

# Keppel Infrastructure Trust

## Investor Presentation

August 2017



The information contained in this presentation is for information purposes only and does not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue or any solicitation of any offer or invitation to purchase or subscribe for any units in Keppel Infrastructure Trust ("KIT") and the units in KIT (the "Units") or rights to purchase Units in Singapore, the United States or any other jurisdiction. This presentation is strictly confidential to the recipient, may not be reproduced, retransmitted or further distributed to the press or any other person, may not be reproduced in any form, may not be published, in whole or in part, for any purpose to any other person with the prior written consent of the Trustee-Managers (as defined hereinafter). This presentation should not, nor should anything contained in it, form the basis of, or be relied upon in any connection with any offer, contract, commitment or investment decision whatsoever and it does not constitute a recommendation regarding the Units.

The past performance of KIT is not necessarily indicative of its future performance. Certain statements made in this presentation may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar businesses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. Such forward-looking statements speak only as of the date on which they are made and KIT does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking statements.

Prospective investors and unitholders of KIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of KIT) (the "Trustee-Manager") on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this presentation. The information is subject to change without notice, its accuracy is not guaranteed, has not been independently verified and may not contain all material information concerning KIT. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, KIT, the Trustee-Manager or any of its affiliates and/or subsidiaries. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.

The information contained in this presentation is not for release, publication or distribution outside of Singapore (including to persons in the United States) and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

This presentation is not for distribution, directly or indirectly, in or into the United States. No Units are being, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the U.S. or other jurisdiction and no such securities may be offered or sold in the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. No public offering of securities is being or will be made in the U.S. or any other jurisdiction outside of Singapore.

# At a Glance

## Key Highlights

- / One of Singapore's largest **infrastructure business trust**
- / 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
- / Created from the acquisition of Crystal Trust assets on 18 May 2015 and the acquisition of a 51% stake in Keppel Merlimau Cogen (KMC) on 30 June 2015
- / **Sponsored by Keppel Infrastructure**, which owns 18.2% of KIT
- / Temasek owns 15.9% with remaining 65.9% publicly held
- / Constituent of **FTSE/STI Mid Cap & Large Cap Index**

## Financial Snapshot

### Market Value <sup>(1)</sup>

Market Capitalisation	S\$ 2,122 m
Enterprise Value	S\$ 3,706 m

### Cash Flows (Annualised)

EBITDA	S\$ 244 m
DPU	S 3.72 cents
Distribution yield <sup>(1)</sup>	6.8%

### Leverage

Cash	S\$ 232 m
Debt	S\$ 1,816 m
Net debt	S\$ 1,584m

Total assets	S\$ 4,051 m
Net debt / Total assets	0.4x
Net debt / Annualised EBITDA	6.5x




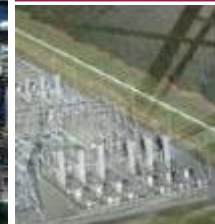

(1) Based on market closing price of S\$0.55 as at 26 July 2017

# 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
				









<b>1</b> Long-term, regular and/or predictable cash flows	✓	✓	✓	✓	✓
<b>2</b> Long-term contracts or concessions / customer stability	✓ <sup>(1)</sup>	✓	✓	✓	✓
<b>3</b> Creditworthy or reputable off-takers	✓ <sup>(2)</sup>	✓	✓	✓	✓
<b>4</b> Diversification of asset class risks	✓	✓	✓	✓	✓
<b>5</b> 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...

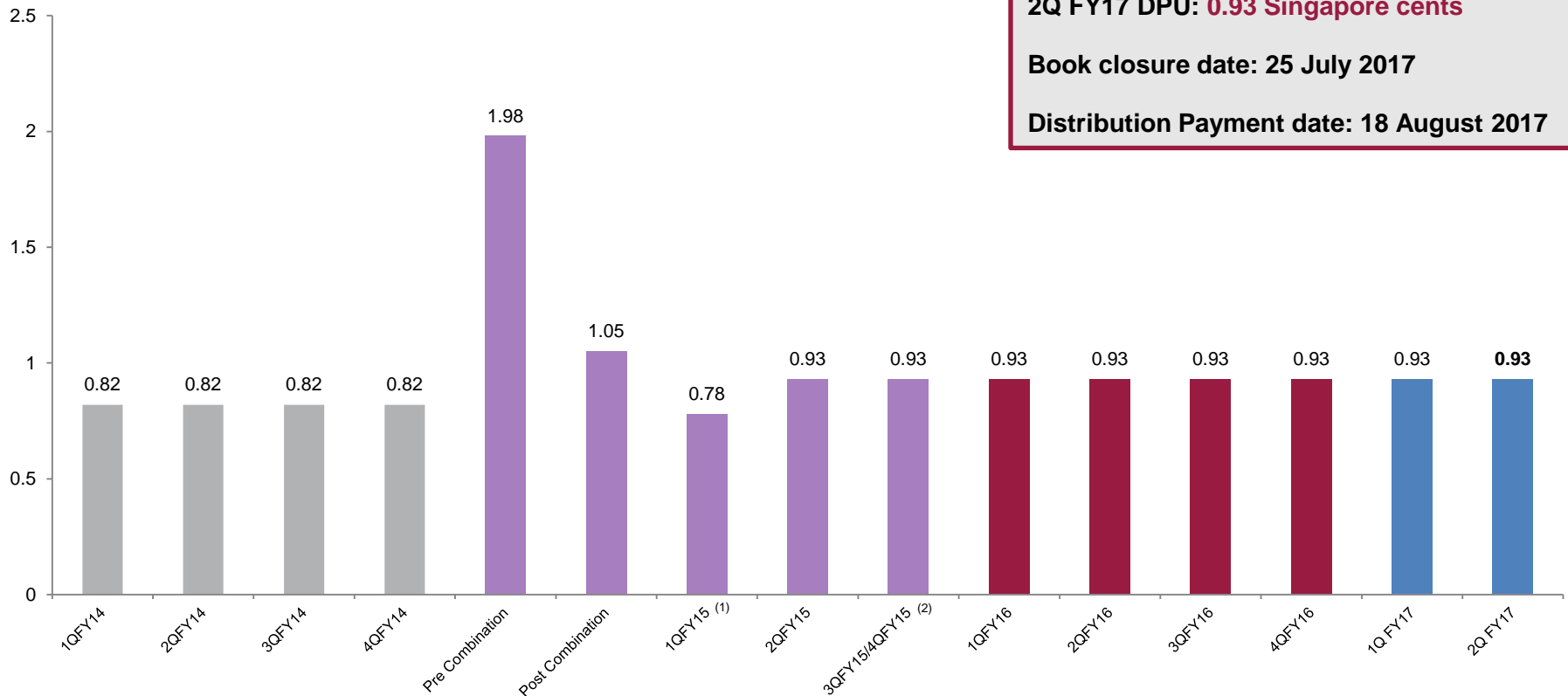
	Asset	Business	Customer	Contract Terms	Cash Flows
SINGAPORE	 Senoko WTE Plant	2,310 tonnes/day waste incineration concession	NEA, Singapore government agency	2024	Principally fixed availability payment
	 Tuas WTE Plant	800 tonnes/day waste incineration concession	NEA, Singapore government agency	2034	Principally fixed availability payment
	 Ulu Pandan NEWater	148,000 m <sup>3</sup> /day <sup>1</sup> NEWater concession	PUB, Singapore government agency	2027	Approximately half fixed, and half variable payments
	 SingSpring	136,380 m <sup>3</sup> /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 750,000 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

<sup>1</sup> Ulu Pandan has an overall capacity of 162,800m<sup>3</sup> of which, 14,800m<sup>3</sup> is undertaken by Keppel Seghers.

# ... Supporting Regular and Stable Distributions

## DPU (S cents)

S cents/unit



2Q FY17 DPU: **0.93 Singapore cents**

Book closure date: **25 July 2017**

Distribution Payment date: **18 August 2017**

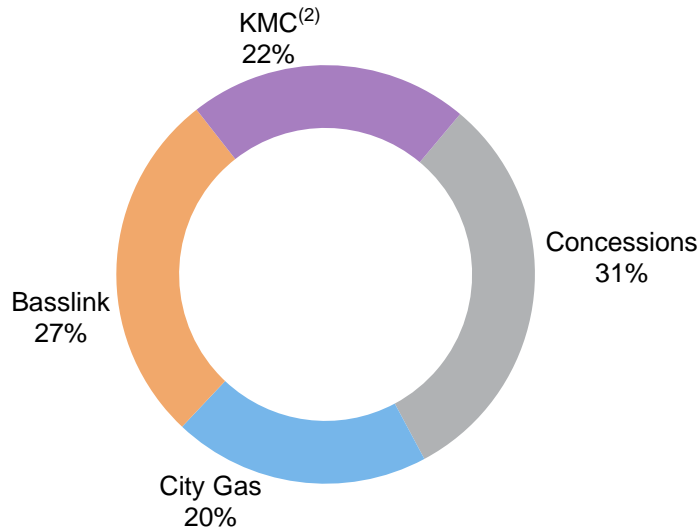
<sup>(1)</sup> Lower DPU in 1Q FY15 as KMC (which was acquired on 30 June 2015), did not contribute for that quarter, while the issue of new units to finance the acquisition was completed on 22 June 2015.

<sup>(2)</sup> On 19 October 2015, KIT changed its financial year end from 31 March to 31 December. Figures for 4Q FY15 and 3Q FY15 are similar, as they refer to the 3 months ended 31 December 2015.

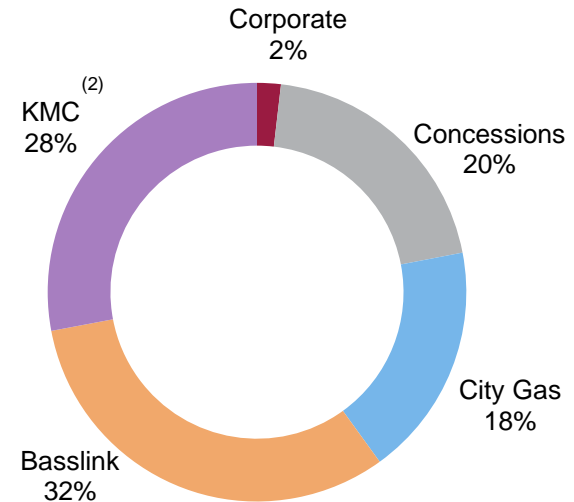
# Diversified Portfolio of Core Infrastructure Assets

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

## 1H 2017 Adjusted EBITDA <sup>(1)</sup>



## Total Assets as at 30 Jun 2017



### Notes:

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

(2) Based on KIT's 51% stake in KMC



# Strong Balance Sheet

S\$m	As at 30 June 2017	
	Total	Excluding Basslink
Cash	232	188
Borrowings	1,816	1,087
Net debt	1,584	899
Total assets	4,051	3,041
Total liabilities	2,692	1,218
Annualised EBITDA	244	176
Net gearing	39.1%	29.6%
Net debt / EBITDA	6.5X	5.1X

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



# Three-pronged Growth Strategy

## 1 Organic Growth from Existing Portfolio

### Potential Upsides

- Organic growth of City Gas
  - Higher penetration of gas water heaters
  - Over 100,000 new units expected over 2017 – 2019
- Stable positive contributions from DataCentre One, with option for 2 more floors to be fitted out
- 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

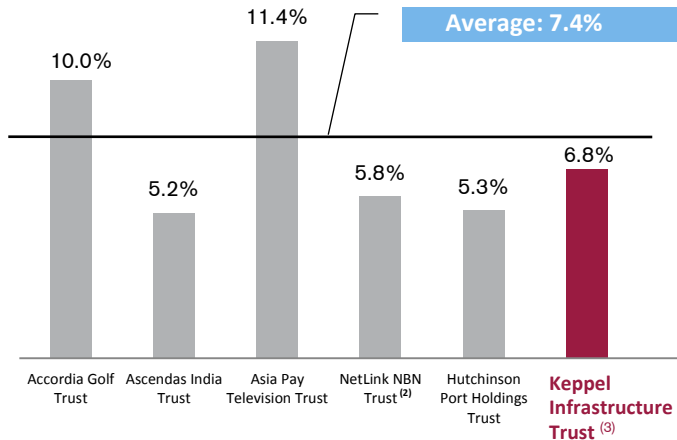
## 3 Acquisition Strategy

### KIT New Investments

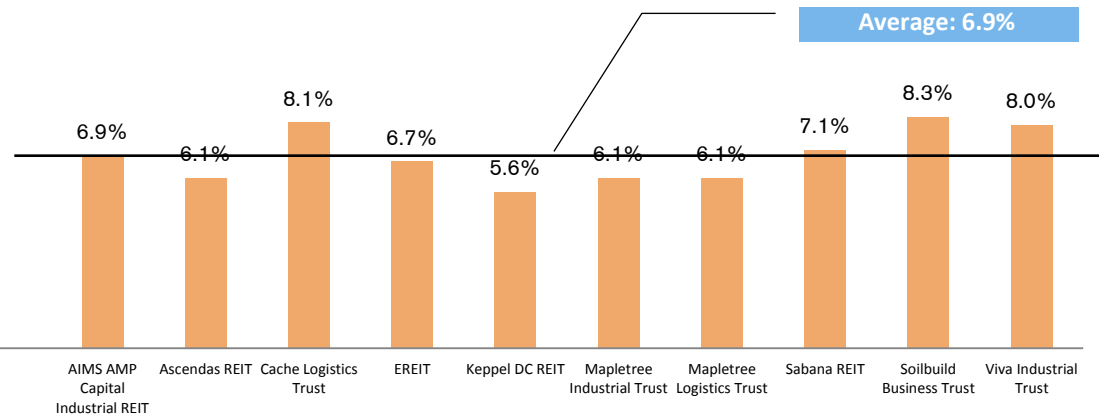
- Assets that generate long term stable cash flows with some growth
- Singapore and other developed markets in Asia or Europe
- Co-invest with likeminded partners to reduce ticket size/risk and gain diversification
- Transaction types:
  - Availability based assets (utilities, transmission, storage and 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

## 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 26 July 2017

(2) Based on forecast dividend yield disclosed in NetLink NBN Trust's Prospectus dated 27 June 2017

(3) Based on market closing price of S\$0.55 as at 26 July 2017

# 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

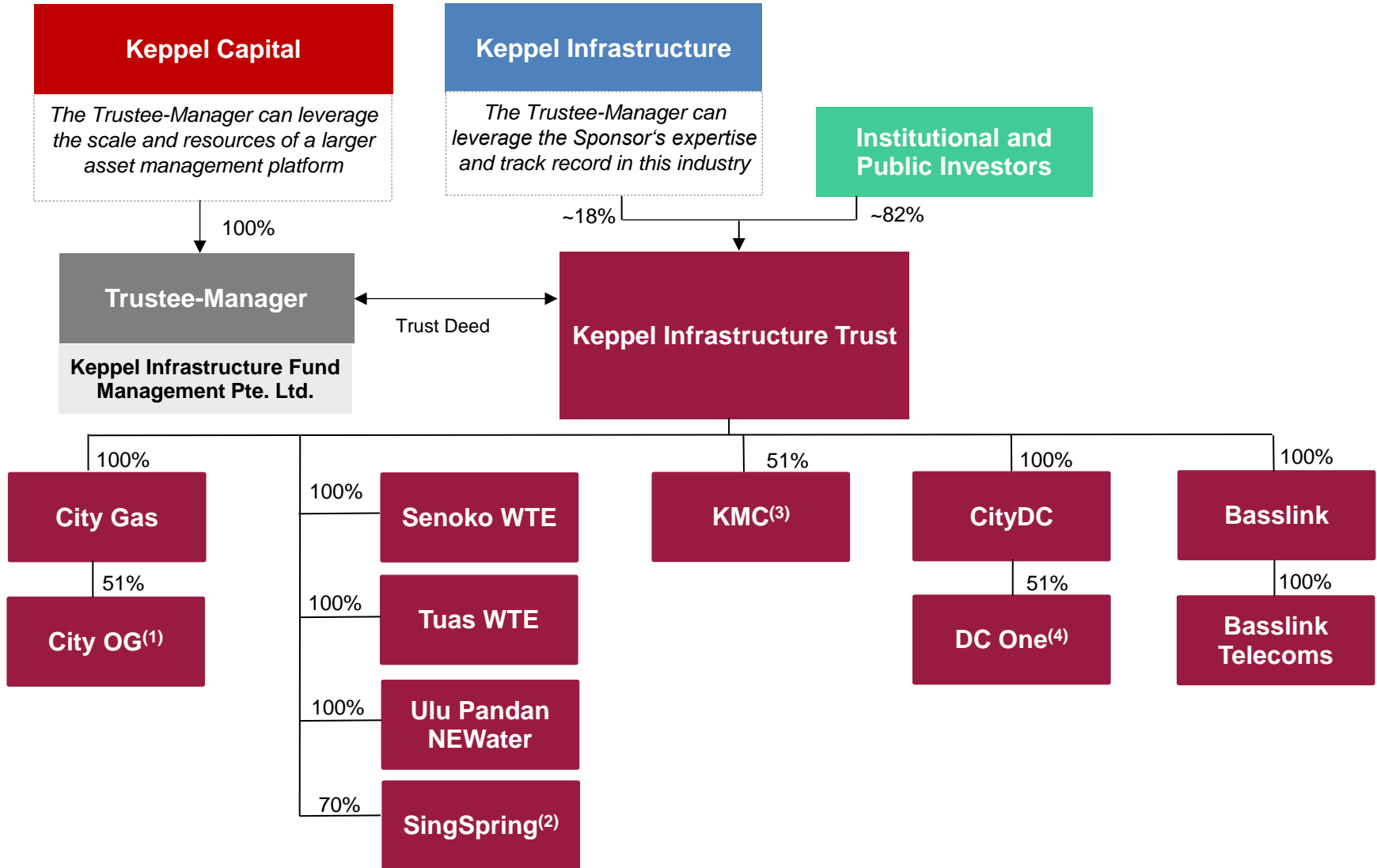
**Sustainable gearing with prudent capital management**

6

**Enhanced liquidity and diversified investor base**

# 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's Pipeline



### 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



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

- First district cooling systems (DCS) plant in Singapore
- Operational since June 2000, with a plant capacity of ~37,500 refrigeration tonnes (RT) to provide district cooling systems services to the 66 ha landscaped business park



### Biopolis@one-north - 100% through Keppel DHCS

- Operational since July 2003, with a plant capacity of 30,000 RT



### Mediapolis@one-north - 100% through Keppel DHCS

- Operational since October 2015, with plant capacity of 30,000 RT
- Connected to the Biopolis DCS plant, complementing its service delivery to the entire one-north development



### Woodlands Wafer Fab Park - 100% through Keppel DHCS

- Operational since July 2006, with a plant capacity of 11,000 RT to serve the cooling needs of semiconductor industries



### Marina East Desalination Plant – 100% through Keppel Infrastructure Services

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

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

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

Source: Adapted from SGX-ST website



# KIFM Management Fee Structure

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

# Loan Profile

Entity	Amount (S\$m)	Loan Maturity	Repayment
City Gas	178.0	Feb 2019	Bullet*
SingSpring	65.8	Dec 2024	Amortising
Basslink	735.6 (A\$705.9)	Nov 2019	Amortising*
KMC	700.0	Jun 2020	Bullet*
KIT	145.6	Feb 2019	Bullet*

\* To be refinanced upon maturity

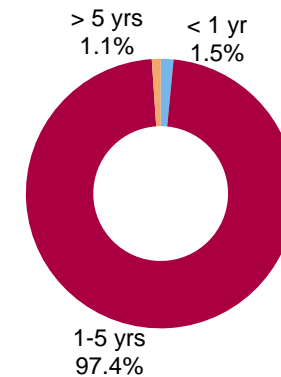
# Prudent Capital Management

## Debt Overview

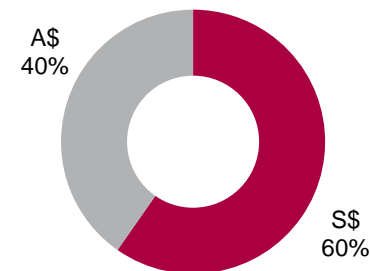
- / Hedged ~87% of total loans
- / Other than KIT corporate loan, rest of the loans are non-recourse
- / Maintain stable interest rate of 4-5%
  - Singapore average: 3-4%
  - Australian average: 6-7%
- / Weighted average term to expiry of ~2.6 years
  - ~100% of loans due in 2019 and beyond
- / S\$736m (A\$706m)<sup>(1)</sup> 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



<sup>(1)</sup> Based on exchange rate of A\$1.00 = S\$1.042

# Thank You

[www.kepinfratrust.com](http://www.kepinfratrust.com)