

Keppel Infrastructure Trust



Investor Presentation
Creating the largest Singapore infrastructure-focused business trust

February 2015

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1. Overview of the Proposed Transactions



Overview of the Proposed Transactions

KMC Acquisition

Acquisition of 51% interest in KMC by KIT funded by an EFR



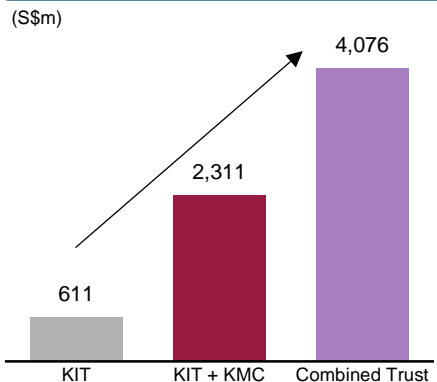
A top-tier gas-fired power plant in Singapore

Combination

Combination of KIT and CIT



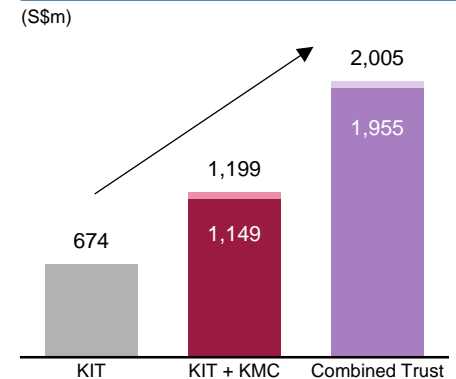
Total assets ⁽²⁾



Combined Trust to be named KIT

- Pro forma total assets of over S\$4 billion
- Largest Singapore infrastructure-focused business trust
- To be managed by KIFM⁽¹⁾

Market value ⁽³⁾



(1) Keppel Infrastructure Fund Management, the Trustee Manager of KIT.

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

(3) Based on last close unit price of S\$1.07 for KIT and S\$0.540 for CIT (adjusted for S\$30m pre-Combination distribution) as at 2 February 2014, and assumes S\$475m to S\$525m EFR.

Combination of KIT and CIT

Overview

- Combine KIT's asset portfolio with CIT's
 - KIT will sell all its business undertakings and assets to CIT in exchange for new CIT units
 - KIT will then carry out a distribution-in-specie of the new CIT units to its 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 but before EFR

Consideration

- Fixed swap ratio of 2.106⁽²⁾ new CIT units for every 1 KIT unit based on the 180-day VWAP prices of KIT (S\$1.0446) and CIT (S\$0.4960)⁽²⁾

Sponsor and Trustee-Manager

- Keppel Infrastructure will become the new sponsor of the Combined Trust
- KIFM⁽³⁾ will become the trustee-manager of the Combined Trust
- Revised management fee structure will deliver cost savings of ~S\$5.3m⁽⁴⁾ to unitholders
- KIFM shall waive its divestment fee for the Combination
- CSIM will not receive compensation for relinquishing its role as trustee-manager of CIT

Conditions

- Approval of KIT and CIT unitholders at their respective EGMs
 - 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*

(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 2014, the Combined 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.

The KMC Acquisition and EFR

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, a 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■ 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■ Successful completion of the EFR or successful drawdown of an equity bridge loan agreement
Equity Fund Raising (“EFR”)	<ul style="list-style-type: none">■ Combined Trust or KIT (if Combination not completed) to conduct up to S\$525m EFR to finance the KMC Acquisition and related expenses■ Will comprise a placement to new investors and a preferential offer to existing unitholders■ Keppel and Temasek (if Combination is completed) will subscribe for their pro rata entitlements under the preferential offer and do not intend to dispose of any units earlier than 12 months after completion of the EFR

The KMC Plant

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
Design life	~25 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 capacity tolling agreement
- 10-year additional extension option

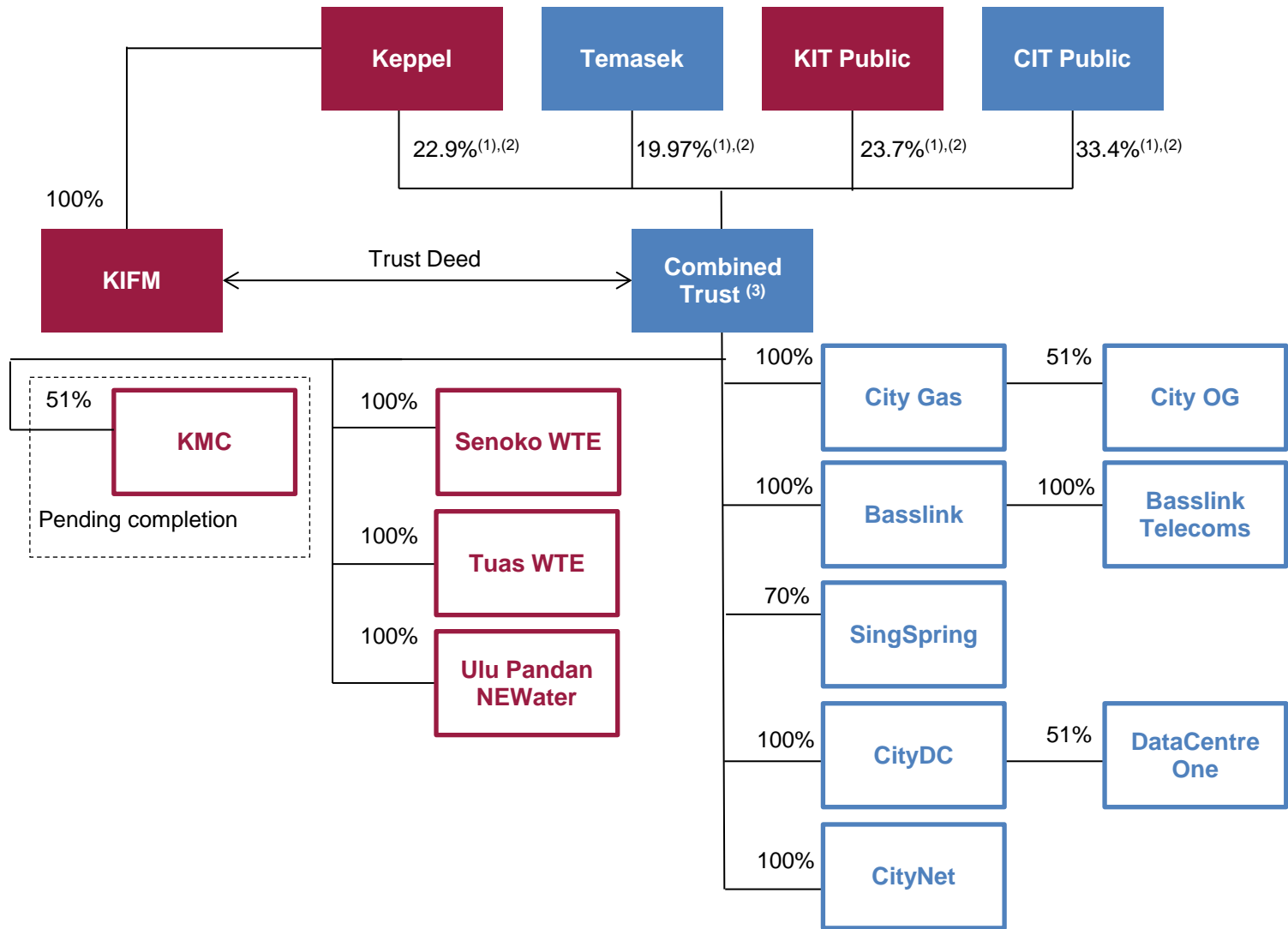
High quality credit of toller

- Full capacity tolling contract exclusively with Keppel Electric
- KI (a wholly owned subsidiary of Keppel Corp) 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;

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.

Diversified portfolio of core infrastructure assets

KIT

Waste Management



Senoko Plant

- Only waste incineration plant located outside of the Tuas area
- Capacity of 2,100 tons/day



Tuas DBOO Plant

- Newest of the four waste incineration plants currently operating in Singapore
- Capacity of 800 tons/day

Water and Wastewater Infrastructure



Ulu Pandan Plant

- One of Singapore's largest NEWater plants
- Daily capacity of 148,000m³

Power Generation, Electricity Transmission and Gas



KMC

- A top-tier gas-fired 1,300MW CCGT plant in Singapore
- 15-year CTA with maximum capacity fee of S\$108m a year

CIT

Telecoms Infrastructure



DataCentre One

- 214,000 square feet uptime Institute Tier 3 datacentre (estimated completion in 1Q CY2016)



CityNet

- Awarded a mandate to act as the trustee-manager of NetLink Trust



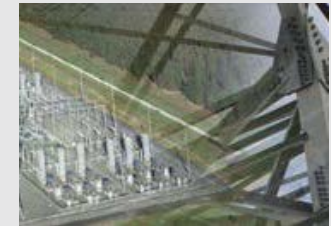
SingSpring

- Singapore's first large-scale seawater desalination plant
- Daily capacity of 136,380m³



City Gas

- Sole producer and retailer of town gas in Singapore
- Over 700,000 customers



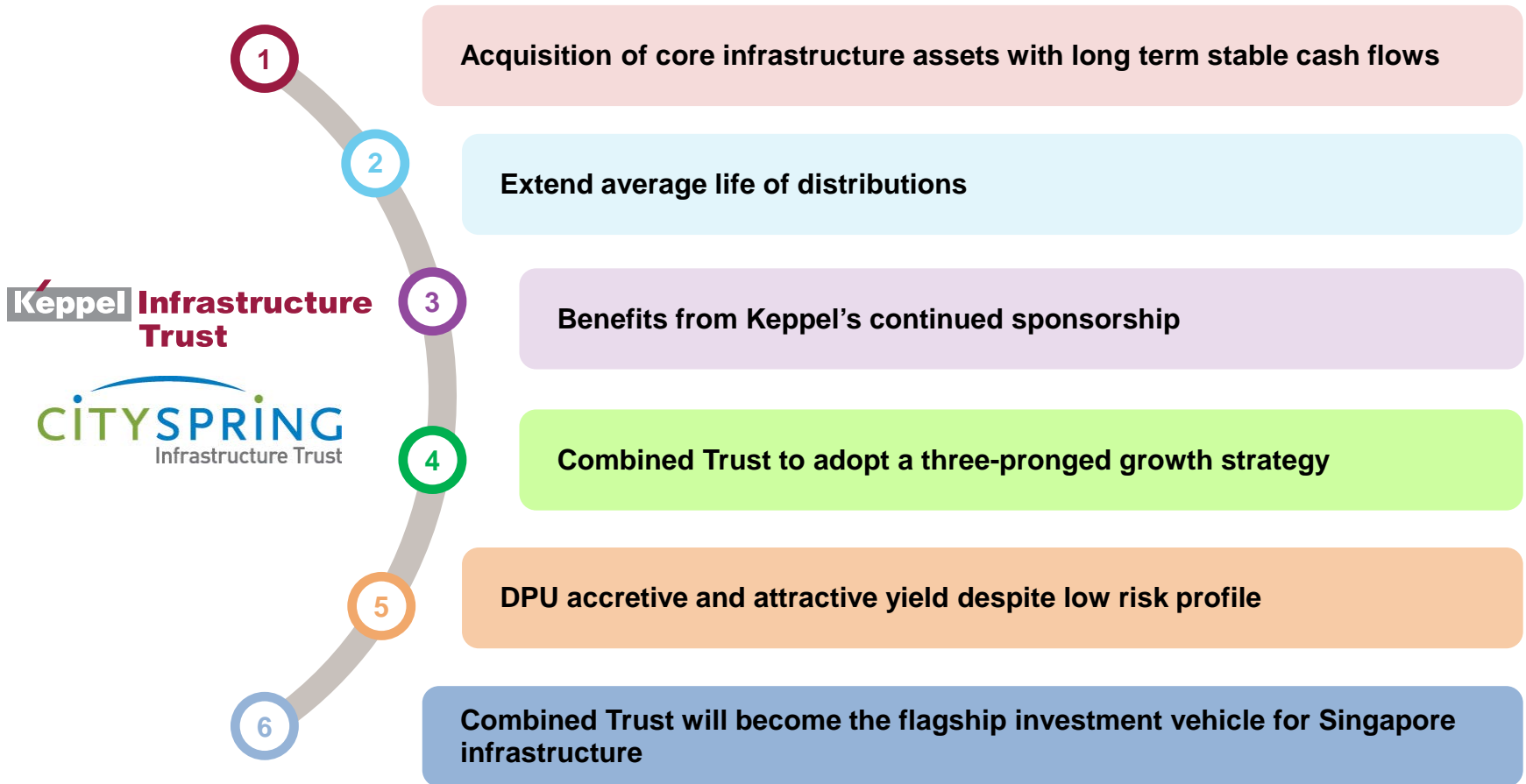
Basslink

- Only electricity interconnector between Tasmania and mainland Australia

2. Key investment highlights of Combined Trust



Key investment highlights



Acquisition of core infrastructure assets with long term stable cash flows

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	✓	✓	✓	✓	✓

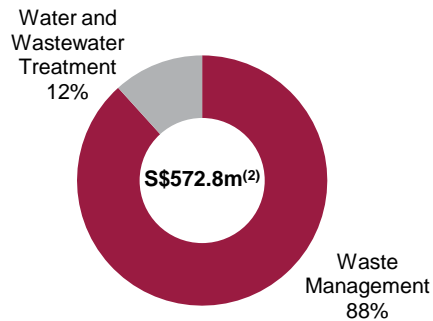
CIT's portfolio of core infrastructure assets as well as KMC serve basic essential needs and provide the Combined Trust a platform to further expand regionally and globally

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

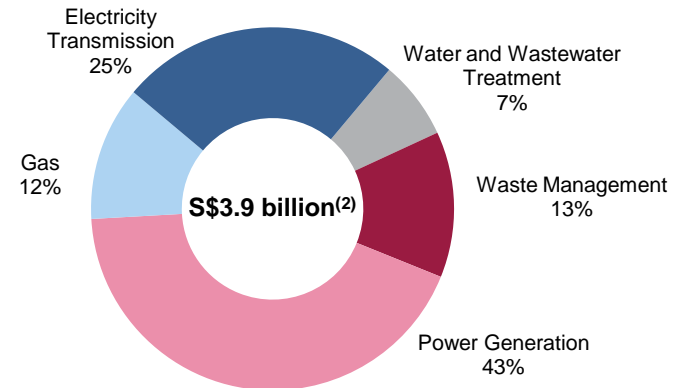
(2) City Gas has a large, diversified customer base and is not reliant on any single customer.

...which results in a well diversified portfolio

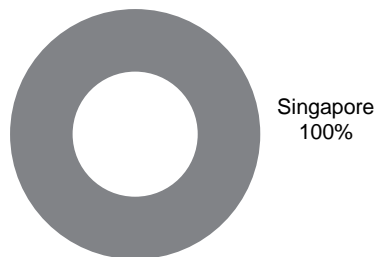
Total assets by segment (KIT)



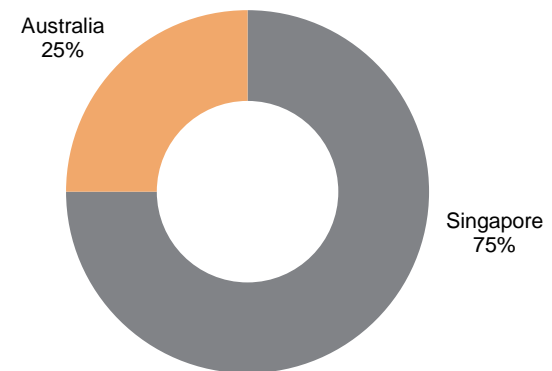
Total assets by segment (KIT + KMC + CIT) ⁽¹⁾



Total assets by geography (KIT)



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

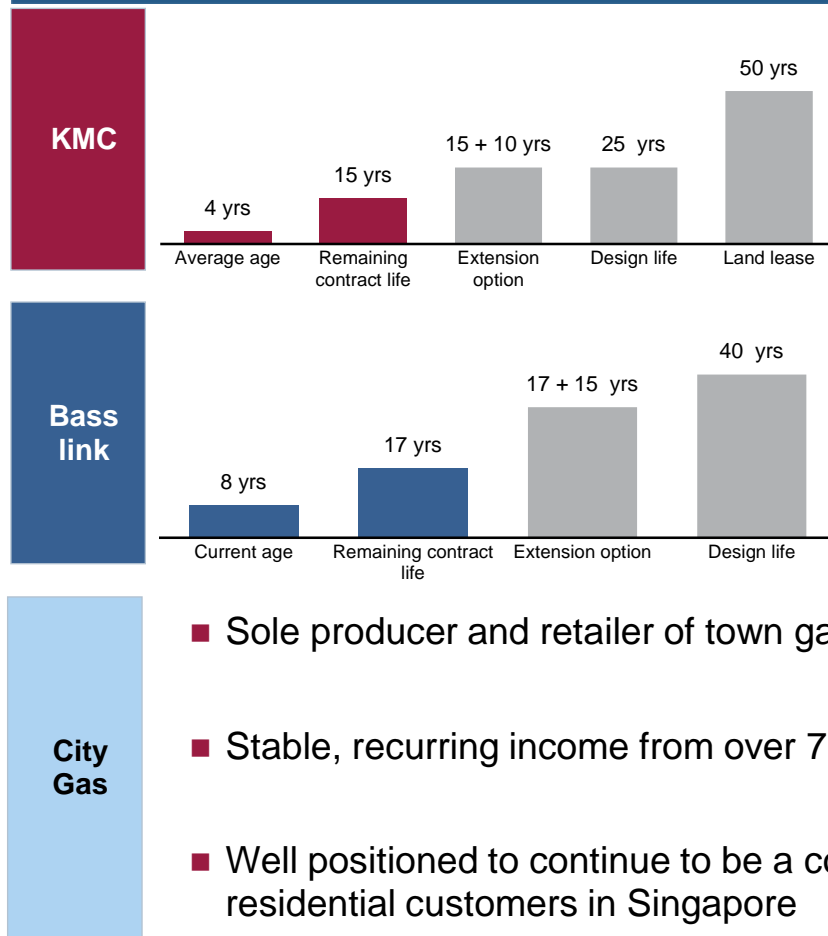


(1) Comprises of KIT total assets based on FY2014 audited financials, CIT total assets based on 31 December 2014 unaudited financials, and KMC enterprise value of S\$1,700m.

(2) Excludes total assets attributable to corporate segment of S\$38.2m for KIT and S\$119.1m for CIT.

Extend average life of distributions

Value beyond initial contract life



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

Keppel Infrastructure

- A wholly-owned subsidiary of Keppel Corporation Limited
- 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
- 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

KMC Acquisition demonstrates KI's commitment to KIT as a Sponsor by creating a suitable investment that generates stable cash flows for KIT

Combined Trust to adopt a three-pronged growth strategy

1

Growth of existing portfolio

Solid Stable Base

- Stable cash flows
- Scale and liquidity
- Solid growth platform

Potential Upsides

- Basslink
 - Debt amortization
 - Indexed revenues
 - CRSM review
- Concession extensions
- Organic growth of CityGas
- Completion of Data Centre One in 2016

2

Keppel sponsorship

Keppel Infrastructure

- ROFR over 49% of KMC and other assets owned and developed by Sponsor
- Co-investment / warehousing opportunities

3

External opportunities

Third Party Acquisitions

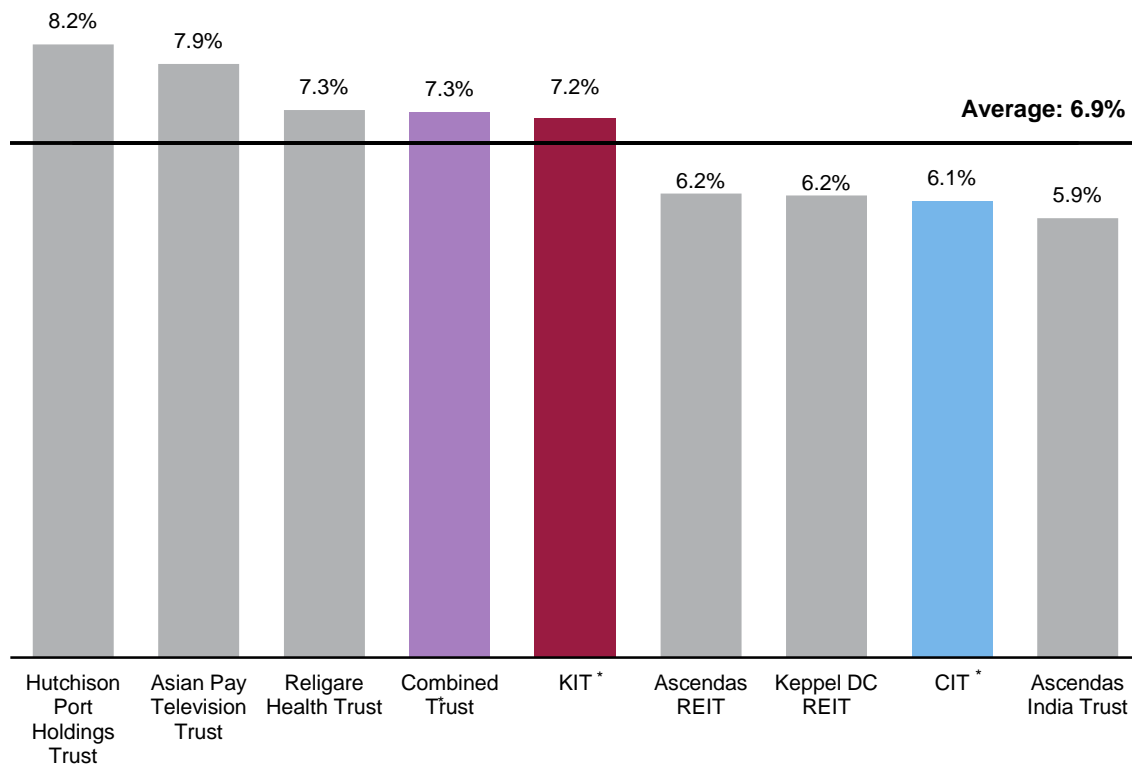
- Meet investment criteria
- Initial focus on existing energy, telecoms, waste and water sectors
- Jurisdictions with well developed legal frameworks
 - Asia (Australia, Japan, Korea, Singapore and Taiwan)
 - Selected EU countries

Selected Development Opportunities

- Consider controlled development risks to enhance returns
- Limited capital allocation
- Potentially work alongside partners (eg. Keppel Infrastructure)

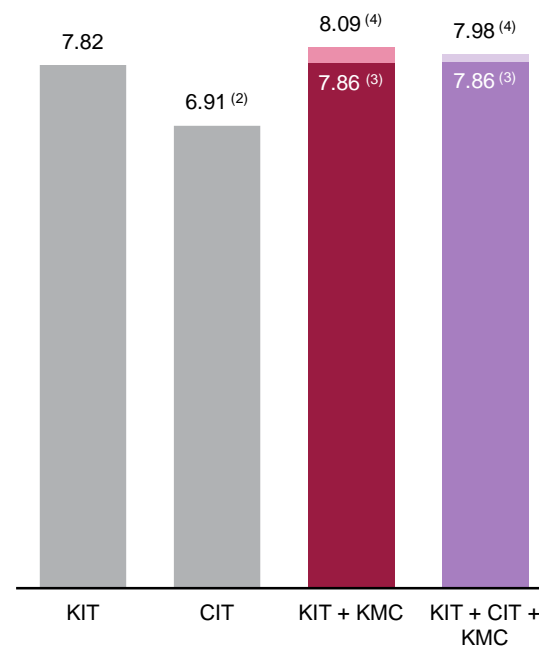
DPU accretive and attractive yield despite low risk profile

Forward dividend yield (FY2015E)



DPU⁽¹⁾ accretive transactions

(S\$ cents)



* Calculated based on FY2014 distributions.

Source: FactSet, company financials as of 2 February 2015

Note: Proforma financial impact calculated on the bases and assumptions set out in the SGXNET announcements. Market data as of 2 February 2015. For the Combined Trust, current unit price used for calculations assumes S\$525m EFR and adjusted for S\$30m each of pre- and post-completion distribution.

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

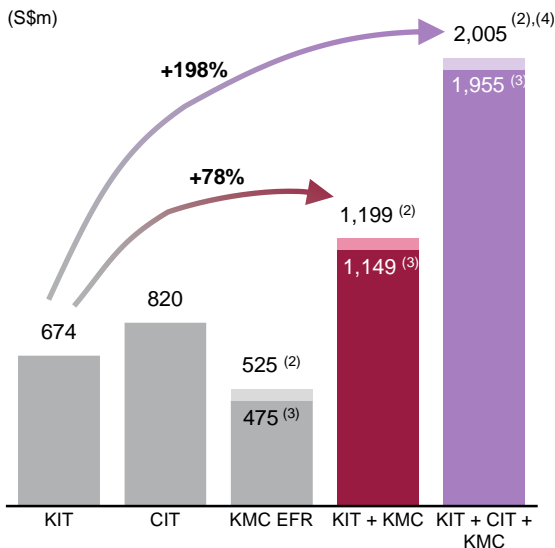
(2) Based on the CIT DPU of 3.28 cents and the swap ratio of 2.106.

(3) Assuming S\$525m EFR.

(4) Assuming S\$475m EFR.

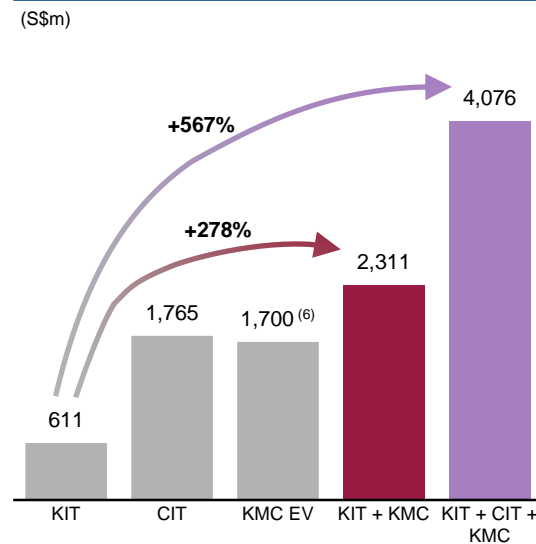
Combined Trust will become the flagship investment vehicle for Singapore infrastructure

Market value ⁽¹⁾



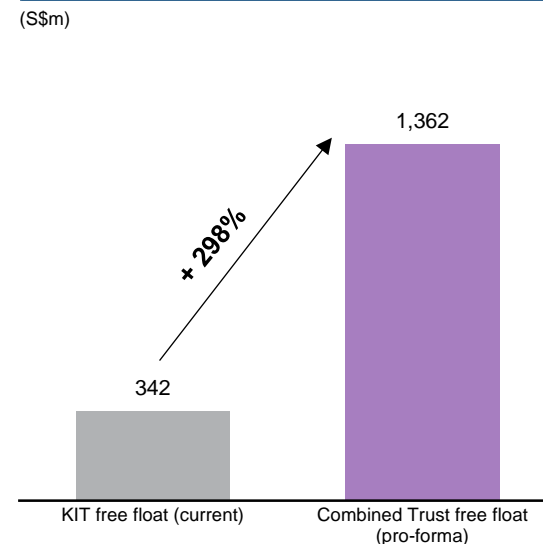
✓ Increased size and scale

Total assets ⁽⁵⁾



✓ Strengthen ability to pursue larger acquisitions

Free float (current vs pro forma) ⁽⁷⁾



✓ Expand the free float and enhance liquidity of units

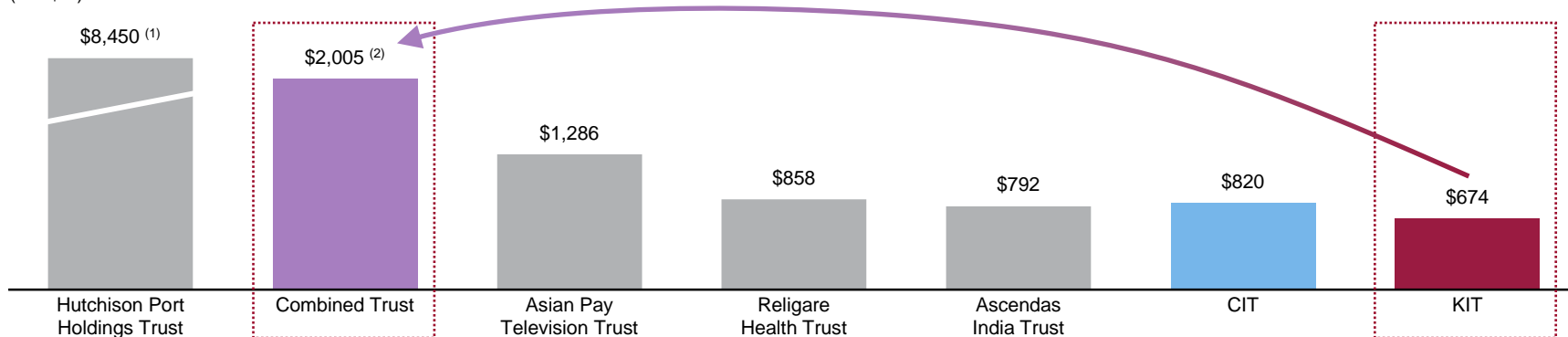
The proposed combination will allow KIT to increase its scale, broaden its investor base as well as improve the liquidity and research coverage of the Combined Trust's units

- Note: Proforma financial impact calculated on the bases and assumptions set out in the SGXNET announcements.
- (1) Based on unit price of S\$1.07 for KIT and S\$0.540 for CIT as at 2 February 2015, 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\$1,480m based on CIT's unit price of S\$0.540 for KIT + CIT as of 2 February 2015 (adjusted for S\$30m pre-Combination distribution), plus S\$525m EFR, for total market value of S\$2,005m.
 - (5) KIT and CIT total assets as at 31 December 2014.
 - (6) 100% of the enterprise value of KMC.
 - (7) Current free float of 50.8% as of 2 February 2015 and pro forma free float of 67.0% based on CIT last close as of 2 February 2015 (adjusted for S\$30m pre-Combination distribution) and includes EFR for KMC Acquisition as per bases and assumptions set out in the SGXNET announcements.

Combined Trust will become the flagship investment vehicle for Singapore infrastructure (cont'd)

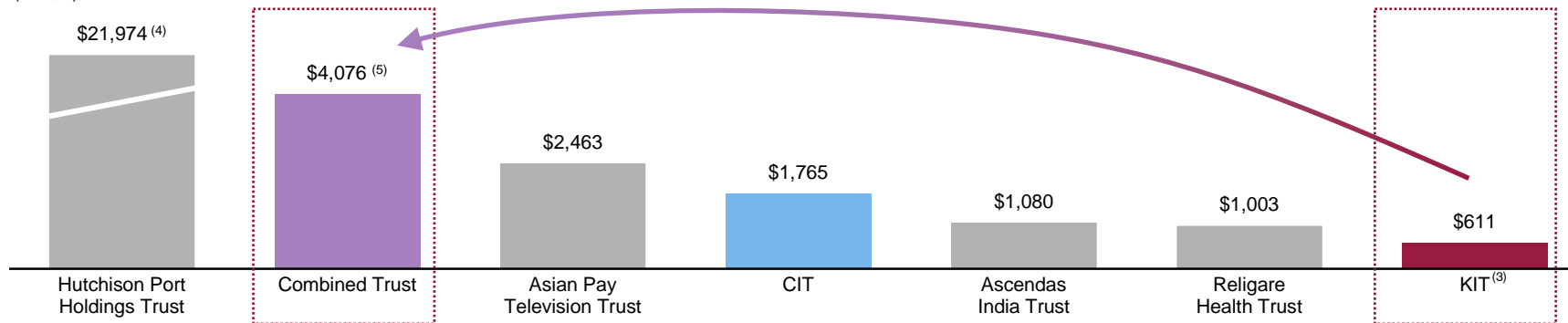
Market capitalization

(in S\$m)



Total assets⁽³⁾

(in S\$m)



Creating the largest Singapore infrastructure-focused business trust

Source: Company information and FactSet. Market capitalization as of 2 February 2015.

(1) Based on share price of S\$0.970 as of 2 February 2015 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 unit price of S\$0.540 (adjusted for S\$30m pre-Combination distribution) plus assuming a S\$525m 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 except KIT and CIT. KIT's and CIT's total assets as of 31 December 2014.

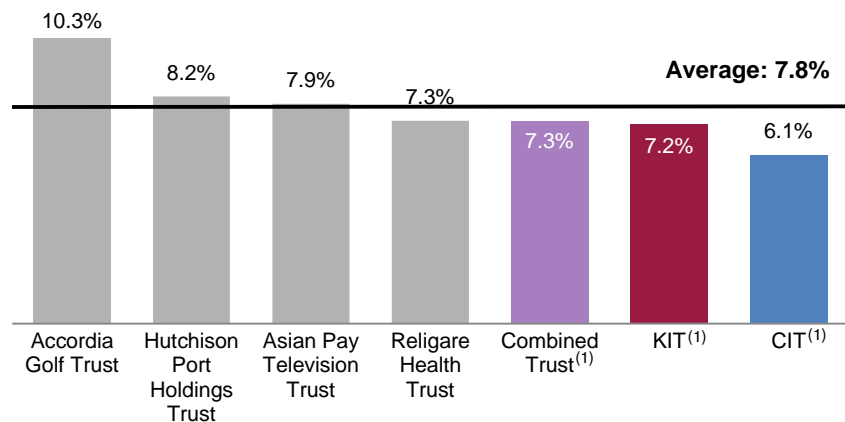
(4) Assuming exchange rate of HK\$1.00 = S\$0.1642 as of 30 September 2014.

(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 100% EV of KMC.

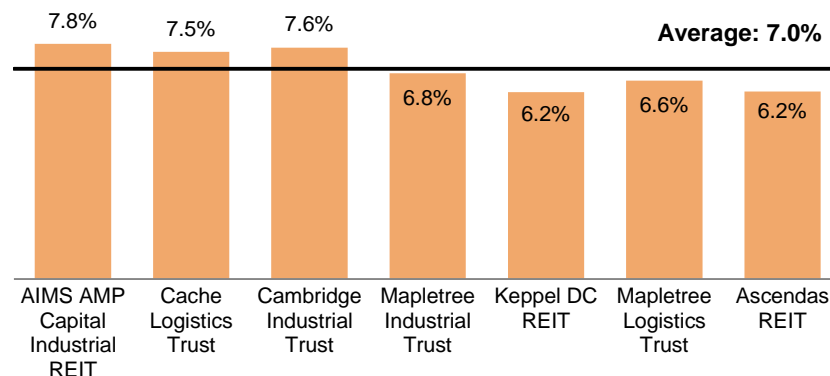
Unique investment proposition offering portfolio diversification

Forward dividend yield (2015E)

Infrastructure trusts



Singapore Industrial REITs



KIT offers compelling advantage over S-REITs

- ✓ Utility assets of national strategic importance: power, water and gas
- ✓ Limited supply of such infrastructure assets vs. a less regulated property market that could be subject to over-supply
- ✓ Land rights and licenses of strategic value
- ✓ Stable cash flows across all economic cycles
 - Unlike REITs that are subject to rental cycles / renegotiations and fluctuating occupancy rates
- ✓ Underlying asset values subject to less fluctuations
 - Unlike REITs that are subject to annual re-valuations, which are dependent on property cycles
- ✓ Weighted average lease expiry (“WALE”) for Singapore Industrial REITs is approximately 3.5 years, whereas KIT’s contracts are between 10 – 32 years

Source: Company financials, FactSet as of 2 February 2015

(1) Calculated based on FY2014 distributions.

3. Pro forma financials



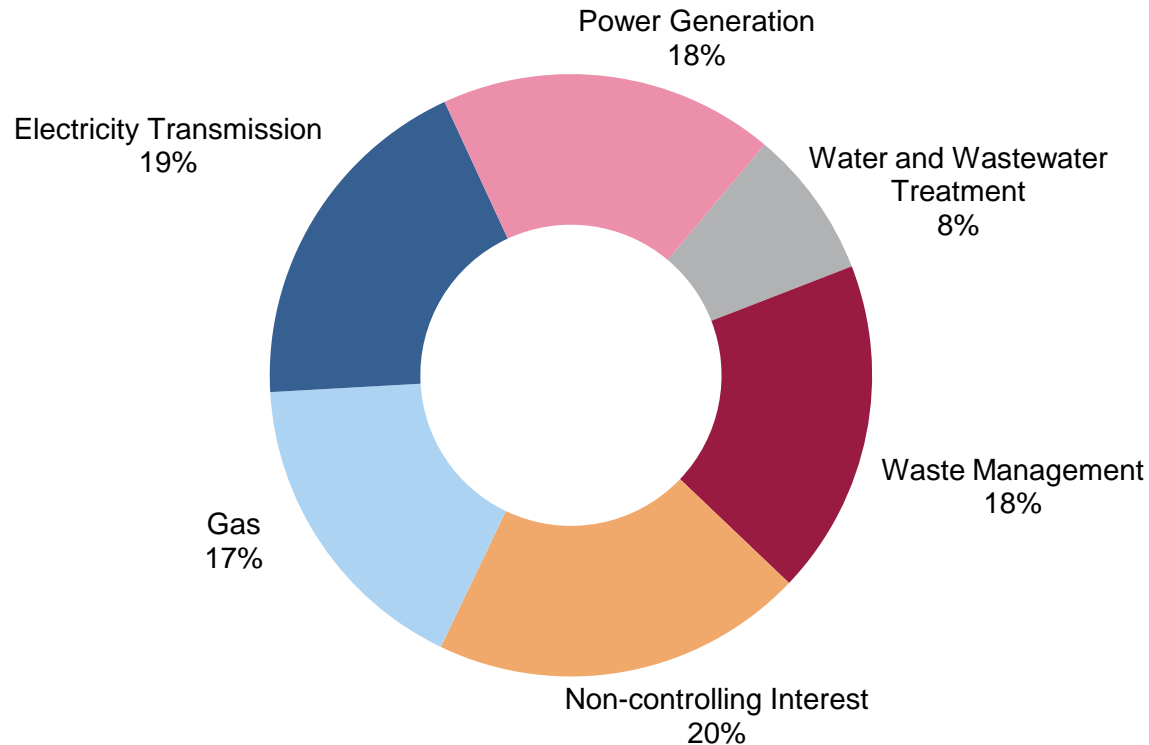
Financial snapshot

(in S\$m)	KIT ⁽¹⁾	CIT ⁽¹⁾	KMC ⁽¹⁾	KIT + KMC	Combined Trust
<u>Cash flows</u>					
Adjusted EBITDA	52.2	128.7 ⁽²⁾	106.0 ⁽³⁾	158.2	292.2 ⁽⁴⁾
Distributable cash flows	55.9	65.7 ⁽⁵⁾	44.2 ⁽³⁾	100.1	171.0 ⁽⁴⁾
Total distributions	49.2	49.8	40.9	90.1 – 88.6	146.1 – 144.6 ⁽⁶⁾
DPU (cents)	7.82	6.91 ⁽⁷⁾	n.m.	7.86 – 8.09 ⁽⁸⁾	7.86 – 7.98 ⁽⁸⁾
<u>Leverage</u>					
Cash	49.7	226.9 ⁽⁹⁾	–	49.7	276.6 ⁽⁹⁾
Debt	3.4	1,171.7	700.0	703.4	1,875.1
Net debt / (cash)	(46.3)	944.8	700.0	653.7	1,598.5
Net debt / Total assets	n.m.	54%	41%	28%	39%
Net debt / Adjusted EBITDA	n.m.	7.3x	6.6x	4.1x	5.5x

(1) As of 31 December 2014 for KIT, CIT and KMC (assuming the restructuring implemented on 1 January 2014).
(2) Excludes Hydro Tasmania dispute settlement amount.
(3) After deducting for S\$2m trustee manager fees.
(4) Includes S\$5.3m trustee manager fee savings.
(5) Excludes Hydro Tasmania dispute settlement amount, Basslink refinancing costs and investment in DataCentre One.
(6) Includes S\$5.3m trustee manager fee savings and an additional S\$1.0m distributions from distributable cash flows.
(7) After 2.106 conversion, from KIT's perspective.
(8) Assuming S\$475 – 525m EFR.
(9) Includes restricted cash balance of S\$46.8m

Multiple sources of cash flows

Adjusted EBITDA by segment (Combined Trust)⁽¹⁾



Regular and predictable cash flows from a diversified core portfolio of Singapore infrastructure assets that are not easily replicated

(1) KIT and CIT as of 31 December 2014, and KMC assuming the restructuring implemented on 1 January 2014. Excludes approx. S\$9m of trust / corporate expenses.

Sustainable capital structure

Recent Refinancing

- Recent financing demonstrates lenders' confidence in the capital structure
 - CIT's, City Gas and Basslink loans were refinanced in 2014
 - KMC loan to be in place before closing

Asset Based Financing

- Apart from CIT's S\$142m corporate loans, the other loans are at the asset level and non-recourse
- KIT in net cash position

Long Term High Quality Cash Flows

- Leverage supported by underlying long term stable cash flows
 - Long term contracts (10 – 32 years) with creditworthy counterparties such as government-linked entities and Keppel
 - City Gas' large and stable customer base

Interest Rate Risk Management

- Fix interest rates in current rate environment and match cash flow profile
- Around 70 – 80% of the loans will be hedged

Currency Hedge

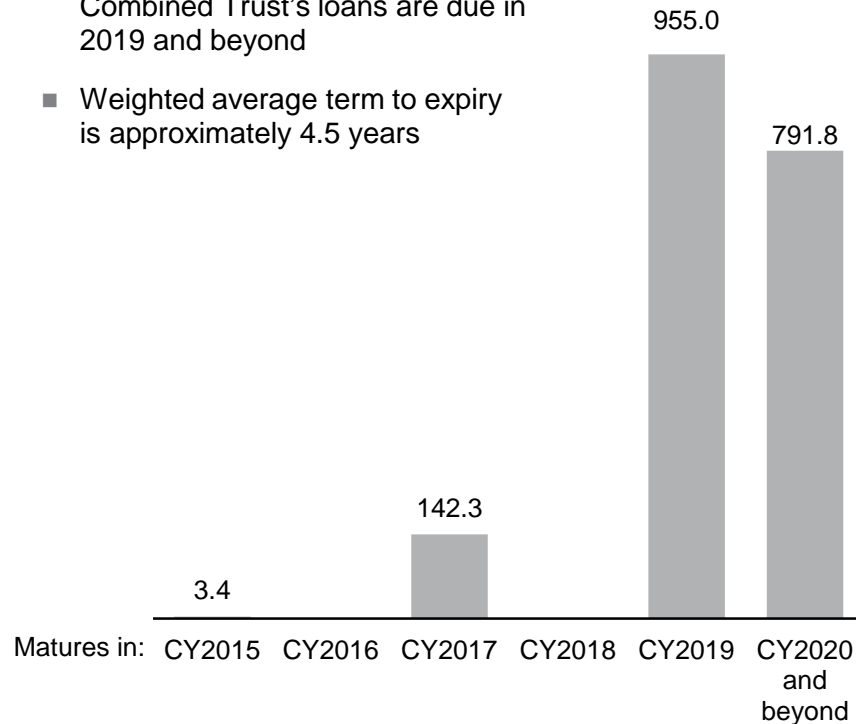
- Borrowing in Australian currency provides a natural currency hedge against foreign exchange exposure arising from Basslink's cash flows

Sustainable capital structure (cont'd)

Maturity profile

(in S\$m)

- Approximately 92% of the Combined Trust's loans are due in 2019 and beyond
- Weighted average term to expiry is approximately 4.5 years

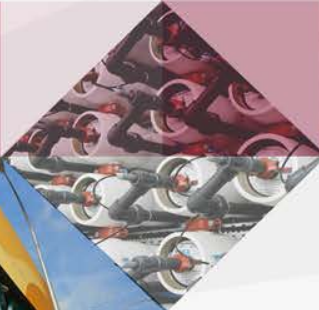


Debt overview

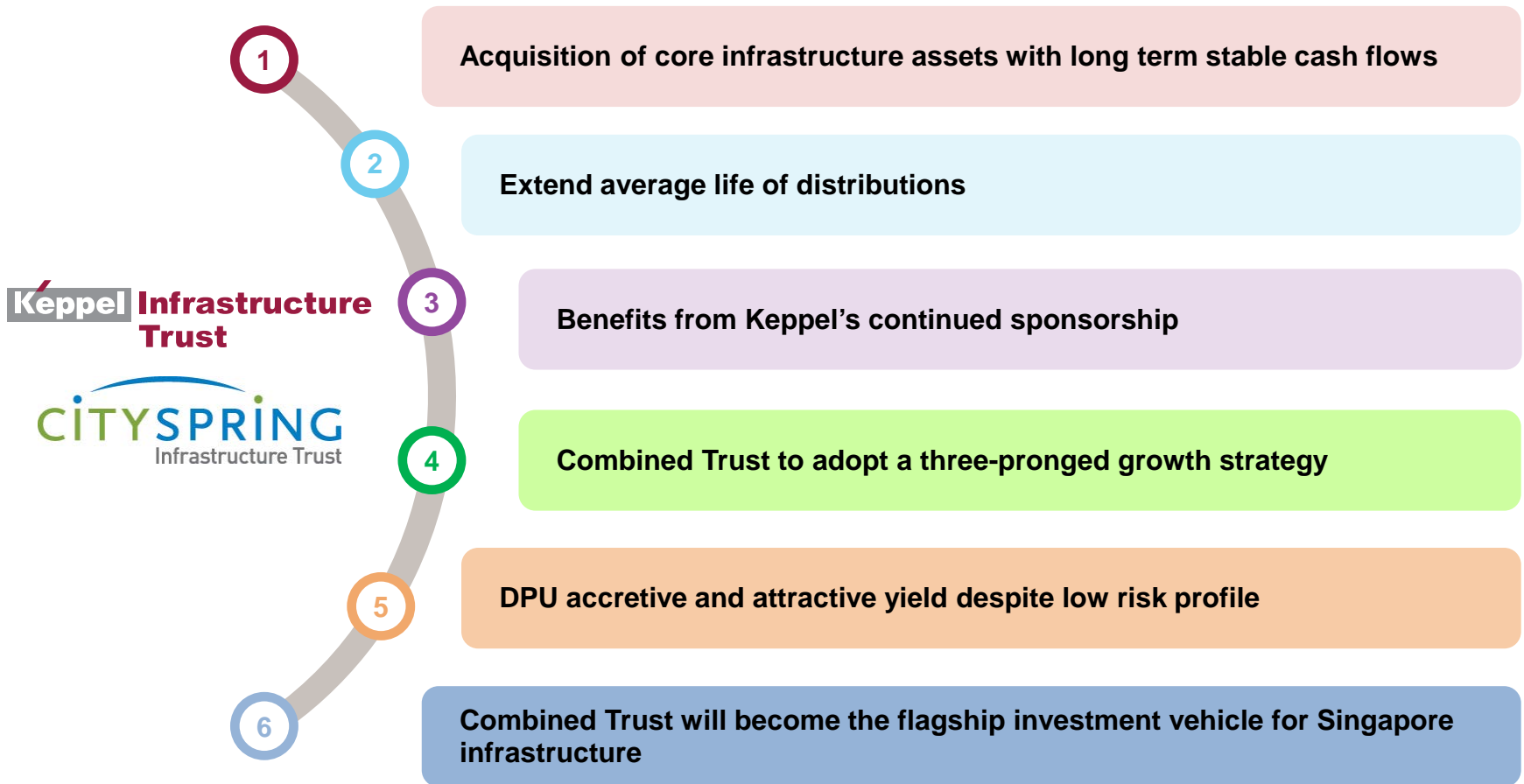
- Blended average interest rate between 3-4%
 - Singapore average interest rates between 2-3%
 - Australian average interest rates between 5-6%
- A\$ debt of A\$717m (S\$777m)⁽¹⁾
 - Interest rate hedged
 - Provides a natural currency hedge for Basslink A\$ cash flows

(1) Assuming exchange rate of A\$1.00 = S\$1.083.

4. Conclusion



Conclusion



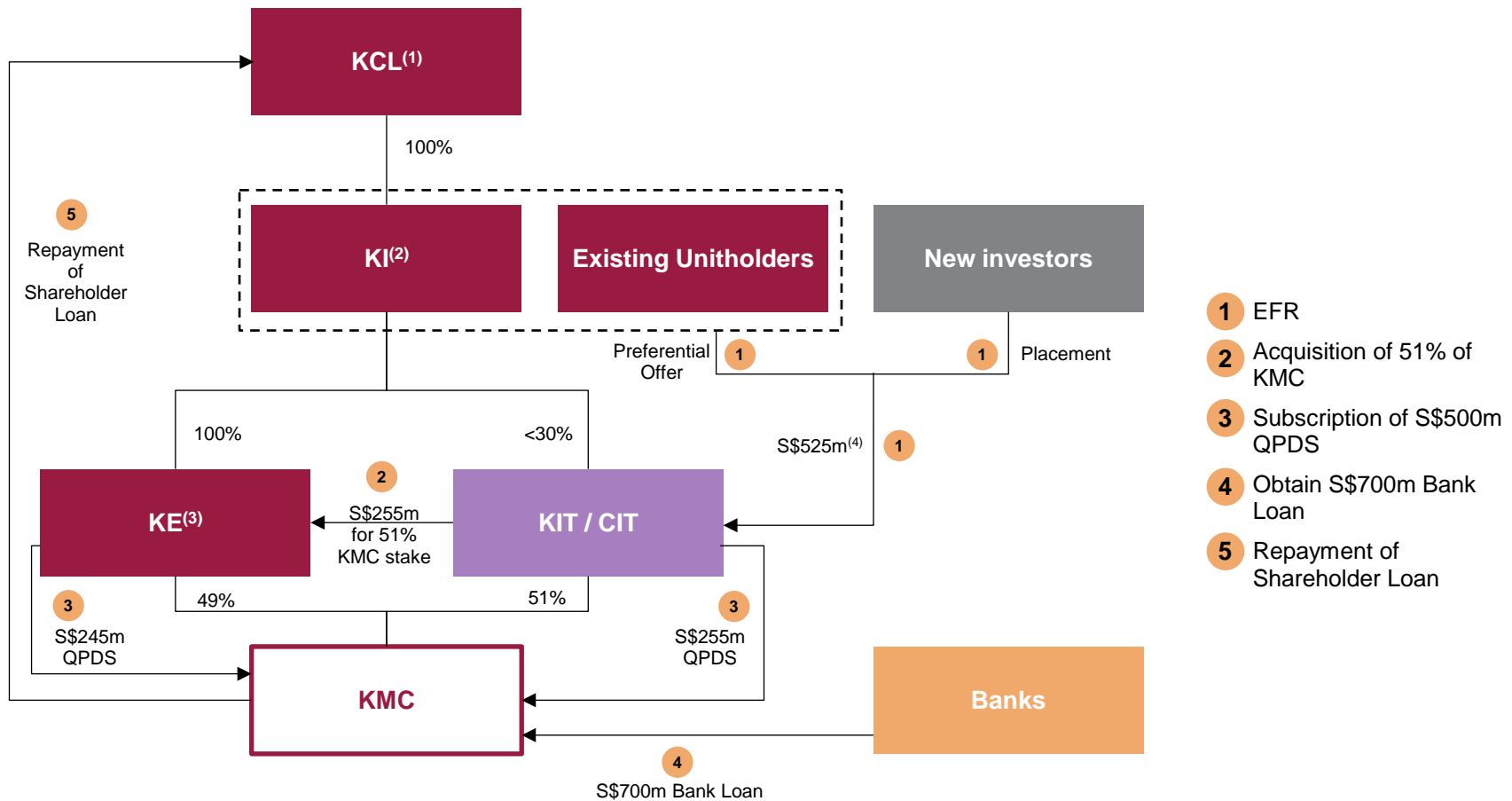
We request for your vote to approve the Proposed Transactions at the upcoming EGM

Appendices



Overview of the Proposed Transactions

KMC Acquisition Structure

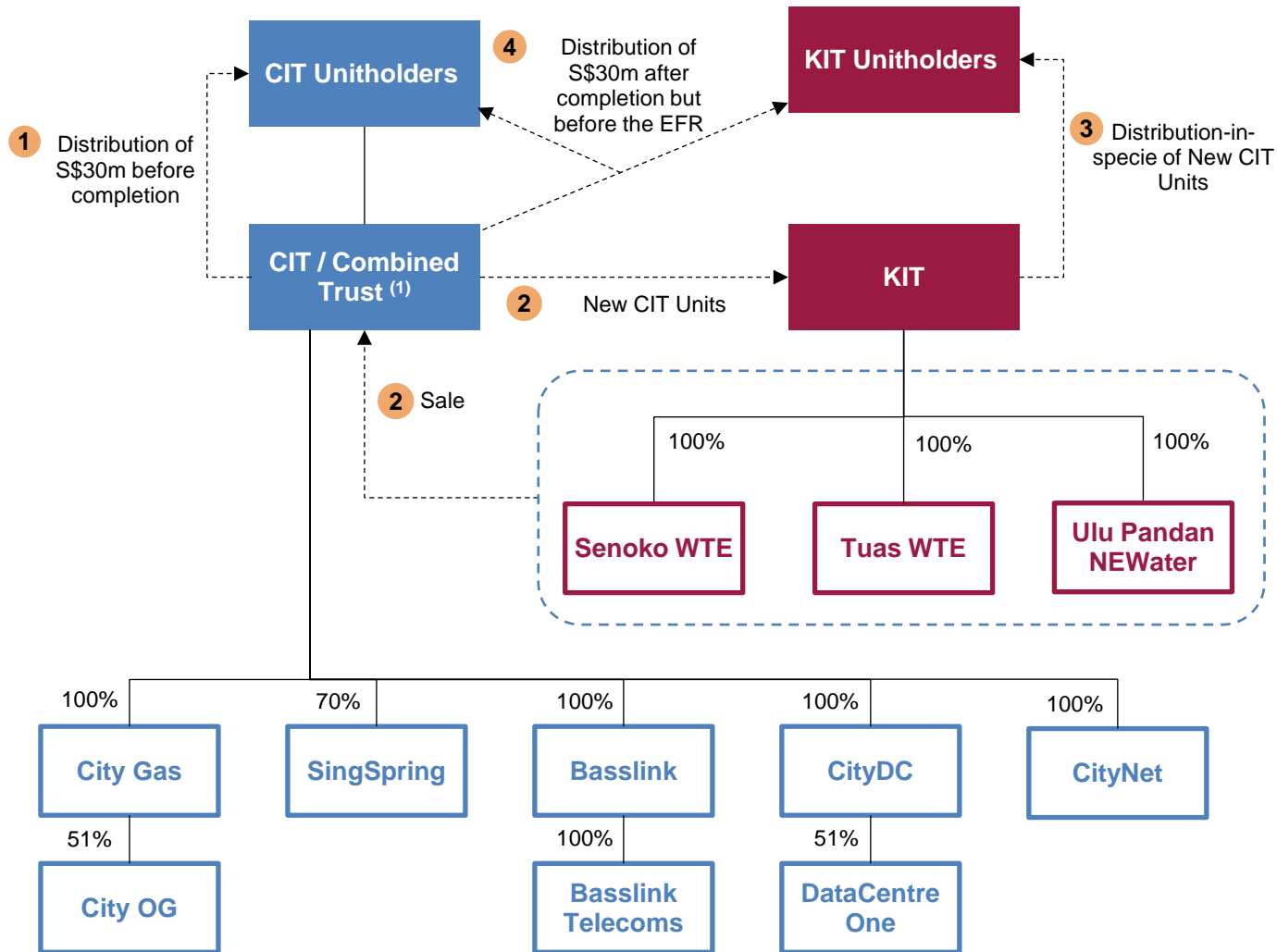


- 1 EFR
- 2 Acquisition of 51% of KMC
- 3 Subscription of S\$500m QPDS
- 4 Obtain S\$700m Bank Loan
- 5 Repayment of Shareholder Loan

- (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.

Overview of the Proposed Transactions

Transaction structure of the Combination



- 1** Distribution of S\$30m before completion
- 2** Acquisition of KIT's assets by CIT through issuance of new CIT units
- 3** Distribution-in-specie of the new CIT units to KIT's unitholders
- 4** Distribution of S\$30m after completion but before the EFR

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

EGM approvals sought

Resolution	Description / Purpose
1 The proposed acquisition of a 51% equity interest in KMC and the proposed KIT EFR	<ul style="list-style-type: none">■ Ordinary resolution■ The Trustee-Manager intends to issue New KIT Units at an issue price to be determined so as to raise gross proceeds of up to approximately S\$525 million to fund the KMC Acquisition and its related expenses■ The KMC Acquisition and the KIT Equity Fund raising are not conditional upon the KIT Unitholders' approval for the Combination being obtained
2 The proposed Combination of KIT and CIT	<ul style="list-style-type: none">■ Ordinary resolution■ The Combined Trust will offer its unitholders and investors the opportunity to invest in an attractive and diverse portfolio of core infrastructure assets, which will further enhance the scale and liquidity of the Combined Trust, and the sustainability and duration of its distributions■ Resolution 1 relating to the KMC Acquisition and KIT Equity Fund Raising is a condition precedent to the completion of the Combination■ Also conditional upon CIT obtaining approval for the Combination from its unitholders
3 The proposed winding-up of KIT	<ul style="list-style-type: none">■ Special resolution■ The proposed Winding Up is in the best interests of all KIT unitholders■ Will not be meaningful for KIT to maintain its existence and listing on the SGX-ST following completion of the Combination, as all of the KIT Assets will be transferred to CIT

Keppel Infrastructure, the Sponsor, will not vote on resolutions #1 and #2 as they have been identified as “interested person transactions”

Pipeline from Sponsor

Keppel Infrastructure's pipeline



Keppel Merlimau Cogen (49%)

- Operational since 2007
- KI, as the sponsor of Combined Trust, owns 49% shareholding in KMC through Keppel Energy



Changi Business Park (Keppel DHCS plant)

- First district cooling systems (DCS) plant in Singapore since June 2000
- Plant capacity of 37,000 refrigeration tonnes (RT)



One-North (Biopolis DCS)

- Operational since July 2003, ongoing expansion will increase plant capacity to almost 30,000 RT in 2015



Mediapolis (connected to Biopolis DCS plant)

- Plant capacity of 28,000 RT, due for completion in 2015



Woodlands Wafer Fab Park (Keppel DHCS plant)

- Operational since July 2006, with a plant capacity of 11,000 RT