



Presentation by CitySpring

30 June 2011

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2 Proposed Underwriting Structure

3 Rationale and Use of Proceeds

4 Overview of CitySpring

Summary of Proposed Rights Issue

Offer Structure	<ul style="list-style-type: none"> • Offer type: Renounceable Rights Issue • Size: ~S\$210 million (gross proceeds) • Issue price: S\$0.39 per Rights Unit • Discount: 27.1% to last closing price ⁽¹⁾ of S\$0.535 or 19.3% to theoretical ex-rights price of S\$0.4835 • Rights ratio: 11 Rights Units ⁽²⁾ for 20 existing Units • Timing: Targeted to be completed by end September 2011 • Distribution: Reg S / Distribution in the US pursuant to Section 4(2) of the Securities Act
Sponsor's Commitment	<ul style="list-style-type: none"> • Temasek Holdings' ("Temasek") wholly-owned subsidiary Bartley Investments ("Bartley") has irrevocably undertaken to subscribe for, and procure the subscription of, 85% of the Rights Units
Use of Proceeds	<ul style="list-style-type: none"> • Strengthen the balance sheet • Provide greater flexibility to reduce gearing and/or tap on future growth opportunities as they arise
Joint Financial Advisers, Lead Managers and Underwriters	<ul style="list-style-type: none"> • DBS, Goldman Sachs, Morgan Stanley ("JLMs and Underwriters")

(1) As of 30 June 2011 (last traded price)

(2) Not entitled to receive any distribution declared for the first quarter ending 30 June 2011 (1QFY2012)

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- Temasek's wholly-owned subsidiary Bartley has irrevocably undertaken to subscribe for, and procure the subscription of, 85% of the Rights Units ⁽¹⁾ comprising acceptance of pro rata entitlements and the balance in excess Rights applications
- The remaining 15% of the Rights Units will be underwritten by the JLMs and Underwriters in equal proportions
- Taking into account, among others, Temasek's role as the Sponsor of CitySpring and the purpose of the Rights Issue, it is agreed in this instance that no commission will be paid by the Trustee-Manager to Bartley in consideration of its Irrevocable Undertaking
- Approval will be sought from Unitholders for the Rights Issue and a waiver of the mandatory offer obligation that Temasek could trigger should it cross 30% unitholding percentage as a result of the Irrevocable Undertaking

(1) Allocation of excess Rights to Temasek, Bartley and CitySpring directors will rank last, after minority Unitholders, in accordance with SGX rules

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Capital Management Review

Objectives

Strengthen financial
position

Position for future growth

Initiatives

Re-finance City Gas and
CitySpring loans

Renounceable Rights Issue

Use of Proceeds

**CitySpring Rights Issue
Gross Proceeds (~S\$210 million)**



**Reduce
gearing of
the Group**

**Flexibility
to repay or
re-finance
Basslink
Bonds**

**General
corporate
purposes**

Key Takeaways

- ✓ **Strengthen balance sheet**
- ✓ **Confident of removal of S&P negative outlook and Basslink not precluded from making distributions to CitySpring ⁽¹⁾**
- ✓ **Increased financial flexibility and positioned for future growth**
- ✓ **No further near-term capital raising anticipated (except for the funding of any yield accretive acquisitions)**
- ✓ **Reinforces Temasek's continued support and commitment with undertaking to subscribe for 85% of the Rights Units**
- ✓ **Continued stable distributions from stronger financial position and cashflows from businesses**

(1) In November 2010, S&P placed the Basslink Bonds on CreditWatch with negative implications. The bonds were removed from CreditWatch in February 2011 and their ratings reaffirmed at BBB- with a negative outlook. Refer to the Rights Issue Announcement for further details

Group Cash Earnings and Distributions

The Group has accumulated unrestricted cash balance of S\$93.9 million as at 31 May 2011

	FY2008	FY2009	FY2010	FY2011
	S\$'000	S\$'000	S\$'000	S\$'000
Cash earnings ⁽¹⁾	69,164	60,940	57,853	74,894
Applied as follows:				
Attributable to non-controlling interest	(4,073)	(4,237)	(4,588)	(4,235)
Principal repayment of subsidiary entity's borrowings	(3,498)	(4,100)	(9,463)	(9,295)
Distribution to Unitholders	(34,376)	(34,300)	(39,442)	(41,156)
Net balance	27,217	18,303	4,360	20,208

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.

(1) Cash earnings is defined as earnings before interest, tax, depreciation and amortisation 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

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Background

- First infrastructure business trust listed on the Singapore Exchange
- 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 (27.8%)
- 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

City Gas

- Sole producer and retailer of town gas in Singapore
- Strong position in the residential segment
- Stable cash flows from wide customer base, with over 630,000 customers as at the end of FY2011

SingSpring

- First large-scale seawater desalination plant in Singapore
- Capable of meeting 10% of Singapore's current water needs
- Long-term Water Purchase Agreement ("WPA") with Public Utilities Board, Singapore's national water agency
- Regular and predictable cash flows due to WPA

Basslink

- Only subsea electricity transmission cable, connecting the States of Victoria and Tasmania in Australia
- Long-term contract with Hydro-Tasmania, a State-owned utility
- Regular and predictable cash flows based on availability (not utilisation)

Basslink Telecoms

- The only alternative provider of telecoms connectivity between Tasmania and mainland Australia
- Provides wholesale telecoms services

The fundamentals of our businesses remain strong

No Near-term Debt Re-financing Needs

- All debt financing structured to match cashflow of operating assets
- No debt re-financing needs till February 2014

Defensive Nature of Utility Businesses

- City Gas, SingSpring and Basslink provide essential utility services
- City Gas derives its cashflow from a diverse and stable customer base with more than 630,000 customers
- SingSpring's and Basslink's cashflows are underpinned by long-term contracts expiring in 2025 and 2031 respectively. These contracts are availability-based and hence not affected by volume or utilisation

Sustainability of Distribution Payouts

- Policy is to make regular and predictable distributions to Unitholders from the operating cash flows of the businesses, with further flexibility provided by its cash balance



Thank You

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