Proposed Transactions



Overview of the Proposed Transactions

CIT + KIT

Formation of the Enlarged Trust (as defined hereinafter)



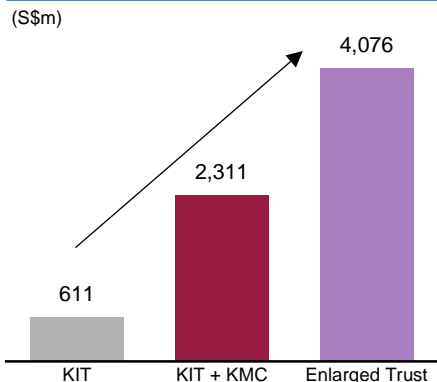
KMC Acquisition

Acquisition of 51% interest in Keppel Merlimau Cogen Pte. Ltd. (“KMC”) by KIT funded by an Equity Fund Raising (“EFR”)



A top-tier 1,300MW gas-fired power plant in Singapore

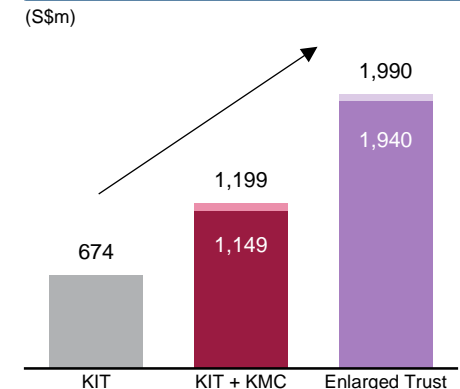
Total assets ⁽¹⁾



Enlarged Trust to be named Keppel Infrastructure Trust

- Pro forma total assets of over S\$4 billion
- Largest Singapore infrastructure-focused business trust
- To be managed by KIFM⁽²⁾

Market value ⁽³⁾



Flagship investment platform for Singapore infrastructure backed by strong sponsors

(1) Based on KIT's and CIT's financial statements as at 31 December 2014, and KMC enterprise value of S\$1,700m.

(2) Keppel Infrastructure Fund Management Pte. Ltd., the trustee-manager of KIT ("Trustee-Manager").

(3) Based on the illustrative unit price of S\$1.07 for KIT and unit price of S\$0.515 for CIT, respectively, and assuming a S\$475m – S\$525m EFR. This statement should not be interpreted to mean that the Enlarged Trust will trade at such market capitalisation upon the completion of the Disposal (as defined hereinafter).

Formation of the Enlarged Trust

Overview

- KIT will dispose of all its business undertakings and assets to CIT in exchange for new CIT units (“Disposal”)
- KIT will then distribute 2.106 new CIT units⁽²⁾ for every KIT unit
- CIT to be renamed Keppel Infrastructure Trust (“Enlarged Trust”)
- Distribution by CIT of S\$30m to CIT unitholders before completion of the Disposal
- Distribution by the Enlarged Trust of S\$30m to its unitholders⁽¹⁾ after completion of the Disposal but before EFR

Sponsor and Trustee-Manager

- Keppel Infrastructure Holdings Pte. Ltd. (“KI”) will become the new sponsor of the Enlarged Trust
- KIFM will become the trustee-manager of the Enlarged Trust
- Revised management fee structure will deliver cost savings of ~S\$5.3m⁽³⁾
- KIFM shall waive its divestment fee for the Disposal
- CSIM⁽⁴⁾ will not receive compensation for relinquishing its role as trustee-manager of CIT

Conditions

- Approval of KIT and CIT independent unitholders at their respective EGMs
- Other regulatory approvals and consents
- *Disposal is conditional upon the approval of the KMC Acquisition, but not vice versa*

(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 the announcement of the Proposed Transactions on 18 Nov 2014 of S\$1.0446 and S\$0.4960, respectively.

(3) Based on a comparison of KIFM’s fee structure for KIT and CSIM’s fee structure for CIT, had the Disposal been completed and KIFM’s fee structure been adopted by the Enlarged Trust on 1 January 2014, the Enlarged Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$5.3m for the calendar year ended 31 December 2014 assuming no fees were payable for acquisitions or divestments, and excluding the one-off cash distribution from City Gas of S\$89.2m, calculated on a pro forma basis.

(4) CitySpring Infrastructure Management Pte. Ltd.

The KMC Acquisition

Overview	<ul style="list-style-type: none">■ Acquisition of a 51% stake in KMC from Keppel Energy Pte Ltd (“KE”) (“KMC Acquisition”)
Consideration	<ul style="list-style-type: none">■ 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”)	<ul style="list-style-type: none">■ 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 (see following slide for more details)
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■ Execution of definitive transaction documents

The KMC Acquisition (cont'd)

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
- KI 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.

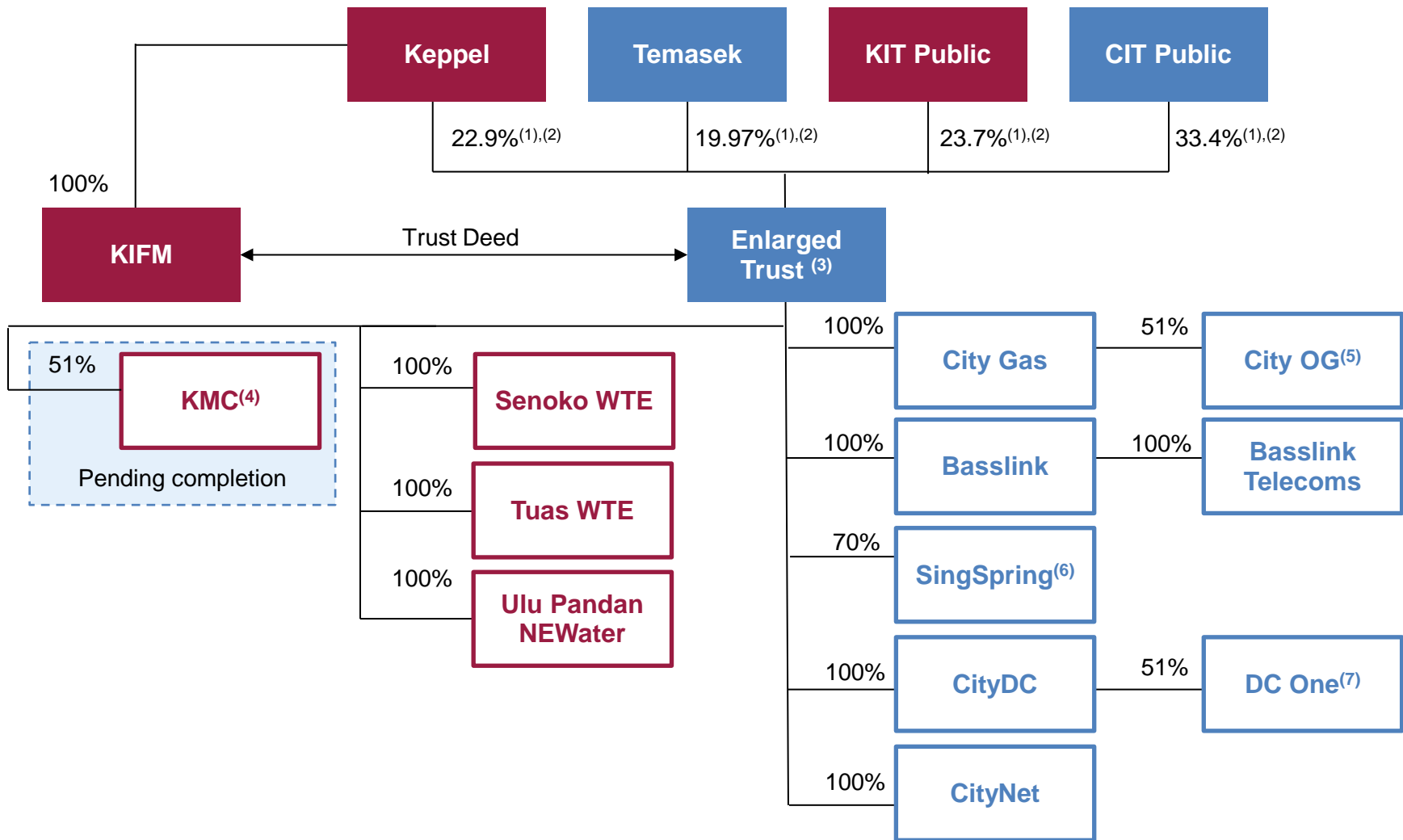
Indicative EFR by KIT / Enlarged Trust

Issuer	<ul style="list-style-type: none">■ Keppel Infrastructure Trust or the Enlarged Trust
Offer size	<ul style="list-style-type: none">■ Up to approximately S\$525million
Use of proceeds	<ul style="list-style-type: none">■ KMC Acquisition■ Related expenses of the EFR and KMC Acquisition
Tranche split	<ul style="list-style-type: none">■ Non-renounceable Preferential Offering (Eligible KIT unitholders)■ Placement (Institutional / Other investors)
Major unitholders' support	<ul style="list-style-type: none">■ Keppel and Temasek intend to subscribe for their pro-rata entitlements (22.9% and 19.97% respectively) under the Enlarged Trust Preferential Offering⁽¹⁾
Pricing per unit	<ul style="list-style-type: none">■ Issue price to be determined closer to the commencement of the EFR, after a book building process
Listing	<ul style="list-style-type: none">■ SGX-ST
Indicative timetable	<ul style="list-style-type: none">■ To be determined
Joint Bookrunners	<ul style="list-style-type: none">■ CS, UBS, DBS

The EFR will enable KIT to attract institutional investors to enhance liquidity and support future growth

(1) Keppel and Temasek have also undertaken not to dispose of their effective interests in (a) the units in the Enlarged Trust as at the date of completion of the Disposal (the "Initial Units") and (b) the units to be issued arising from the subscription for the pro-rata entitlements of the Initial Units under the Enlarged Trust Preferential Offering from the date of completion of the Disposal until the earlier of (I) the date falling 12 months after the completion of the Enlarged Trust Equity Fund Raising and (II) 30 September 2016 (both dates inclusive).

Enlarged Trust Structure



(1) Unitholdings/shareholdings shown above are post-completion of the Disposal and Distribution-In-Specie, but excludes the proposed acquisition by the Enlarged Trust of KMC and the Enlarged Trust EFR. The acquisition of KMC is shown on the chart for completeness, but will be effected after the completion of the Disposal.

(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) The Enlarged Trust will be renamed as "Keppel Infrastructure Trust".

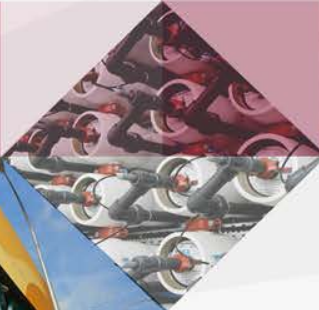
(4) Keppel Energy holds the remaining 49% equity interest in KMC.

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

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

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

2. Approvals sought



EGM approvals sought

Resolution	Description
1 The KMC Acquisition and proposed EFR	<ul style="list-style-type: none">■ Acquisition of a 51% equity interest in KMC and the proposed EFR■ Ordinary resolution■ The KMC Acquisition and the EFR are not conditional upon the KIT Unitholders' approval for the Disposal being obtained
2 The proposed Disposal	<ul style="list-style-type: none">■ Formation of the Enlarged Trust■ Ordinary resolution■ Conditional upon the approvals for Resolutions 1, 2 & 3■ Also conditional upon CIT obtaining approval for the Disposal from its independent unitholders
3 The proposed Distribution - in - Specie	<ul style="list-style-type: none">■ Distribution of the CIT units received from the Disposal to the KIT unitholders■ Ordinary resolution■ Conditional upon the approvals for Resolutions 1, 2 & 3
4 The proposed Winding Up of KIT	<ul style="list-style-type: none">■ Winding Up of KIT■ Special resolution■ Conditional upon the approvals for Resolutions 1, 2 & 3

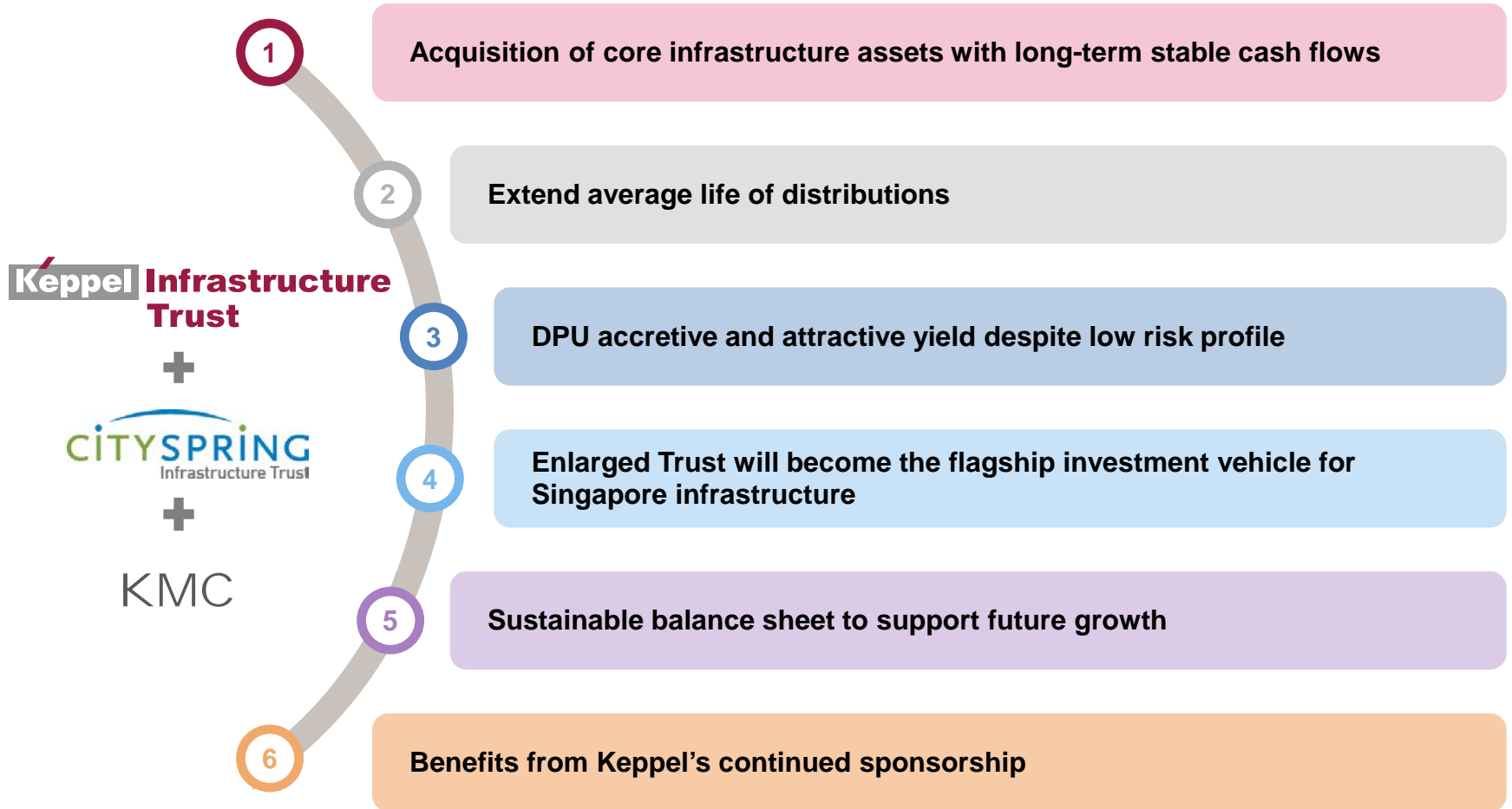
Keppel Infrastructure, the Sponsor, will not vote on resolutions #1 and #2 as they have been identified as “interested person transactions”. It will also abstain from voting on resolution #3 as resolution #2 is inter-conditional upon resolution #3

3. Transaction rationale



Transaction rationale

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



Acquisition of core infrastructure assets with long-term stable cash flows that meets 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



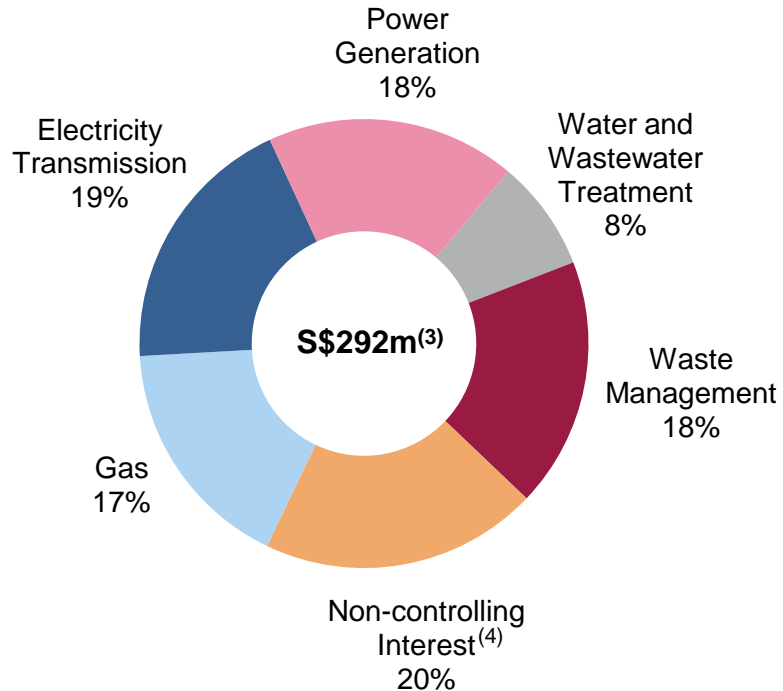
1	Long-term, regular and/or predictable cash flows	✓	✓	✓	✓	✓
2	Long-term contracts or concessions / customer stability	✓ ⁽¹⁾	✓	✓	✓	✓
3	Creditworthy or reputable off-takers	✓ ⁽²⁾	✓	✓	✓	✓
4	Diversification of asset class risks	✓		✓	✓	✓
5	Jurisdictions with well-developed legal framework	✓	✓	✓	✓	✓

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

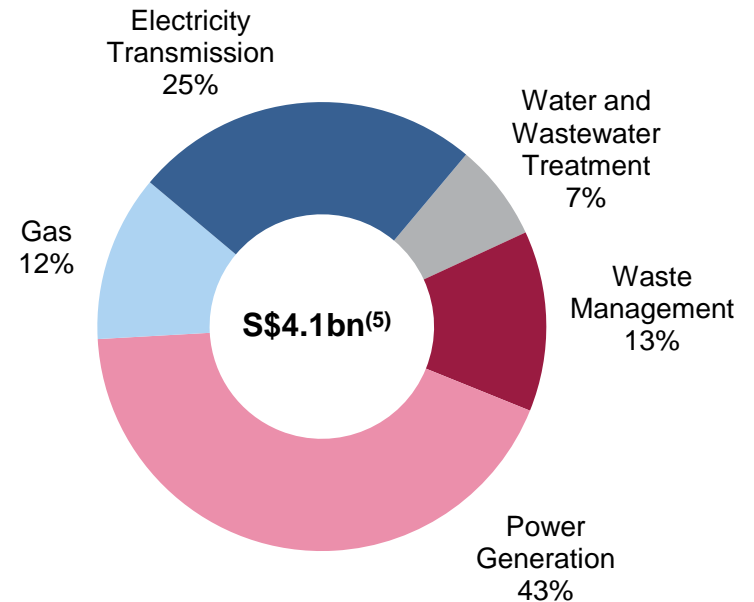
(1) City Gas is the sole producer and retailer of town gas in Singapore and has been in operation for over 100 years.
 (2) City Gas has a large, diversified customer base and is not reliant on any single customer.

...which results in a well diversified portfolio

Adjusted EBITDA by segment (Enlarged Trust)⁽¹⁾



Total assets by segment (Enlarged Trust)⁽²⁾ as at 31 Dec 2014



(1) KIT and CIT for CY2014, and KMC assuming the restructuring implemented on 1 January 2014. Excludes trust / corporate expenses.

(2) Comprises of KIT total assets based on FY2014 audited financials, CIT total assets based on 31 December 2014 unaudited financials, and KMC enterprise value of S\$1,700m.

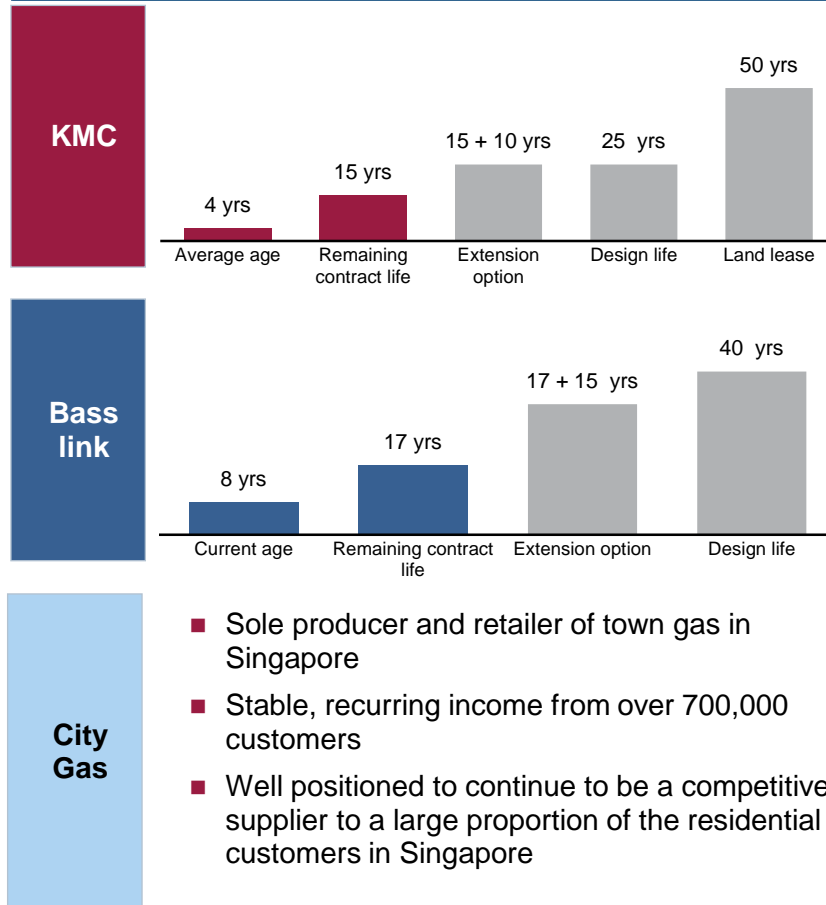
(3) Includes trust / corporate expenses.

(4) 49% of KMC and 30% of SingSpring.

(5) Includes total assets attributable to corporate segments.

Extend average life of distributions

Value beyond initial contract life

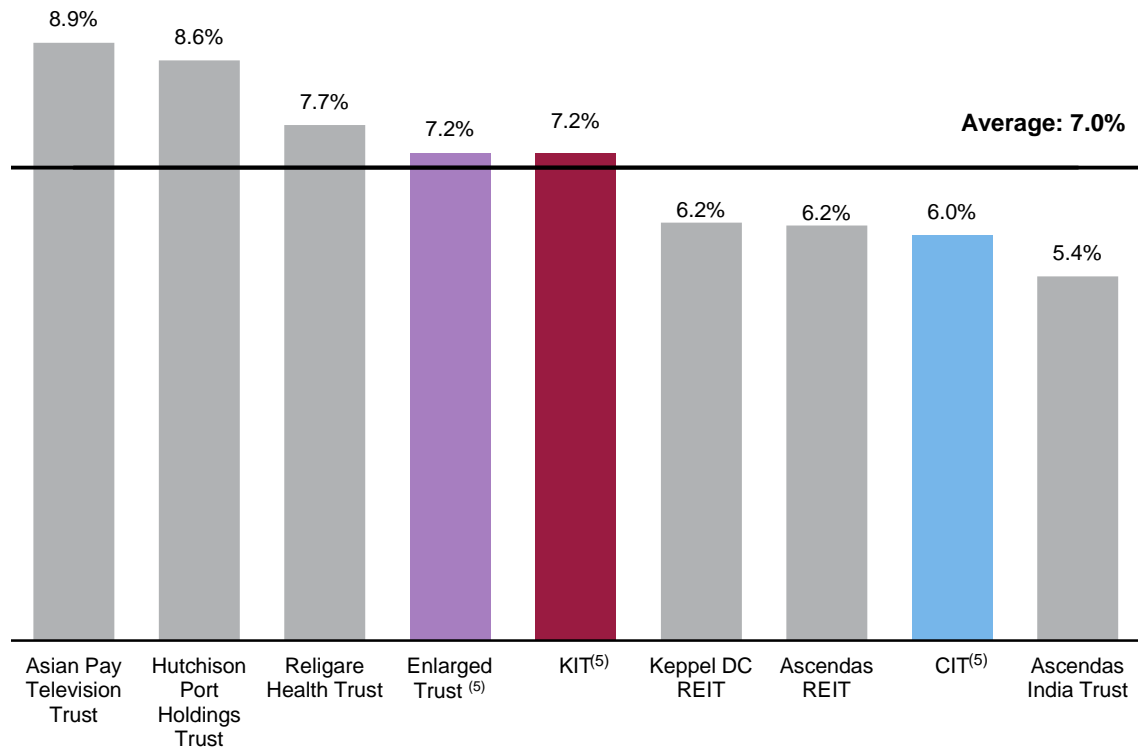


Cash flow replenishment by Basslink

- CIT not reliant on Basslink for distributions
- Use all of Basslink's cash flows to repay amortizing loan to reduce interest
- Upsides from fee indexation and potential CRSM review
- When fixed life concessions expire in 10-15 years, Basslink in position to replenish cash flows

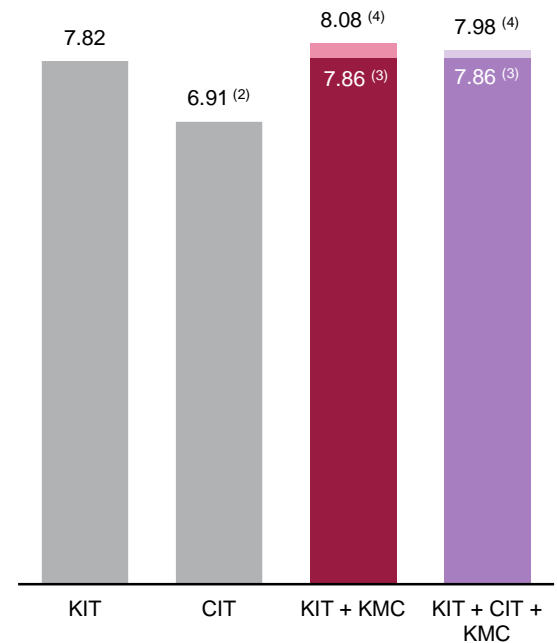
DPU accretive and attractive yield despite low risk profile

Forward distribution yield (FY2015E)



DPU⁽¹⁾ accretive transactions

(S\$ cents)



Source: FactSet, company financials as of 9 March 2015.

Note: Assuming EFR of S\$475m - S\$525m and weighted average illustrative price of S\$0.4892 for Enlarged Trust and S\$1.0344 for KIT+KMC.

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

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

(3) Assuming S\$525m EFR.

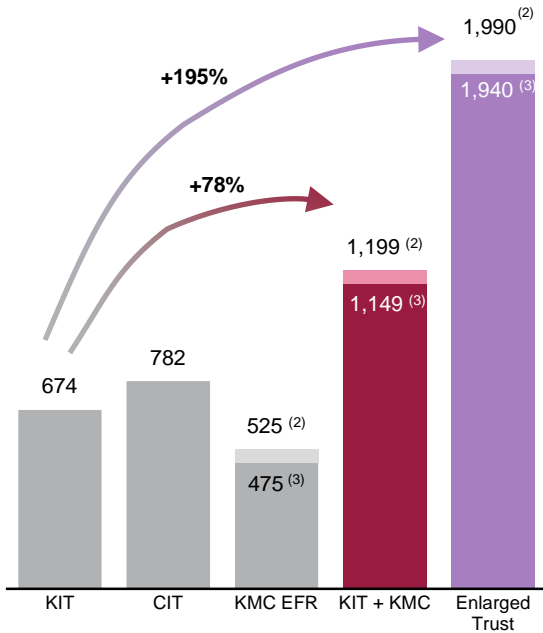
(4) Assuming S\$475m EFR.

(5) Calculated based on FY2014 distributions.

Enlarged Trust will become the flagship investment vehicle for Singapore infrastructure...

Market value (1)

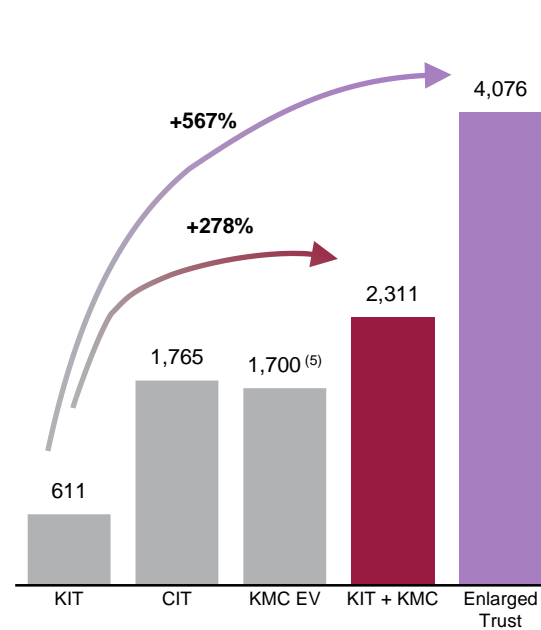
(\$m)



✓ **Transformational size and scale**

Total assets (4)

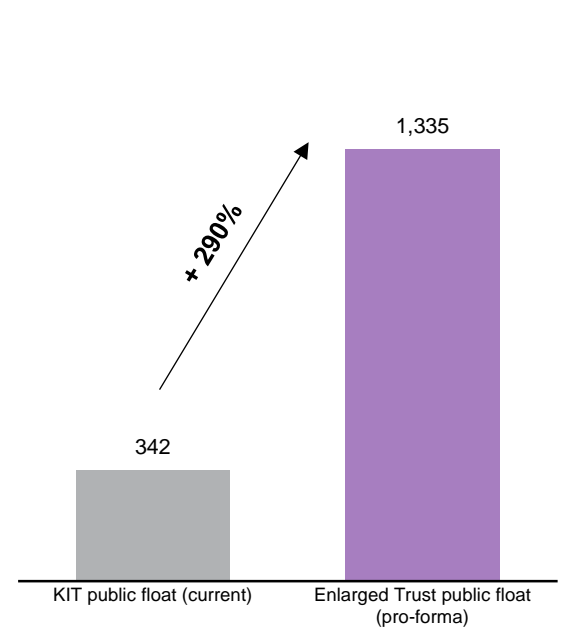
(\$m)



✓ **Strengthen ability to pursue larger acquisitions**

Public float (current vs pro forma)⁽⁶⁾⁽¹⁾

(\$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 improve the liquidity and research coverage of the Enlarged Trust's units

(1) Based on the illustrative unit price of S\$1.07 for KIT and unit price of S\$0.515 for CIT, respectively, and assuming a S\$475 million – S\$525 million EFR. This statement should not be interpreted to mean that the Enlarged Trust will trade at such market capitalisation upon the completion of the Disposal.

(2) Assuming S\$525m EFR.

(3) Assuming S\$475m EFR.

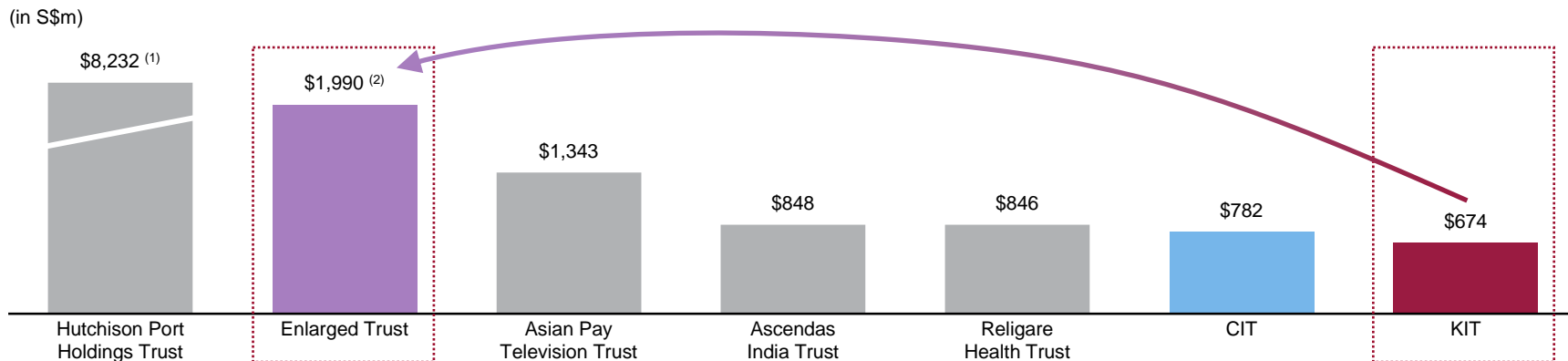
(4) Based on KIT's and CIT's financial statements as at 31 December 2014, and KMC enterprise value of S\$1,700m.

(5) 100% of the enterprise value of KMC.

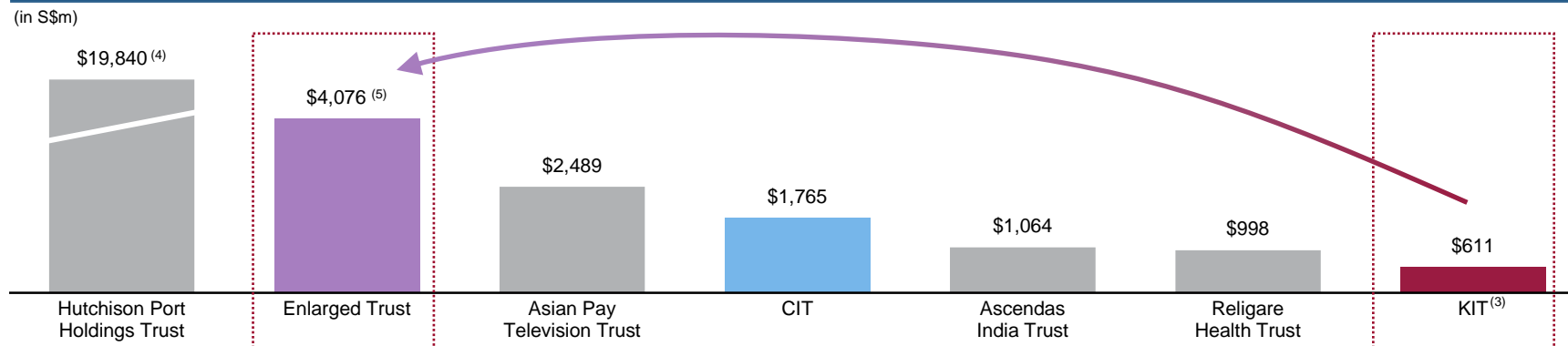
(6) Current public float of 50.8% and pro forma public float of 67.1% based on CIT illustrative unit price of S\$0.515 and includes EFR for KMC Acquisition.

...and 2nd largest listed business trust in Singapore

Market capitalization



Total assets⁽³⁾



Creation of the largest Singapore infrastructure-focused business trust

Source: Company information and FactSet. Market capitalization as of 9 March 2015.

(1) Based on share price of S\$0.970 as of 9 March 2015 as disclosed on Hutchison Port Holdings Trust website.

(2) Assuming EFR of S\$475m - S\$525m and weighted average illustrative price of S\$0.4892. This should not be interpreted to mean that the Enlarged Trust will trade at such market capitalization at the completion of the proposed transactions.

(3) Total assets as of 31 December 2014.

(4) Assuming exchange rate of HK\$1.00 = S\$0.1709 as of 31 December 2014.

(5) Comprised of S\$611.0m of total assets of KIT and S\$1,765.4m of total assets of CIT, as of 31 December 2014 and KMC enterprise value of S\$1,700.

5 Sustainable balance sheet

(in S\$m)	KIT ⁽¹⁾	CIT ⁽¹⁾	KMC	KIT + KMC	Enlarged Trust	Enlarged Trust less Basslink
Leverage						
Cash	49.7	226.9 ⁽¹⁾	–	49.7	276.6 ⁽¹⁾⁽²⁾	233.7
Debt	3.4	1,171.7	700.0 ⁽³⁾	703.4	1,875.1	1,112.9
Net debt / (cash)	(46.3)	944.8	700.0	653.7	1,598.5	879.2
Net debt / Total assets	n.m.	54%	41%	28%	39%	28%
Net debt / Adjusted EBITDA	n.m.	7.3x	6.6x	4.1x	5.5x	3.8x

(1) Includes restricted cash balance of S\$46.8m.

(2) Does not include cash balance from KMC as these are considered advance payment of the capacity fees.

(3) Does not include upfront fees.

Keppel Infrastructure

- A wholly-owned subsidiary of Keppel Corporation Limited formed by merger of Keppel Energy and KIE in June 2013
- 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 Enlarged Trust's assets
- Enlarged Trust 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 the Enlarged Trust'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

4. Conclusion



Benefits to KIT unitholders

The Proposed Transactions will create the largest Singapore infrastructure-focused business trust

