



Results Briefing for FY12

3 May 2012

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1 **Overview**

2 **Group Financial Results**

3 **Subsidiaries' Financial Results**

4 **Our Investment Proposition**

- **Cash Earnings**

- 4Q FY12

- Total cash earnings⁽¹⁾ of S\$20.5 million, compared to S\$16.1 million in 4Q FY11

- FY12

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

- **Distribution Per Unit (“DPU”)**

- CitySpring will pay a DPU of 0.82 Singapore cents for 4Q FY12. This is in line with previous guidance provided

- 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*

City Gas

- City Gas achieved total cash earnings of \$31.7 million for FY12.
- Its customer base grew by about 2.5% from 637,000 as at the end of 4Q FY11 to about 653,000 as at the end of 4Q FY12.
- Town gas volume growth has improved for most segments and in particular, the hospitality and F&B segments.
- Town gas sold increased by nearly 3.7% from 1,555 million kWh in FY11 to 1,612 million kWh 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
- Supplied an average of 35,051 m³ of water per day to PUB, representing 26% of the SingSpring plant's capacity
- Successfully completed HACCP⁽¹⁾ annual surveillance audit on 30 Mar 2012

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

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.

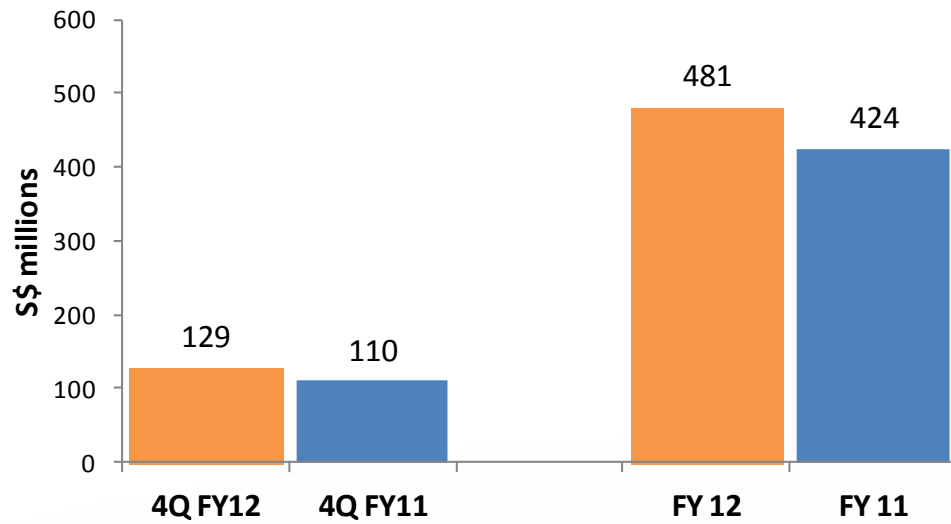
1 Overview

2 **Group Financial Results**

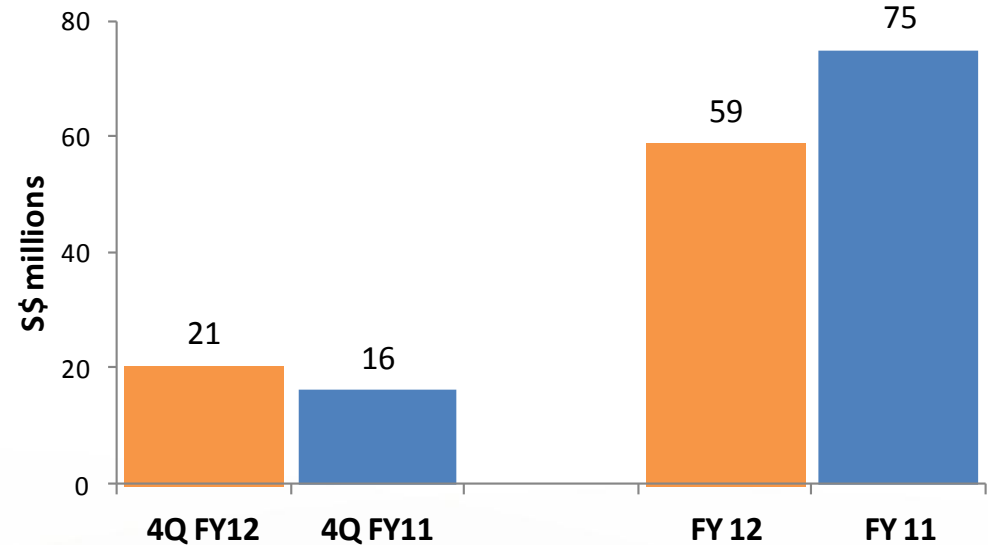
3 Subsidiaries' Financial Results

4 Our Investment Proposition

Revenue



Cash earnings⁽¹⁾



(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 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

	4Q FY12	4Q FY11	FY12	FY11
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Earnings	20,535	16,119	58,642	74,894
Applied as follows:				
Principal Repayment of Subsidiary Entity Loan	(2,370)	(2,370)	(9,479)	(9,295)
Non-controlling interest	(1,114)	(1,027)	(4,383)	(4,235)
Distribution to Unitholders	(12,455)	(10,289)	(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.

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	4Q FY12	4Q FY11		FY12	FY11	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	95,749	77,747	23.2	354,910	308,192	15.2
Other income	259	2,944	(91.2)	1,004	3,463	(71.0)
Other gains/(losses) - net	13	(28)	N/M	(66)	(67)	1.5
Expenses						
Fuel and electricity costs	(47,696)	(37,530)	(27.1)	(182,955)	(133,589)	(37.0)
Transportation costs	(20,267)	(19,594)	(3.4)	(81,259)	(76,975)	(5.6)
Depreciation and amortisation	(3,587)	(3,859)	7.0	(14,986)	(15,650)	4.2
Staff costs	(5,760)	(4,888)	(17.8)	(19,279)	(16,050)	(20.1)
Finance costs ⁽¹⁾	(7,146)	(7,311)	2.3	(29,532)	(29,671)	0.5
Other operating expenses	(9,142)	(9,108)	(0.4)	(33,951)	(32,621)	(4.1)
Total expenses	(93,598)	(82,290)	(13.7)	(361,962)	(304,556)	(18.8)
Profit/(loss) before income tax	2,423	(1,627)	N/M	(6,114)	7,032	N/M
Income tax credit/(expense)	297	243	22.2	1,695	(1,256)	N/M
Net profit/(loss) after income tax	2,720	(1,384)	N/M	(4,419)	5,776	N/M
EBITDA	13,135	9,520	38.0	38,332	52,284	(26.7)
Cash earnings	11,736	8,077	45.3	31,667	47,117	(32.8)

⁽¹⁾ Includes QPDS interest payable to CitySpring

City Gas Trust recorded cash earnings of S\$31.7 million in FY12 compared to S\$47.1 million in FY11. This was due mainly to the impact of time-lag in the adjustment of gas tariffs to reflect actual fuel cost. The tariff setting mechanism is designed to ensure that we fully recover our fuel costs over a period of time.

	4Q FY12	4Q FY11		FY12	FY11	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	9,860	9,200	7.2	38,471	38,700	(0.6)
Other income	2	16	(87.5)	6	579	(99.0)
Expenses						
Fuel and electricity costs	(3,374)	(2,758)	(22.3)	(12,507)	(12,332)	(1.4)
Depreciation and amortisation	(912)	(912)	-	(3,648)	(3,648)	-
Operation and maintenance costs	(1,752)	(1,749)	(0.2)	(7,024)	(7,371)	4.7
Finance costs ⁽¹⁾	(2,235)	(2,336)	4.3	(9,146)	(9,762)	6.3
Other operating expenses	(329)	(380)	13.4	(1,335)	(1,515)	11.9
Total expenses	(8,602)	(8,135)	(5.7)	(33,660)	(34,628)	2.8
Profit before income tax	1,260	1,081	16.6	4,817	4,651	3.6
Income tax expense	(216)	(188)	(14.9)	(827)	(829)	0.2
Net profit after income tax	1,044	893	16.9	3,990	3,822	4.4
EBITDA	4,405	4,329	1.8	17,605	18,056	(2.5)
Cash earnings	4,524	4,226	7.0	17,869	17,367	2.9

⁽¹⁾ Includes QPDS interest payable to CitySpring and NCI

SingSpring desalination plant continues to achieve 100% availability and recorded cash earnings of S\$17.9 million in FY12 compared to S\$17.4 million in FY11.

	4Q FY12	4Q FY11		FY12	FY11	
	Actual A\$'000	Actual A\$'000	Change %	Actual A\$'000	Actual A\$'000	Change %
Revenue	16,938	17,887	(5.3)	66,069	61,758	7.0
Other income	405	402	0.7	1,792	1,732	3.5
Other (losses)/gains - net	(143)	(7)	N/M	14,849	(3)	N/M
Expenses						
Fuel and electricity costs	(86)	(70)	(22.9)	(294)	(273)	(7.7)
Depreciation and amortisation	(7,079)	(7,034)	(0.6)	(28,237)	(28,159)	(0.3)
Staff costs	(618)	(802)	22.9	(2,669)	(2,607)	(2.4)
Operation and maintenance costs	(1,176)	(1,070)	(9.9)	(6,502)	(4,153)	(56.6)
Finance costs	(11,371)	(13,744)	17.3	(56,584)	(56,011)	(1.0)
Other operating expenses	(1,097)	(954)	(15.0)	(4,872)	(3,761)	(29.5)
Total expenses	(21,427)	(23,674)	9.5	(99,158)	(94,964)	(4.4)
Loss before fair value changes on DFI and income tax	(4,227)	(5,392)	21.6	(16,448)	(31,477)	47.7
Fair value gain/(loss) on DFI	594	(1,063)	N/M	(6,401)	(5,777)	(10.8)
Loss before income tax	(3,633)	(6,455)	43.7	(22,849)	(37,254)	38.7
Income tax credit/(expense)	2,871	(2,016)	N/M	(17,646)	(2,860)	N/M
Net loss after income tax	(762)	(8,471)	91.0	(40,495)	(40,114)	(0.9)
EBITDA	14,429	13,928	3.6	60,379	45,213	33.5
Cash earnings	4,737	4,703	0.7	15,206	15,702	(3.2)

Basslink's cash earnings for FY12 was A\$15.2 million compared to A\$15.7 million in FY11. The lower cash earnings in FY12 was due to payment of early redemption guarantee fee 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. This was partly offset by lower negative CRSM payments (FY12: negative A\$15.5 million (approximately S\$20.3 million); FY11 negative A\$16.7 million (approximately S\$21.0 million)) and higher contributions from telecoms revenue.

1 Overview

2 Group Financial Results

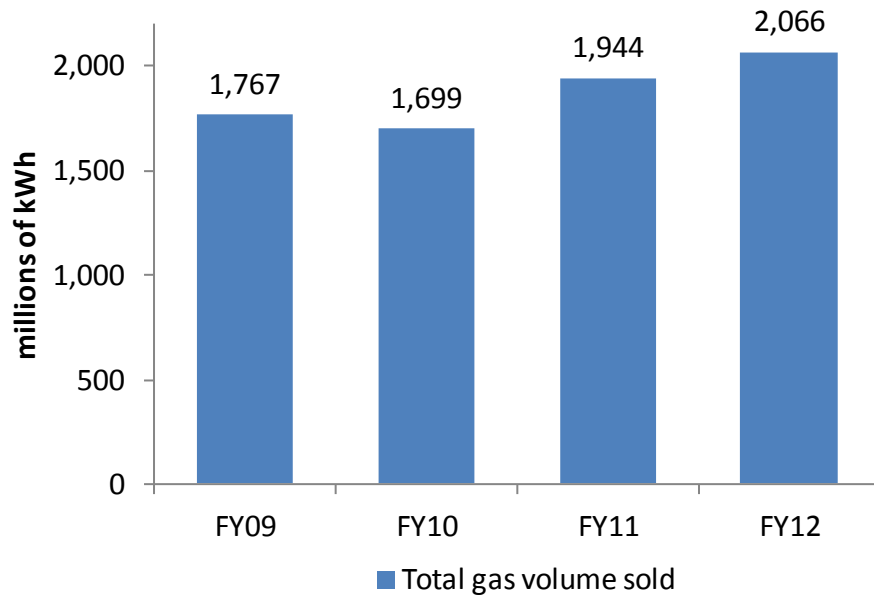
3 Subsidiaries' Financial Results

4 Our Investment Proposition

- Businesses providing essential services
- Sustainable distribution
- Strategy for growth

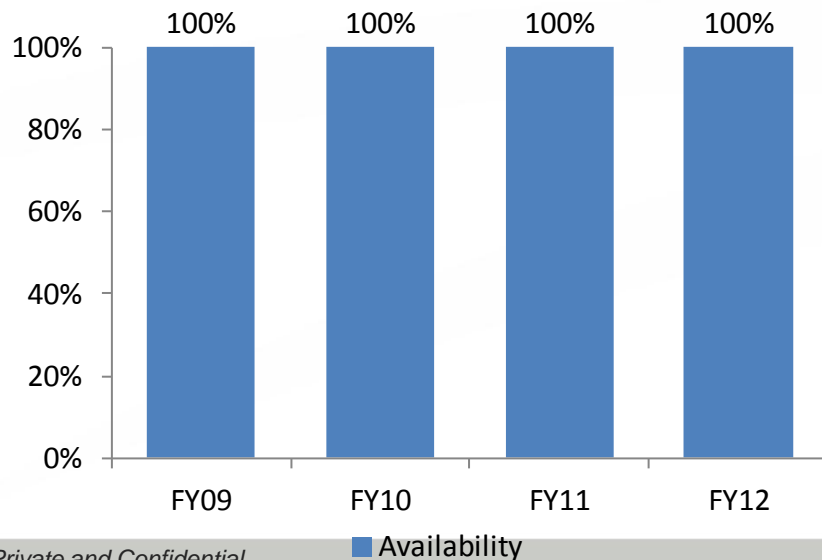
Businesses Providing Essential Services

City Gas



- Total gas volume has grown steadily over the years
- Total customers at end Mar 2012 - 653,000
- Stable cash earnings driven by broad and diversified customer base

SingSpring

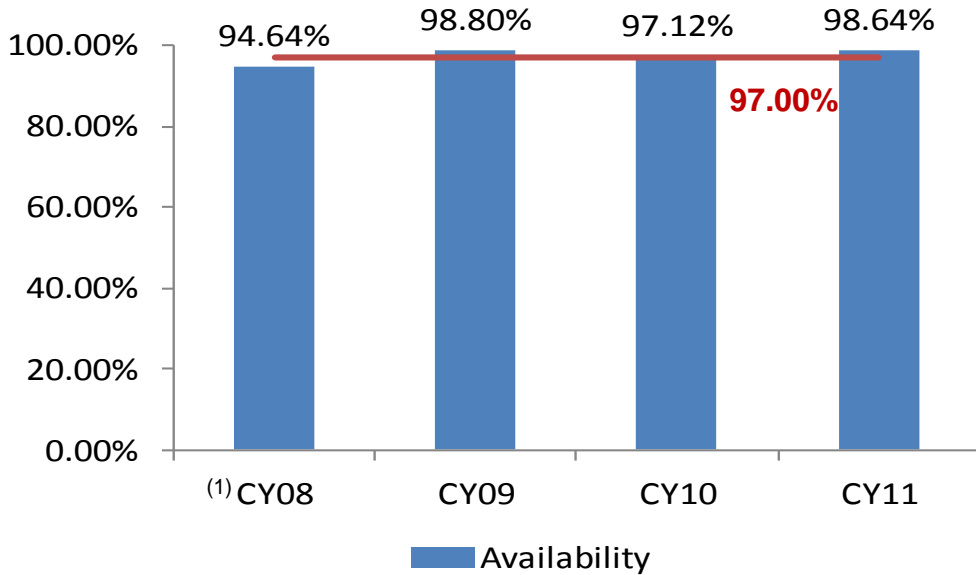


- Achieved 100% availability annually
- Steady cashflows driven by availability-based capacity fees from PUB, which are not subject to plant utilisation rates.

(1) FY stands for Financial Year and represents the period between 1 April of a year and 31 March of the following year

Businesses Providing Essential Services

Basslink



- Exceeded target annual availability of 97%, except for CY08
- Availability based earnings underpinned by high reliability

(1) CY stands for Calendar Year and is the period between 1 January and 31 December of the same year

(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

Since IPO in Feb 2007

- Acquired Basslink in August 2007
- Launched Basslink Telecoms as a new business in July 2009
- Awarded a mandate by SingTel to manage NetLink Trust in July 2011

Going Forward

- We have 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.
- 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 on 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

	4Q FY12	4Q FY11		FY12	FY11	
	Actual S\$'000	Actual S\$'000	Change %	Actual S\$'000	Actual S\$'000	Change %
Revenue	128,714	109,810	17.2	481,407	424,479	13.4
Other income	974	3,760	(74.1)	4,471	6,907	(35.3)
Other gains - net	297	115	158.3	20,212	535	N/M
Total expenses	(126,671)	(116,488)	(8.7)	(510,076)	(440,830)	(15.7)
Profit/(loss) before fair value changes on DFI and income tax						
	3,314	(2,803)	N/M	(3,986)	(8,909)	55.3
Fair value gain/(loss) on DFI	723	(1,377)	N/M	(8,385)	(7,258)	(15.5)
Profit/(loss) before income tax						
	4,037	(4,180)	N/M	(12,371)	(16,166)	23.5
Income tax credit/(expense)	3,564	(2,523)	N/M	(22,615)	(5,762)	N/M
Net profit/(loss) after income tax						
	7,601	(6,703)	N/M	(34,986)	(21,928)	(59.6)
EBITDA	35,962	30,037	19.7	128,578	120,977	6.3
Cash earnings ⁽¹⁾	20,535	16,119	27.4	58,642	74,894	(21.7)
Cash earnings less NCI	19,421	15,092	28.7	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

Group Financial Results

Group Consolidated Cash Flow Statement

	4Q FY12 Actual S\$'000	4Q FY11 Actual S\$'000	FY12 Actual S\$'000	FY11 Actual S\$'000
Cash flows from operating activities				
Net profit/(loss) after income tax	7,601	(6,703)	(34,986)	(21,929)
Non-cash adjustments	27,474	38,114	152,274	150,680
Operating cash flow before working capital changes	35,075	31,411	117,288	128,751
Changes in operating assets and liabilities	(9,540)	(16,119)	(59,576)	(49,213)
Net cash generated from operating activities	25,535	15,292	57,712	79,538
Cash flows from investing activities				
Purchase of property, plant and equipment	(874)	(454)	(3,178)	(1,391)
Proceeds from sale of property, plant and equipment	2	10	184	17
Net cash used in investing activities	(872)	(444)	(2,994)	(1,374)
Cash from financing activities				
(Increase)/decrease in restricted cash	(226)	(26,348)	19,784	(25,800)
Repayment of borrowings and purchase and cancellation of bonds	(2,370)	(2,370)	(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	(12,455)	(10,289)	(45,488)	(41,156)
Distributions paid by subsidiary to non-controlling interest	(330)	(300)	(1,500)	(1,770)
Net cash used in financing activities	(15,381)	(39,307)	(33,436)	(78,021)
Net increase/(decrease) in cash and cash equivalents	9,282	(24,459)	21,282	143
Cash and cash equivalents at beginning of the period	111,296	123,222	98,825	98,928
Effect of currency translation on cash and cash equivalents	(510)	62	(39)	(246)
Cash and cash equivalents at end of the period ⁽¹⁾	120,068	98,825	120,068	98,825

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

	4Q FY12	4Q FY11	FY12	FY11
	Actual	Actual	Actual	Actual
	S\$'000	S\$'000	S\$'000	S\$'000
EBITDA	35,962	30,037	128,578	120,977
Add/(less):				
Other cash receipts	1,557	1,459	13,007	13,228
Net finance costs	(15,216)	(16,500)	(66,850)	(65,713)
Payment of loan upfront fees & legal fees	-	-	(4,069)	-
Fair value (gain)/loss on DFI	(723)	1,377	8,385	7,258
Unit issue expenses charged to income statement	39	-	1,417	-
Gain associated with purchase and cancellation of Basslink bonds	-	-	(19,417)	-
Other non-cash flow expenses	(357)	294	(508)	347
Maintenance capital expenditure incurred	(727)	(548)	(1,901)	(1,203)
Cash earnings	20,535	16,119	58,642	74,894
Less: Cash earnings attributable to NCI	(1,114)	(1,027)	(4,383)	(4,235)
Cash earnings less NCI	19,421	15,092	54,259	70,659