

CIRCULAR DATED 2 APRIL 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION



Keppel Infrastructure Trust

The Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the new units (the "New KIT Units") in Keppel Infrastructure Trust ("KIT", and units in KIT, "KIT Units") to be issued for the purpose of the KIT Equity Fund Raising (as defined herein) on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the KIT Equity Fund Raising, the New KIT Units and KIT and/or its subsidiaries, (each term as defined herein).

If you have sold or transferred all your units in KIT, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker

or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver or make an offer of the New KIT Units to be issued for the purpose of the KIT Equity Fund Raising. This Circular is not for distribution, directly or indirectly, in or into the United States (the "U.S."). This Circular is not an offer to purchase, a solicitation of an offer to purchase, an offer to sell or a solicitation of an offer to sell, securities in the U.S. or elsewhere. No securities of KIT or any of its subsidiaries 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.

KEPPEL INFRASTRUCTURE TRUST

(Registration No. 2010002)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 23 July 2009 (as amended))

Managed by:

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.

(Company Registration No. 200803959H)

(as Trustee-Manager of Keppel Infrastructure Trust)

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) THE PROPOSED ACQUISITION OF A 51% EQUITY INTEREST IN KEPPEL MERLIMAU COGEN PTE LTD AND THE PROPOSED KIT EQUITY FUND RAISING;**
- (2) THE PROPOSED DISPOSAL OF THE BUSINESS UNDERTAKING AND ASSETS OF KEPPEL INFRASTRUCTURE TRUST TO CITYSPRING INFRASTRUCTURE TRUST IN CONSIDERATION FOR 1,326,319,374 NEW UNITS IN CITYSPRING INFRASTRUCTURE TRUST;**
- (3) THE PROPOSED DISTRIBUTION-IN-SPECIE OF 1,326,319,374 NEW UNITS IN CITYSPRING INFRASTRUCTURE TRUST TO ENTITLED UNITHOLDERS; AND**
- (4) THE PROPOSED WINDING UP OF KEPPEL INFRASTRUCTURE TRUST.**

JOINT FINANCIAL ADVISERS:

INDEPENDENT FINANCIAL ADVISER:


CREDIT SUISSE
CREDIT SUISSE (SINGAPORE) LIMITED

 **UBS**
UBS AG, SINGAPORE BRANCH

 **Deutsche Bank**
DEUTSCHE BANK AG, SINGAPORE BRANCH

IMPORTANT DATES AND TIMES FOR UNITHOLDERS:

Last date and time for lodgement of Proxy Form: 28 April 2015 at 10:30 a.m.

Date and time of Extraordinary General Meeting: 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place)

Place of Extraordinary General Meeting: The Grand Ballroom (Level 3), Grand Hyatt Singapore 10 Scotts Road, Singapore 228211

Transaction Overview

Keppel Infrastructure Fund Management Pte. Ltd. ("KIFM") has proposed two transactions ("Proposed Transactions") in its capacity as the trustee-manager of Keppel Infrastructure Trust ("KIT"):

CIT + KIT

Formation of the Enlarged Trust

KIT will be disposing the business and assets to CitySpring Infrastructure Trust ("CIT"; collectively the "Enlarged Trust") to create Singapore's largest infrastructure-focused business trust with an expected market capitalisation of over S\$1.9 billion⁽¹⁾.

Keppel Infrastructure Trust

CITYSPRING
Infrastructure Trust®

KMC Acquisition

Acquisition of 51% interest in Keppel Merlimau Cogen ("KMC") by KIT ("KMC Acquisition") funded by Equity Fund Raising ("EFR")

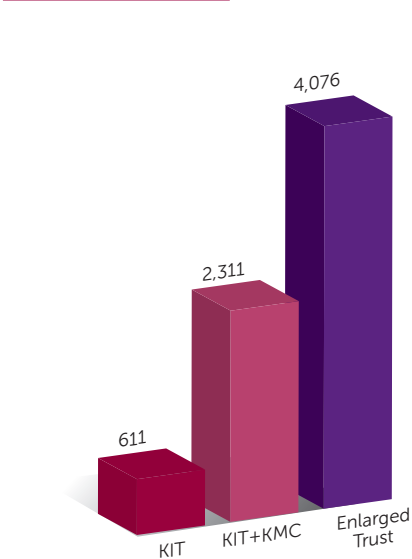
Rare opportunity to acquire control in a substantial and strategic operational asset with long term and stable cash flows. This transaction also demonstrates the Sponsor's commitment to grow the Enlarged Trust by delivering investments that are suitable for unitholders.



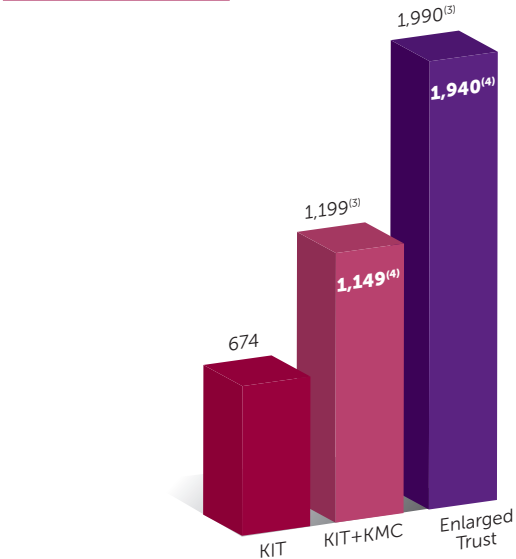
Enlarged Trust to be renamed Keppel Infrastructure Trust

- Pro forma total assets of over S\$4.0 billion
- Largest Singapore infrastructure-focused business trust
- To be managed by KIFM
- Special distribution of S\$30.0 million to the Enlarged Trust unitholders post formation of the Enlarged Trust

Total Assets⁽²⁾
(S\$m)



Market Value⁽¹⁾
(S\$m)

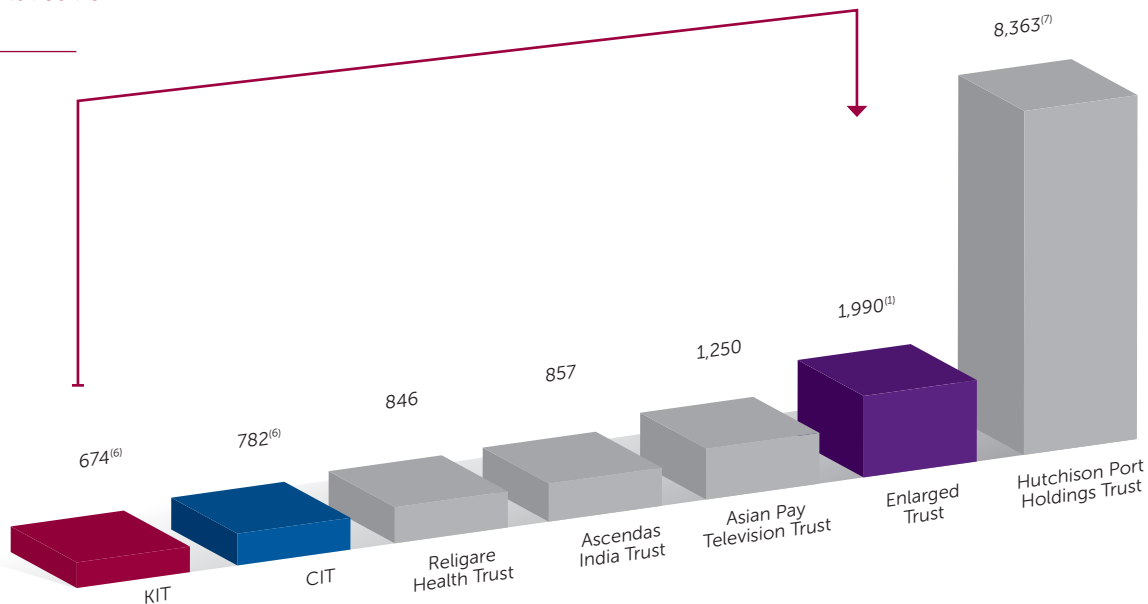


Transaction Rationale

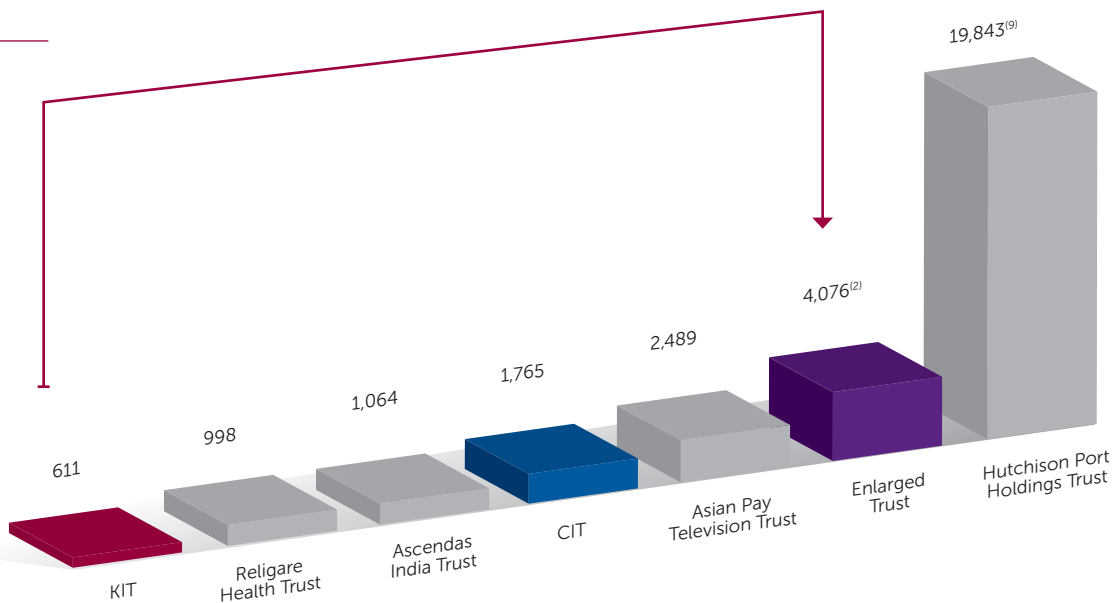
Flagship investment platform for Singapore infrastructure

The Proposed Transactions will allow KIT to increase its size and liquidity, which will enable it to enjoy better access to capital markets and pursue meaningful growth opportunities.

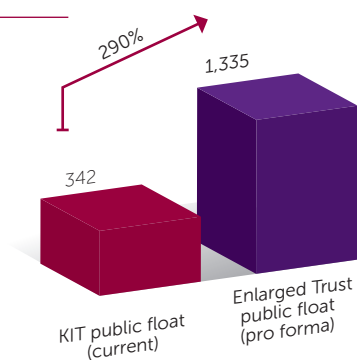
Market Capitalisation⁽⁵⁾
(S\$m)



Total Assets⁽⁸⁾
(S\$m)



Public float (current vs pro forma)⁽¹⁰⁾
(S\$m)



- Largest Singapore infrastructure-focused business trust
- Increased size and scale
- Strengthen ability to pursue larger acquisitions
- Expand the public float and enhance liquidity of units

Diversified portfolio of core infrastructure assets

After the Proposed Transactions, the Enlarged Trust will offer unitholders exposure to a large and diversified portfolio of core Singapore infrastructure assets, which generate long term stable cashflows.

KIT



Senoko Plant

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



Tuas DBOO Plant

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



Ulu Pandan Plant

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

KMC



KMC

- A top-tier gas-fired 1,300MW CCGT plant in Singapore
- 15-year Capacity Tolling Agreement with maximum capacity fee of S\$108m a year⁽¹¹⁾

CIT



City Gas

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



SingSpring

- Singapore’s first largescale seawater desalination plant
- Daily capacity of 136,380m³



Basslink

- Only electricity interconnector between Tasmania and mainland Australia



DataCentre One

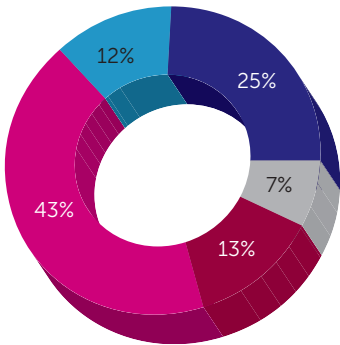
- 214,000 square feet Uptime Institute Tier 3 datacentre (estimated completion in 1Q CY2016)



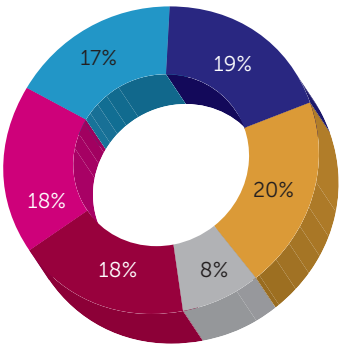
CityNet

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

Total assets by segment (Enlarged Trust)^{(2) (12)}



Adjusted EBITDA by segment (Enlarged Trust)^{(13) (14) (15)}

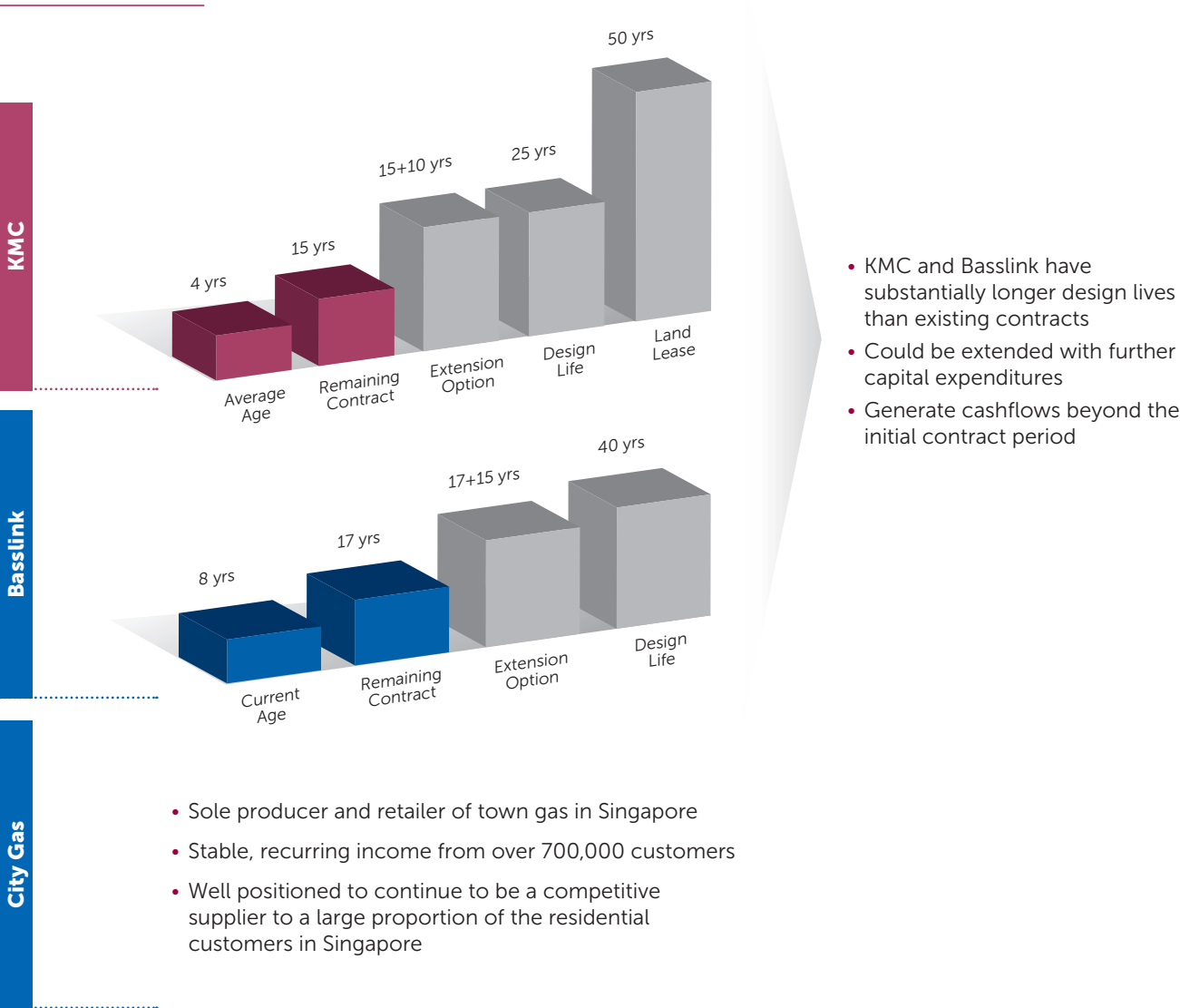


- Power Generation
- Gas Retailing
- Electricity Transmission
- Water and Wastewater Treatment
- Waste Management
- Non-controlling Interest

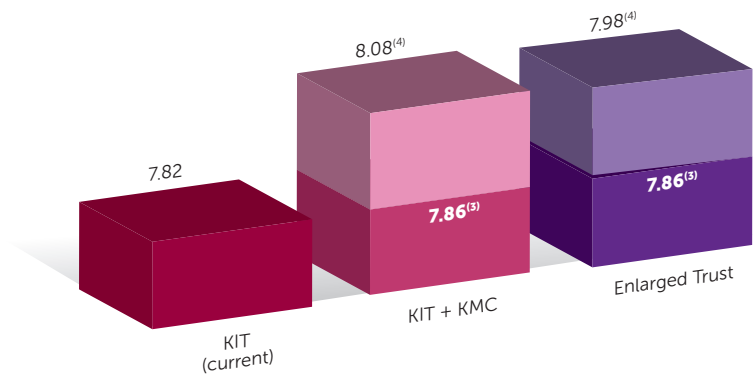
Extend average life of assets and DPU accretive transactions

Besides enjoying an immediate uplift in DPU as a result of the Proposed Transactions, the addition of long term infrastructure businesses of City Gas, Basslink and KMC will also help extend the average life of KIT's distributions.

Potential for extension beyond existing contract life



Pro forma DPU 2014⁽¹⁶⁾ ⁽¹⁷⁾
(S\$ in cents)





Backed by a Committed Sponsor

Keppel Infrastructure Holdings Pte. Ltd. ("KI"), a wholly-owned subsidiary of Keppel Corporation Limited, will be the sponsor of the Enlarged Trust. KI has an established track record of developing, owning and operating infrastructure assets and would be able to support the Enlarged Trust in its growth strategies.

Enlarged Trust will continue to benefit from KI's sponsorship in the following ways

- | | | | |
|--|--|---|---|
| <p>1</p> <p>Expertise and network in sourcing for and evaluating acquisitions</p> | <p>2</p> <p>Operational expertise in managing and operating the Enlarged Trust's assets</p> | <p>3</p> <p>Right of first refusal to acquire assets developed or incubated by KI (including for residual 49% interest in KMC)</p> | <p>4</p> <p>Potential co-investment opportunities with KI, including incubating suitable opportunities</p> |
|--|--|---|---|

Endnotes

- ⁽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\$525 million Equity Fund Raising. 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⁾ Based on KIT's and CIT's financial statements as at 31 December 2014 and KMC enterprise value of S\$1,700 million.
- ⁽³⁾ Assuming S\$525 million Equity Fund Raising.
- ⁽⁴⁾ Assuming S\$475 million Equity Fund Raising.
- ⁽⁵⁾ Market capitalisation as of 18 Mar 2015.
- ⁽⁶⁾ Based on the illustrative unit price of S\$1.07 for KIT and unit price of S\$0.515 for CIT respectively.
- ⁽⁷⁾ Based on unit price of S\$0.960 as of 18 March 2015 as disclosed on Hutchison Port Holdings Trust Website.
- ⁽⁸⁾ Total assets as of 31 December 2014.
- ⁽⁹⁾ Assuming exchange rate of HK\$1.00 = S\$0.1709 as of 31 December 2014.
- ⁽¹⁰⁾ 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.
- ⁽¹¹⁾ Subject to availability and capacity test targets taking into account provision for downtime.
- ⁽¹²⁾ Excludes total assets attributable to corporate segment for KIT and CIT.
- ⁽¹³⁾ Adjusted EBITDA means reported EBITDA plus reduction in concession receivable and excluding certain non-recurring expenses.
- ⁽¹⁴⁾ Based on KIT's and CIT's financial statements as at 31 December 2014, and KMC assuming the restructuring implemented on 1 January 2014.
- ⁽¹⁵⁾ Excludes trust/corporate expenses.
- ⁽¹⁶⁾ From the perspective of KIT unitholders, taking into account the swap ratio of 2.106 CIT units for every 1 KIT unit.
- ⁽¹⁷⁾ Assuming Equity Fund Raising of between S\$475 million and S\$525 million and weighted average illustrative price of S\$0.4892 for the Enlarged Trust Equity Fund Raising and S\$1.0344 for the KIT Equity Fund Raising.

TABLE OF CONTENTS

IMPORTANT NOTICE	iii
GLOSSARY	vi
CORPORATE INFORMATION	xvii
SUMMARY	xviii
RISK FACTORS	xxx
INDICATIVE TIMETABLE	lviii
1. INTRODUCTION	1
2. SUMMARY OF APPROVALS SOUGHT	6
3. RATIONALE AND BENEFITS FOR THE PROPOSED TRANSACTIONS	7
4. DETAILS OF THE PROPOSED KMC ACQUISITION	11
5. THE PROPOSED KIT EQUITY FUND RAISING	18
6. DETAILS OF THE PROPOSED DISPOSAL AND DISTRIBUTION-IN-SPECIE	24
7. THE PROPOSED WINDING UP OF KEPPEL INFRASTRUCTURE TRUST	36
8. THE FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS AND THE KIT EQUITY FUND RAISING	40
9. SELECTED FINANCIAL INFORMATION	43
10. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER	44
11. AUDIT COMMITTEE'S STATEMENT	45
12. RECOMMENDATIONS	45
13. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS	46
14. SERVICE CONTRACTS OF DIRECTORS	47
15. EXTRAORDINARY GENERAL MEETING	47
16. ABSTENTIONS FROM VOTING	47
17. ACTION TO BE TAKEN BY UNITHOLDERS	47
18. DIRECTORS' RESPONSIBILITY STATEMENT	48
19. JOINT FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT	48
20. CONSENTS	48
21. DOCUMENTS AVAILABLE FOR INSPECTION	49

APPENDIX A – INFORMATION ON THE ENLARGED PORTFOLIO	A-1
APPENDIX B – AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW OF PAST PERFORMANCE OF THE KIT GROUP FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2012, 2013 AND 2014	B-1
APPENDIX C – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE KIT GROUP FOLLOWING THE COMPLETION OF THE KMC ACQUISITION FOR THE YEAR ENDED 31 DECEMBER 2014	C-1
APPENDIX D – REPORTING ACCOUNTANTS’ REPORT OF DELOITTE AND TOUCHE LLP ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE KIT GROUP FOLLOWING THE COMPLETION OF THE KMC ACQUISITION FOR THE YEAR ENDED 31 DECEMBER 2014	D-1
APPENDIX E – AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIT GROUP FOR THE FINANCIAL YEARS ENDED 31 MARCH 2012, 2013 AND 2014 AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIT GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2014	E-1
APPENDIX F1 – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED TRUST FOR THE 12-MONTH PERIODS ENDED 31 DECEMBER 2012, 2013 AND 2014	F1-1
APPENDIX F2 – MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST	F2-1
APPENDIX G – REPORTING ACCOUNTANTS’ REPORT OF ERNST & YOUNG LLP ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED TRUST FOR THE 12-MONTH PERIODS ENDED 31 DECEMBER 2012, 2013 AND 2014	G-1
APPENDIX H – SUMMARY LETTER OF THE VALUATION ON KMC	H-1
APPENDIX I – INDEPENDENT FINANCIAL ADVISER’S LETTER	I-1
APPENDIX J – EXISTING INTERESTED PERSON TRANSACTIONS	J-1
APPENDIX K – PROPOSED BOARD OF DIRECTORS OF THE REPLACEMENT TRUSTEE-MANAGER	K-1
NOTICE OF EXTRAORDINARY GENERAL MEETING	EGM-1
PROXY FORM	

IMPORTANT NOTICE

General

The value of KIT Units and the income derived from them may fall as well as rise. KIT Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in KIT 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 KIT Units while the KIT Units are listed. It is intended that Unitholders may only deal in their KIT Units through trading on the SGX-ST. Listing of the KIT Units on the SGX-ST does not guarantee a liquid market for the KIT Units.

The past performance of KIT is not necessarily indicative of the future performance of KIT.

This Circular may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of 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 developments, shifts in expected levels of income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view of future events.

The New KIT Units have not been, and will not be, registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the U.S. except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S. The New KIT Units may only be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly (i) within the U.S. only to "qualified institutional buyers" as defined in Rule 144A under the Securities Act that have provided to the Trustee-Manager a signed investor representation letter in such form and substance satisfactory to the Trustee-Manager ("**Eligible QIBs**") in reliance on the exemption from the requirements of the Securities Act under Section 4(a)(2) thereof; and (ii) outside the U.S. only in compliance with Regulation S under the Securities Act, to persons located outside the U.S. and, in the case of the KIT Placement (as defined below), who have provided to the Trustee-Manager a signed investor letter in such form and substance satisfactory to the Trustee-Manager.

If you have sold or transferred all your KIT Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Unitholders should note that, for the purposes of this Circular and the KIT Equity Fund Raising, Eligible Unitholders are the following:

- (i) Unitholders with KIT Units standing to the credit of their Securities Accounts as at the KIT Preferential Offering Books Closure Date and (a) whose registered addresses with CDP are in Singapore as at the KIT Preferential Offering Books Closure Date; (b) who have, at least three Market Days (as defined herein) prior to the KIT Preferential Offering Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs; and
- (ii) Unitholders whose KIT Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their KIT Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the KIT Preferential Offering Books Closure Date, and (a) whose registered addresses with the Unit Registrar are in Singapore as at the KIT Preferential Offering Books Closure Date, (b) who have, at least three Market Days prior to the KIT Preferential Offering Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs.

Overseas Unitholders

The distribution of this Circular may be prohibited or restricted by law (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Unitholders (as defined herein) are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to KIT. It is the responsibility of Overseas Unitholders in such jurisdictions to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with other necessary formalities which are required to be observed and/or payment of any issue, transfer or other taxes due in such jurisdiction.

This Circular may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

Scrip-based Unitholders

Scrip-based Unitholders (as defined herein) should note that their entitlements to participate in the Distribution-In-Specie and the KIT Preferential Offering (as defined herein) will be determined on the basis of their holdings of KIT Units appearing in the Register of Unitholders (as defined herein) as at the relevant books closure date. Scrip-based Unitholders who have not registered their holdings in the Register of Unitholders, are requested to take the necessary action to ensure that the KIT Units owned by them are registered in their names or in the names of their nominees by the relevant books closure date.

In respect of the Distribution-In-Specie, Scrip-based Unitholders should note that they will not be able to trade in CIT Units on the SGX-ST unless they open Securities Accounts with CDP for such CIT Units to be held through CDP and recorded as such in the register of unitholders of CIT maintained by the CIT Unit Registrar (as defined herein). Scrip-based Unitholders are therefore encouraged to open Securities Accounts with CDP. Scrip-based Unitholders who wish to trade in their CIT Units immediately after the Distribution-In-Specie should pass their respective confirmation notes in respect of the KIT Units held by them to the Unit Registrar so that the Unit Registrar may deposit the same in favour of CDP no later than 5.00 p.m. on such date being at

least 12 Market Days prior to the Disposal Books Closure Date, so as to enable CDP to credit their Securities Accounts with KIT Units and thereafter, for CDP to credit their Securities Accounts with the CIT Units.

In respect of the KIT Preferential Offering, Scrip-based Unitholders who accept their provisional allotments of New KIT Units should note that they will not be able to trade in KIT Units on the SGX-ST unless they open Securities Accounts with CDP for such New KIT Units to be held through CDP and recorded as such in the Register of Unitholders maintained by the Unit Registrar (as defined herein). Scrip-based Unitholders are therefore encouraged to open Securities Accounts with CDP. Scrip-based Unitholders who wish to trade their KIT Units on the SGX-ST immediately after the KIT Preferential Offering should pass their respective confirmation notes in respect of the KIT Units held by them to the Unit Registrar so that the Unit Registrar may deposit the same in favour of CDP no later than 5.00 p.m. on such date being at least 12 Market Days prior to the KIT Preferential Offering Books Closure Date, so as to enable CDP to credit their Securities Accounts with their KIT Units and thereafter, for CDP to credit their Securities Accounts with the New KIT Units.

In the case of Scrip-based Unitholders who have not opened their Securities Account with CDP, the Unit Registrar will send to each such Scrip-based Unitholder at his address as recorded in the Register of Unitholders a confirmation note indicating (i) in respect of the Distribution-In-Specie, the number of CIT Units and (ii) in respect of the KIT Preferential Offering, the New KIT Units he is entitled to and in respect of the Enlarged Trust Preferential Offering, the new CIT Units he is entitled to, and his entitlements shall be recorded in the Register of Unitholders or register of unitholders of CIT, as the case of be. The entries in the register of unitholders of CIT and Register of Unitholders shall (save in the case of manifest error) be conclusive evidence of the number of the CIT Units or New KIT Units distributed or to be allotted to each such Scrip-based Unitholder pursuant to the Distribution-In-Specie and the KIT Preferential Offering, respectively, and whose CIT Units or New KIT Units (as the case may be) will be kept by the CIT Unit Registrar or Unit Registrar (as the case may be) on behalf of the Scrip-based Unitholder pending further instructions from them.

GLOSSARY

AOMP	:	Has the meaning ascribed to it in Paragraph 4.5
Audit Committee	:	Has the meaning ascribed to it in Paragraph 10
availability factor	:	Has the meaning ascribed to it in Appendix A
Availability Payments	:	Has the meaning ascribed to it in Appendix A
Basslink	:	Has the meaning ascribed to it in Paragraph 3.2(a)
Basslink Facility Fee	:	Has the meaning ascribed to it in Appendix A
Basslink Group	:	CityLink Investments Pte Ltd and its subsidiaries
Basslink Interconnector	:	Has the meaning ascribed to it in Paragraph 6.3(c)
Basslink Services Agreement	:	Has the meaning ascribed to it in Paragraph 6.3(c)
Basslink Telecoms	:	Basslink Telecoms Pty Ltd
BFSA	:	Has the meaning ascribed to it in Appendix A
BI	:	Has the meaning ascribed to it in Appendix A
BTA	:	Business Trusts Act (Chapter 31A of Singapore)
Btu	:	British thermal unit
CDP	:	The Central Depository (Pte) Limited
CGL	:	Has the meaning ascribed to it in Appendix A
Circular	:	This circular to Unitholders dated 2 April 2015
CIT	:	CitySpring Infrastructure Trust
CIT Assets	:	Means the assets as described in Paragraph 6.3 of the Circular
CIT Consideration Units	:	Has the meaning ascribed to it in Paragraph 1.2.1(ii)
CIT Group	:	CIT and its subsidiaries
CIT Unit	:	A unit representing an undivided interest in CIT
CIT Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
CityDC	:	CityDC Pte. Ltd.
City Gas	:	Has the meaning ascribed to it in Paragraph 3.2(a)
CityNet	:	CityNet Infrastructure Management Pte. Ltd.
City-OG Gas	:	City-OG Gas Energy Services Pte. Ltd.
CitySpring Contract	:	Has the meaning ascribed to it in Paragraph 1.2(b)

Connection Agreement	:	Has the meaning ascribed to it in Appendix A
CPI	:	The index entitled Consumer Price Index “Australia All Groups”, Catalogue No. 6401.0 published by the Australian Bureau of Statistics
CRSM	:	Commercial Risk Sharing Mechanism, the mechanism provided under the Basslink Services Agreement for the sharing of the market risk between Hydro Tasmania and Basslink associated with participating in the NEM
CRSM Adjustments	:	Payments under the CRSM pursuant to the Basslink Services Agreement, whether from Hydro Tasmania to Basslink or vice versa
CSIM	:	Has the meaning ascribed to it in Paragraph 1.2(b)
CTA	:	Has the meaning ascribed to it in Paragraph 4.3(d)
Data Centre	:	Has the meaning ascribed to it in Appendix A
DC One	:	DataCentre One Pte. Ltd.
Directors	:	The directors of the Trustee-Manager
Disposal	:	Has the meaning ascribed to it in Paragraph 1.2(b)
Disposal Books Closure Date	:	The books closure date in respect of completion of the Disposal to be determined by the Trustee-Manager
Distribution-In-Specie	:	Has the meaning ascribed to it in Paragraph 1.2.1(iii)
Distribution-In-Specie Concession Period	:	Has the meaning ascribed to it in Paragraph 6.9(h)
DPU	:	Distribution per unit
EBITDA	:	Earnings before net interest expenses, tax, depreciation and amortisation
EGM	:	The extraordinary general meeting of Unitholders to be held at The Grand Ballroom (Level 3), Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place), to approve the matters set out in the Notice of Extraordinary General Meeting on pages EGM-1 to EGM-4 of this Circular
Electricity Act	:	Electricity Act (Chapter 89A of Singapore)
Electricity Generation Payment	:	Has the meaning ascribed to it in Appendix A

Eligible QIBs	:	beneficial holders of KIT Units (i) who each are a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act) and (ii) who have each delivered, not later than the closing date of the KIT Placement or the closing date of the KIT Preferential Offering, as the case may be (or such other date as may be agreed by the Trustee-Manager with the Joint Financial Advisers), to the Trustee-Manager a signed investor representation letter in the form which is accepted by the Trustee-Manager and the Joint Financial Advisers
Eligible Unitholders	:	(i) Unitholders with KIT Units standing to the credit of their Securities Accounts as at the KIT Preferential Offering Books Closure Date and (a) whose registered addresses with CDP are in Singapore as at the KIT Preferential Offering Books Closure Date; (b) who have, at least three Market Days (as defined herein) prior to the KIT Preferential Offering Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs; and (ii) Unitholders whose KIT Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their KIT Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the KIT Preferential Offering Books Closure Date, and (a) whose registered addresses with the Unit Registrar are in Singapore as at the KIT Preferential Offering Books Closure Date, (b) who have, at least three Market Days prior to the KIT Preferential Offering Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs
EMA	:	Energy Market Authority of Singapore
EMC	:	Energy Market Company Pte Ltd
Enlarged Portfolio	:	Comprises the Existing Portfolio and the KMC Plant (in the event that only the KMC Acquisition is completed) or the Existing Portfolio, the KMC Plant and the CIT Assets (in the event that both the KMC Acquisition and Disposal are completed)
Enlarged Trust	:	Has the meaning ascribed to it in Paragraph 1.1
Enlarged Trust Equity Fund Raising	:	Has the meaning ascribed to it in Paragraph 1.2.1(D)
Enlarged Trust Placement	:	Has the meaning ascribed to it in Paragraph 1.2.1(D)
Enlarged Trust Preferential Offering	:	Has the meaning ascribed to it in Paragraph 1.2.1(D)
EPC	:	Engineering, procurement and construction

EPHA	:	Environmental Public Health Act (Chapter 95 of Singapore)
EV	:	Enterprise value
Existing Interested Person Transactions	:	The transactions with interested persons entered into by KIT during the course of the current financial year
Existing Portfolio or Existing Plants	:	Comprising the Senoko Plant, the Tuas DBOO Plant and the Ulu Pandan Plant
Facility Agreement	:	Has the meaning ascribed to it in Paragraph 4.3(d)(v)
Fixed Capacity Payments	:	Has the meaning ascribed to it in Appendix A
FIRD	:	The difference between the actual interest rate and the base interest rate on a notional level of debt financing under the FIRD Hedge
FIRD Hedge	:	The floating interest rate hedge entered into between Hydro Tasmania and Basslink under the Basslink Services Agreement, and guaranteed by the State of Tasmania
FIRD Payment	:	The amounts of FIRD payable under the FIRD Hedge by Hydro Tasmania to Basslink or <i>vice versa</i>
fixed O&M cost component	:	Has the meaning ascribed to it in Appendix A
Gas Management Agreement	:	Has the meaning ascribed to it in Paragraph 4.3(d)(iv)
Gas Purchase Agreement	:	Has the meaning ascribed to it in paragraph 3 of the section titled “Risk Factors”
GSPL	:	Gas Supply Pte Ltd
Hydro Tasmania	:	Hydro-Electric Corporation, an entity owned by the State of Tasmania
Hydrochem	:	Hydrochem (S) Pte Ltd
Hyflux Engineering	:	Hyflux Engineering Pte Ltd
IDA	:	Info-communications Development Authority of Singapore
IFA	:	Deutsche Bank AG, Singapore Branch
IFA Letter	:	Has the meaning ascribed to it in Paragraph 10
Incineration Capacity Payment	:	Has the meaning ascribed to it in Appendix A
Independent Auditors and Reporting Accountants	:	Deloitte & Touche LLP
Independent Directors	:	Has the meaning ascribed to it in Paragraph 10
Ineligible Unitholders	:	Has the meaning ascribed to it in Paragraph 5.3

Initial Units	:	Has the meaning ascribed to it in Paragraph 1.2.1(E)
IRAS	:	Inland Revenue Authority of Singapore
Joint Financial Advisers	:	Credit Suisse (Singapore) Limited and UBS AG, Singapore Branch
JTC	:	Jurong Town Corporation
KCL	:	Has the meaning ascribed to it in Paragraph 1.2(a)
Keppel Electric	:	Keppel Electric Pte Ltd
Keppel Energy	:	Has the meaning ascribed to it in Paragraph 1.2(a)
Keppel Gas	:	Keppel Gas Pte Ltd
Keppel Seghers or Keppel O&M Operator	:	Keppel Seghers Engineering Singapore Pte. Ltd.
KI or Sponsor	:	Keppel Infrastructure Holdings Pte. Ltd.
KIFM	:	Keppel Infrastructure Fund Management Pte. Ltd., in its personal capacity
KIS	:	Keppel Infrastructure Services Pte. Ltd.
KIT	:	Keppel Infrastructure Trust
KIT Assets	:	Has the meaning ascribed to it in Paragraph 1.2(b)
KIT Audited Financial Statements	:	The audited financial statements of KIT for the financial year ended 31 December 2014
KIT Cash Reserves	:	Has the meaning ascribed to it in Paragraph 6.4(d)(iv)
KIT Equity Fund Raising	:	Has the meaning ascribed to it in Paragraph 1.2(a)
KIT Group	:	KIT and its subsidiaries
KIT Placees	:	Has the meaning ascribed to it in Paragraph 5.2(a)
KIT Placement	:	Has the meaning ascribed to it in Paragraph 5.2(a)
KIT Placement Units	:	The New KIT Units to be issued pursuant to the KIT Placement
KIT Preferential Offering	:	Has the meaning ascribed to it in Paragraph 5.2(b)
KIT Preferential Offering Books Closure Date	:	The books closure date in respect of the KIT Preferential Offering, to be determined by the Trustee-Manager
KIT Preferential Offering Concession Period	:	Has the meaning ascribed to it in Paragraph 5.4(g)
KIT Unit	:	A unit representing an undivided interest in KIT
KMC	:	Has the meaning ascribed to it in Paragraph 1.1

KMC Acquisition	:	Has the meaning ascribed to it in Paragraph 1.2(a)
KMC Completion Date	:	The date the KMC Acquisition is completed
KMC Electricity Licence	:	Has the meaning ascribed to it in Appendix A
KMC I	:	Has the meaning ascribed to it in Appendix A
KMC IIA and KMC IIB	:	Has the meaning ascribed to it in Appendix A
KMC Notes	:	Has the meaning ascribed to it in Paragraph 4.3(a)
KMC O&M	:	Has the meaning ascribed to it in paragraph 1 of the section titled “Risk Factors”
KMC Plant	:	Has the meaning ascribed to it in Paragraph 1.1 The KMC Plant comprises two phases: (a) Phase I of KMC, which has a generation capacity of 500MW and commenced commercial operation in April 2007; and (b) The expansion of an additional two trains of 400 MW each which commenced commercial operations in March and July 2013 respectively.
KMC Purchase Consideration	:	Has the meaning ascribed to it in Paragraph 4.3(a)
KMC Sale Shares	:	Has the meaning ascribed to it in Paragraph 1.2(a)
KMC SHA	:	The shareholders’ agreement to be executed by the Trustee-Manager, Keppel Energy and KMC on the KMC Completion Date
KMC SPA	:	Has the meaning ascribed to it in Paragraph 1.2(a)
KMC Transaction Documents	:	The legal agreements referred to in the KMC SPA entered into by KMC in order to give effect to the Restructuring of KMC as described in this Circular, and for the avoidance of doubt, includes the CTA, the OMSA, the Facility Agreement, the notes subscription deed for the KMC Notes and any ancillary definitive legal documentation expedient or necessary to give effect to the CTA, the OMSA, the Facility Agreement and the KMC Notes
Latest Practicable Date	:	18 March 2015, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
LNG	:	Liquefied Natural Gas
LPG	:	Liquefied Petroleum Gas, a mixture of hydrocarbon gases composed predominantly of propane and butane
Major Maintenance Agreements	:	The major maintenance agreements with the ALSTOM Group

Major Maintenance Contractor	:	Has the meaning ascribed to it in Appendix A
Market Day	:	A day on which the SGX-ST is open for trading in securities
Market Support Services Agreement	:	Has the meaning ascribed to it in Appendix A
MAS	:	The Monetary Authority of Singapore
Master Settlement Agreement	:	Has the meaning ascribed to it in Paragraph 4.3(d)(iv)
NAV	:	Has the meaning ascribed to it in Paragraph 8.1
NEA	:	National Environment Agency of Singapore
NEM	:	National Electricity Market of Australia
NEMS	:	National Electricity Market of Singapore
NEWater Agreement	:	The amended and restated NEWater agreement dated 20 January 2005 between Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity) and PUB, as novated, further amended and restated on 27 May 2010 among Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity), the Ulu Pandan Trustee and PUB
New KIT Units	:	The new KIT Units proposed to be issued under the KIT Equity Fund Raising
NTA	:	Net Tangible Asset
O&M	:	Operations and maintenance
OMSA	:	Has the meaning ascribed to it in Paragraph 4.3(d)(ii)
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
Osaka Gas	:	Osaka Gas Singapore Pte. Ltd.
Output Payments	:	Has the meaning ascribed to it in Appendix A
Overseas Unitholders	:	Any unitholder of KIT whose registered address (as recorded in the Register of Unitholders of KIT or in the Depository Register maintained by CDP for the service of notice and documents) is outside Singapore as at the Disposal Books Closure Date
PCD	:	Pollution Control Department of the NEA
Pipenet Agreements	:	Has the meaning ascribed to it in Paragraph 4.3(d)(iv)
Post-Completion Distribution	:	Has the meaning ascribed to it in Paragraph 1.2.1(A)

PowerGas	:	Has the meaning ascribed to it in paragraph 3 of the section titled “Risk Factors”
Power Train	:	Has the meaning ascribed to it in Appendix A
Pre-Completion Distribution	:	Has the meaning ascribed to it in Paragraph 1.2.1(i)
Pre-Disposal Stub Distribution	:	Has the meaning ascribed to it in Paragraph 6.6
Pre-KIT EFR Stub Distribution	:	Has the meaning ascribed to it in Paragraph 5.5
Pre-KIT Placement Existing KIT Units	:	The outstanding KIT Units in issue on the day immediately prior to the date on which the New KIT Units are issued under the KIT Placement.
Proposed Transactions	:	Has the meaning ascribed to it in Paragraph 1.2
PUB	:	Public Utilities Board of Singapore
QPDS	:	Has the meaning ascribed to it in Paragraph 4.3(a)
qualified institutional buyers	:	A “qualified institutional buyer” as defined in Rule 144A under the Securities Act
Register of Unitholders	:	The register of Unitholders and transfer books of KIT
Replacement Trustee-Manager	:	Has the meaning ascribed to it in Paragraph 1.2.1(vi)
Required Modification	:	Shall have the meaning ascribed to it in Paragraph 4.4(d)
Restructuring	:	Has the meaning ascribed to it in Paragraph 4.1
ROFR Assets	:	Any asset (a) in which one or more Sponsor Group Entities hold, in aggregate, a voting interest of more than 50.0% and (b) which is of such type, carries out such activities or provides such services, and is located within such geographical area, as to fall within the investment mandate of KIT (as amended)
ROFR Deed	:	The Deed of Right of First Refusal executed by KI, as the sponsor of KIT, in favour of the Trustee-Manager
S\$ and cents	:	Singapore dollars and cents
Scheduled Distribution	:	Has the meaning ascribed to it in Paragraph 5.5
Scrip-based Unitholders	:	Unitholders whose KIT Units are not deposited with CDP and whose registered addresses as at the relevant books closure date, as recorded in the Register of Unitholders for the service of notice and documents, are in Singapore
Securities Account	:	Unitholders’ securities accounts with CDP

Securities Act	:	The United States Securities Act of 1933, as amended, and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder
Senoko Electricity Licence	:	Has the meaning ascribed to it in Appendix A
Senoko EPHA Licence	:	Has the meaning ascribed to it in Appendix A
Senoko ISA	:	Has the meaning ascribed to it in Appendix A
Senoko O&M Agreement	:	The O&M agreement dated 28 August 2009 between the Senoko Trustee and Keppel O&M Operator, as amended and restated on 27 May 2010 among Senoko Waste-To-Energy Pte. Ltd. (in its personal capacity), the Senoko Trustee and Keppel O&M Operator
Senoko Plant	:	Has the meaning ascribed to it in Paragraph 6
Senoko Supplemental ISA	:	Has the meaning ascribed to it in Appendix A
Senoko Trust	:	The trust constituted to hold the assets and business undertakings relating to Senoko Plant
Senoko Trustee	:	Senoko Waste-To-Energy Pte. Ltd., acting in its capacity as trustee of Senoko Trust
SEPL	:	Has the meaning ascribed to it in paragraph 3 of the section titled “Risk Factors”
SFCA	:	Has the meaning ascribed to it in Paragraph 4.3(a)
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore CPI	:	The Consumer Price Index published by the Singapore Department of Statistics
SingSpring	:	Has the meaning ascribed to it in Paragraph 3.2(a)
SingSpring O&M Agreement	:	Has the meaning ascribed to it in Appendix A
SingSpring Plant	:	Has the meaning ascribed to it in Appendix A
Singtel	:	Singapore Telecommunications Limited
SP PowerAssets	:	SP PowerAssets Limited
SP Services	:	Has the meaning ascribed to it in paragraph 3 of the section titled “Risk Factors”
Special Resolution	:	A resolution proposed and passed as such by a majority being greater than 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed

Sponsor Group Entity	:	The Sponsor or a subsidiary entity, trust or undertaking of the Sponsor, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings
Sqm	:	Square metres
Substantial Unitholder	:	A person with an interest in KIT Units constituting not less than 5.0% of the total number of KIT Units in issue
Takeover Code	:	Singapore Code on Take-overs and Mergers
Temasek	:	Temasek Holdings (Private) Limited
TIC	:	Has the meaning ascribed to it in Appendix A
Toller	:	Keppel Electric
Tolling Fees	:	Has the meaning ascribed to it in Paragraph 4.4(a)
Trust Deed	:	The trust deed dated 23 July 2009 constituting KIT, as amended and restated by a First Amending and Restating Deed dated 25 May 2010 and supplemented by a trust deed supplement dated 16 April 2014
Trust Property	:	Has the meaning ascribed to it in Section 2 of the BTA
Trustee-Manager	:	Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of KIT
Tuas DBOO Electricity Licence	:	Has the meaning ascribed to it in Appendix A
Tuas DBOO EPHA Licence	:	Has the meaning ascribed to it in Appendix A
Tuas DBOO ISA	:	Has the meaning ascribed to it in Appendix A
Tuas DBOO O&M Agreement	:	The O&M agreement dated 28 August 2006 between Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd (in its personal capacity) and Keppel FMO Pte Ltd, as amended by a deed of novation dated 30 October 2009 among Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd (in its personal capacity), Keppel FMO Pte Ltd and Keppel O&M Operator, as amended and restated on 27 May 2010 among Keppel Seghers Tuas Waste-to Energy Plant Pte Ltd (in its personal capacity), the Tuas DBOO Trustee and Keppel O&M Operator
Tuas DBOO Plant	:	Has the meaning ascribed to it in Paragraph 6
Tuas DBOO Trust	:	The trust constituted to hold the assets and business undertakings relating to Tuas DBOO Plant
Tuas DBOO Trustee	:	Keppel Seghers Tuas Waste-to-Energy Plant Pte. Ltd., acting in its capacity as trustee of Tuas DBOO Trust

Ulu Pandan O&M Agreement	:	The O&M agreement dated 4 March 2005 between Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity) and Keppel O&M Operator, as novated, amended and restated on 27 May 2010 among Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity), the Ulu Pandan Trustee and Keppel O&M Operator
Ulu Pandan Plant	:	Has the meaning ascribed to it in Paragraph 6
Ulu Pandan Trust	:	The trust constituted to hold the assets and business undertakings relating to Ulu Pandan Plant
Ulu Pandan Trustee	:	Keppel Seghers NEWater Development Co Pte. Ltd., acting in its capacity as trustee of Ulu Pandan Trust
Unitholder	:	The registered holder for the time being of a KIT Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to KIT Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with KIT Units
Unit Registrar	:	Boardroom Corporate & Advisory Services Pte. Ltd.
variable O&M cost component	:	Has the meaning ascribed to it in Appendix A
Variable Payments	:	Has the meaning ascribed to it in Appendix A
Vesting Contract	:	Has the meaning ascribed to it in Appendix A
VWAP	:	Has the meaning ascribed to it in Paragraph 1.1
Waiver	:	Has the meaning ascribed to it in Paragraph 7.4
Water Purchase Agreement	:	Has the meaning ascribed to it in Paragraph 6.3(b)
Winding Up	:	Has the meaning ascribed to it in Paragraph 1.3
%	:	Per centum or Percentage

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

CORPORATE INFORMATION

Directors of Keppel Infrastructure Fund Management Pte. Ltd. (the trustee-manager of KIT (the "Trustee-Manager"))	: Mr Khor Poh Hwa (Non-Executive and Non-Independent Director and Chairman of the Board) Mr Alan Ow Soon Sian (Independent Director and Chairman of the Nominating Committee) Mr Paul Ma Kah Woh (Independent Director and Chairman of the Audit Committee) Ms Quek Soo Hoon (Independent Director and Chairman of the Conflicts Resolution Committee) Mr Thio Shen Yi (Independent Director and Chairman of the Remuneration Committee) Dr Ong Tiong Guan (Non-Executive and Non-Independent Director) Mr Tan Boon Leng (Non-Executive and Non-Independent Director)
Registered Office of the Trustee-Manager	: 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Joint Financial Advisers	: Credit Suisse (Singapore) Limited 1 Raffles Link #03/04-01 South Lobby Singapore 039393 UBS AG, Singapore Branch One Raffles Quay #50-01 North Tower Singapore 048583
Legal Adviser to the Trustee-Manager	: WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Joint Financial Advisers as to Singapore law	: Clifford Chance Pte. Ltd. 12 Marina Boulevard, 25 th Floor Marina Bay Financial Centre Tower 3 Singapore 018982
KIT Unit Registrar and KIT Unit Transfer Office (the "Unit Registrar")	: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and Audit Committee of the Trustee-Manager (the "IFA")	: Deutsche Bank AG, Singapore Branch One Raffles Quay South Tower Level 17 Singapore 048583
Independent Auditors and Reporting Accountants	: Deloitte & Touche LLP 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809
Reporting Accountants	: Ernst & Young LLP 1 Raffles Quay North Tower Level 18 Singapore 048583

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages vi to xvi of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

OVERVIEW

Sponsored by Keppel Infrastructure Holdings Pte. Ltd. (“**KI**”), a wholly-owned subsidiary of Keppel Corporation Limited (“**KCL**”), KIT was first listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 June 2010 as K-Green Trust. Following an expansion of its investment mandate on 15 April 2014 to cover a wider range of infrastructure businesses including green infrastructure assets, utilities infrastructure assets and primary energy resources and alternative energy sources, its name was correspondingly changed to Keppel Infrastructure Trust on 16 April 2014. KIT is managed by the Trustee-Manager, Keppel Infrastructure Fund Management Pte. Ltd. (“**KIFM**”), a wholly-owned subsidiary of KI.

KIT’s existing portfolio comprises the Senoko Waste-to-Energy Plant, Keppel Seghers Tuas Waste-to-Energy Plant and Keppel Seghers Ulu Pandan NEWater Plant in Singapore. (See Paragraph 6.1 and **Appendix A** of this Circular for further details.)

On 18 November 2014, the Trustee-Manager announced the entry into two separate transactions:

- (a) the first transaction is the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd (“**KMC**”) which owns the Keppel Merlimau Cogen power plant pursuant to a conditional sale and purchase agreement with Keppel Energy Pte. Ltd. (“**Keppel Energy**”), an indirect wholly-owned subsidiary of KCL (the “**KMC Acquisition**”). The purchase consideration is S\$510 million (for 51% of the equity stake in KMC and 51% of the KMC Notes) which will be financed by an equity fund raising to be undertaken by KIT (“**KIT Equity Fund Raising**”); and
- (b) the second transaction is the disposal of the business undertaking and assets of KIT (including all rights and obligations of KIT in respect of the KMC Acquisition) (the “**KIT Assets**”) by KIT to CitySpring Infrastructure Trust (“**CIT**”) (the “**Disposal**”), pursuant to a conditional sale and purchase agreement with CitySpring Infrastructure Management Pte. Ltd. (“**CSIM**”), in its capacity as trustee-manager of CIT;

(the KMC Acquisition and the Disposal shall hereafter be collectively referred as the “**Proposed Transactions**”).

KIT’s total assets will increase from approximately S\$600 million currently to over S\$2 billion upon completion of KMC Acquisition. After completion of the Disposal, the Enlarged Trust’s total assets will increase to over S\$4 billion, making the Enlarged Trust the largest Singapore infrastructure-focused business trust listed on the SGX-ST.

The Proposed Transactions are expected to be DPU accretive to both the Unitholders and unitholders of CIT.

The Disposal and Distribution-In-Specie

Subject to the Disposal being approved by Unitholders and unitholders of CIT, the Disposal is proposed to be effected in the following manner:

- (i) CIT shall undertake a one-time pre-completion distribution of S\$30 million to unitholders of CIT (the “**Pre-Completion Distribution**”);
- (ii) pursuant to the Disposal, KIT will transfer all its assets and related rights and liabilities to CIT in consideration for CIT issuing 1,326,319,374 new CIT Units (the “**CIT Consideration Units**”) to KIT, representing approximately 46.6% of the enlarged issued unit capital of CIT. The swap ratio has been arrived at based on the market capitalisation of S\$658 million of KIT and S\$753 million of CIT, based on their respective VWAP for the 180-day period ended on 13 November 2014. The swap ratio is fixed and is not subject to any adjustment;
- (iii) the Trustee-Manager will then distribute in specie the CIT Consideration Units to Unitholders (the “**Distribution-In-Specie**”). Each Unitholder will receive 2.106 CIT Consideration Units for every KIT Unit held as at the Disposal Books Closure Date, fractional entitlements to be disregarded;
- (iv) CIT will be the surviving trust and will be renamed Keppel Infrastructure Trust (“**Enlarged Trust**”);
- (v) KI, the sponsor of KIT, will become the sponsor of the Enlarged Trust. KI will execute a deed of right of first refusal in favour of the Replacement Trustee-Manager (as defined below) on substantially the same terms as the ROFR Deed;
- (vi) CSIM, an indirect wholly-owned subsidiary of Temasek, has given notice of its resignation to unitholders of CIT on 3 February 2015 and a further notice on 1 April 2015, and has nominated KIFM as the replacement trustee-manager of CIT. KIFM will be appointed to replace CSIM and act as trustee-manager of the Enlarged Trust (“**Replacement Trustee-Manager**”) on the completion date of the Disposal. In support of the Proposed Transactions, KI, the sponsor of KIT, has agreed that the Trustee-Manager shall only charge its acquisition fee for the KMC Acquisition and shall waive its divestment fee for the CitySpring Contract. For avoidance of doubt, the existing remuneration structure of CSIM does not provide for an acquisition fee and accordingly, CSIM will not be entitled to any acquisition fee arising from the Disposal. Temasek, the sponsor of CIT and owner of CSIM, has agreed that CSIM will not receive any compensation for relinquishing its role as trustee-manager of CIT; and
- (vii) the constituent trust deed of the Enlarged Trust will be amended to, *inter alia*, adopt the Trustee-Manager’s existing fee structure for the Replacement Trustee-Manager, provided that CIT Unitholders approve of such change to the fee structure. Based on a comparison of the Trustee-Manager’s fee structure for KIT and CSIM’s fee structure for CIT, had the Disposal been completed and the Trustee-Manager’s fee structure for the Replacement Trustee-Manager been adopted on 1 January 2014, the Enlarged Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$5.3 million for the calendar year ended 31 December 2014 assuming no fees were payable for acquisitions or divestments. Further details of the proposed fee structure of the Replacement Trustee-Manager and CSIM’s existing fee structure for CIT are set out in Paragraph 6.4(d)(iii).

Following the completion of the Disposal and Distribution-In-Specie:

- (A) the Enlarged Trust shall, before the Enlarged Trust Equity Fund Raising (as defined below), undertake a one-time post-completion distribution of S\$30 million to its expanded base of unitholders (the “**Post-Completion Distribution**”) (of which approximately S\$16 million will be distributed to unitholders of CIT with the balance of approximately S\$14 million distributed to Unitholders of KIT). Unitholders who receive CIT Consideration Units as part of the Disposal and Distribution-In-Specie will receive their share of this post-completion distribution;
- (B) KI will be the single largest unitholder of the Enlarged Trust with approximately 22.9% of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising. Temasek will through certain of its wholly-owned subsidiaries¹ hold approximately 19.97%² of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising;
- (C) the management team of the Replacement Trustee-Manager will be led by Mr Khor Un-Hun as Chief Executive Officer. KIFM has offered employment to substantially all of CSIM’s employees. The Enlarged Trust will retain all the employees of the underlying CIT Assets (as defined herein);
- (D) the Enlarged Trust will assume all rights and obligations of KIT for the KMC Acquisition and undertake an equity fund raising on the capital markets and issue units in the Enlarged Trust by a combination of (i) a placement to institutional and other investors (the “**Enlarged Trust Placement**”) and (ii) a non-renounceable preferential offering (“**Enlarged Trust Preferential Offering**”) held after the Distribution-In-Specie to all eligible unitholders³ of the Enlarged Trust (the Enlarged Trust Preferential Offering, collectively with the Enlarged Trust Placement, the “**Enlarged Trust Equity Fund Raising**”) at an issue price to be subsequently determined so as to raise gross proceeds of up to approximately S\$525 million to fund the KMC Acquisition and related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition;
- (E) both KI and Tembusu Capital Pte. Ltd. (a wholly-owned subsidiary of Temasek) intend to subscribe for their pro-rata entitlements under the Enlarged Trust Preferential Offering and have undertaken not to dispose of their effective interests in (a) the units in the Enlarged Trust as at the date of completion of the Disposal⁴ (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); and
- (F) it is proposed that KIT, which will have been renamed Crystal Trust immediately prior to the completion of the Disposal, will be wound up.

1 Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

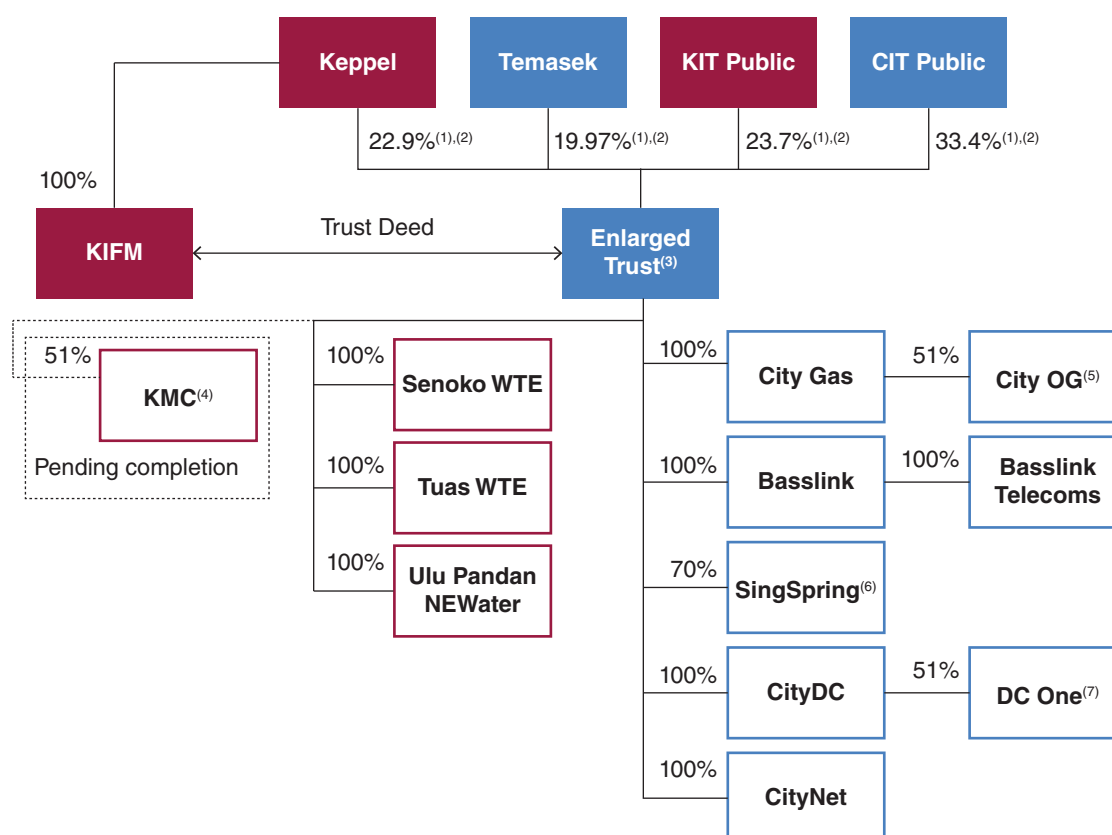
2 Does not include Temasek’s deemed interests through Keppel Corporation Limited.

3 Includes Unitholders in possession of the CIT Units.

4 In the case of Tembusu Capital Pte. Ltd., this refers to the aggregate number of 568,234,112 units that are held through its wholly-owned subsidiaries Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

Assuming the Disposal and Distribution-In-Specie are completed, the following Diagram A sets out the structure of the Enlarged Trust prior to the KMC Acquisition and the Enlarged Trust Equity Fund Raising being completed and depicts the infrastructure assets of the Enlarged Trust.

Diagram A



Notes to Diagram A:

- (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 Equity Fund Raising. 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 volume weighted average price as of 13 November 2014. 180-day volume weighted average price (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 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.

Upon the completion of the Disposal and Distribution-In-Specie, the KMC Acquisition and the Enlarged Trust Equity Fund Raising, KI and Temasek (through its wholly-owned subsidiaries) will respectively hold approximately 17.6% and 15.3%¹ of the Enlarged Trust².

¹ Does not include Temasek's deemed interests through Keppel Corporation Limited.

² Based on a weighted average illustrative issue price of S\$0.4892 for the Enlarged Trust Equity Fund Raising.

KMC Acquisition

In the event that the Disposal is **not** completed, KIT will proceed with the KMC Acquisition if the KMC Acquisition is approved by Unitholders and in order to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions, the Trustee-Manager intends to undertake the KIT Equity Fund Raising. **For the avoidance of doubt, the proposed KIT Equity Fund Raising will only be undertaken if KIT (and not the Enlarged Trust) proceeds to complete the KMC Acquisition.**

Upon the completion of the KMC Acquisition and the KIT Equity Fund Raising, KI's unitholding in KIT will be reduced to approximately 29.9%¹.

RATIONALE AND BENEFITS FOR THE PROPOSED TRANSACTIONS

The KMC Acquisition

The KMC Acquisition demonstrates KI's commitment to KIT as a sponsor, by creating a suitable investment that generates stable cashflows for KIT.

The Trustee-Manager believes that the KMC Acquisition will bring the following key benefits to KIT and Unitholders:

(a) *Rare opportunity to acquire control of a substantial and strategic operational asset with long term and stable cash flows*

The KMC Plant is a top-tier gas-fired power plant in Singapore. The Trustee-Manager believes that operational power plants, such as the KMC Plant, are strategic assets in Singapore because they cannot be easily replicated given land constraints.

As part of the KMC Acquisition, KMC will enter into a 15-year capacity tolling agreement with Keppel Electric, a wholly-owned subsidiary of KI. Under the capacity tolling agreement, KMC will contract its full capacity with Keppel Electric. The maximum capacity fee is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. With this arrangement, volatility caused by movements in electricity prices and demand in the Singapore merchant power market typically experienced by independent power producers will be mitigated for KMC. KI will guarantee Keppel Electric's payment obligations to KMC. To ensure continuity of operations, KMC will enter into a long-term service contract with KMC O&M, a wholly-owned subsidiary of KI, and will continue to be operated and maintained by the same team which has operated the plant since 2007.

(b) *Enhance the sustainability and extend the duration of KIT's distributions*

The current weighted average age of the KMC Plant is less than four years. The design life of power plants similar to the KMC Plant is approximately 25 years (although many power plants operate beyond their design lives), which could be extended with further capital expenditures.

In addition, the land on which the KMC Plant is located has remaining lease life of about 50 years. This ensures that KMC will continue to have significant value even after the initial 15-year tolling contract ends and even beyond the useful life of the plant.

¹ Based on a weighted average illustrative issue price of S\$1.0344 for the KIT Equity Fund Raising.

Based on the pro forma financials for 1 January to 31 December 2014, the DPU following the KMC Acquisition and the KIT Equity Fund Raising is at least 7.86 cents.

(c) *Transform KIT into the largest Singapore infrastructure-focused business trust listed on the SGX-ST*

Following the completion of the KMC Acquisition, KIT's consolidated asset base is expected to increase to over S\$2 billion, transforming it into the largest Singapore infrastructure-focused business trust.

With a larger balance sheet, KIT will be in a better position to pursue bigger acquisitions and respond more nimbly in competitive sale situations, giving KIT further flexibility to execute its acquisition growth strategies.

KIT's increased scale would also strengthen its ability to access capital markets to fund its future growth. The Trustee-Manager believes that the KIT Equity Fund Raising offers KIT a strategic opportunity to raise its profile in the investment community and increase its free float to enhance the liquidity of the KIT Units, and build up its institutional investor base, which will further enhance its ability to raise capital for future acquisitions.

The Disposal

The Trustee-Manager believes that the Disposal will create a large and well diversified portfolio of infrastructure assets that will underpin future distributions and growth.

(a) *An attractive and diverse portfolio of core infrastructure assets aligned with KIT's investment criteria*

After the Proposed Transactions, the Enlarged Trust will offer its unitholders and investors the opportunity to invest in a diverse portfolio of core infrastructure assets (ranging from waste treatment, water production, power production and transmission, piped gas production and retailing to telecommunications) located in jurisdictions with well-developed legal frameworks that support infrastructure investment.

In addition, the Trustee-Manager believes that CIT's assets are highly strategic, further details of which are set out in Paragraph 6.3 of this Circular. City Gas Trust ("**City Gas**") is the sole producer and retailer of town gas, and SingSpring Trust ("**SingSpring**") is the first large-scale seawater desalination plant in Singapore, while Basslink Pty Ltd ("**Basslink**") is the only electricity interconnector between Tasmania to mainland Australia. These assets serve fundamental needs and are not easily replicated.

Both SingSpring's and Basslink's operating cash flows are underpinned by availability based capacity payments under the Water Purchase Agreement and the Basslink Services Agreement, respectively. Please refer to Paragraph 6.3 of this Circular for further details of the Water Purchase Agreement and the Basslink Services Agreement.

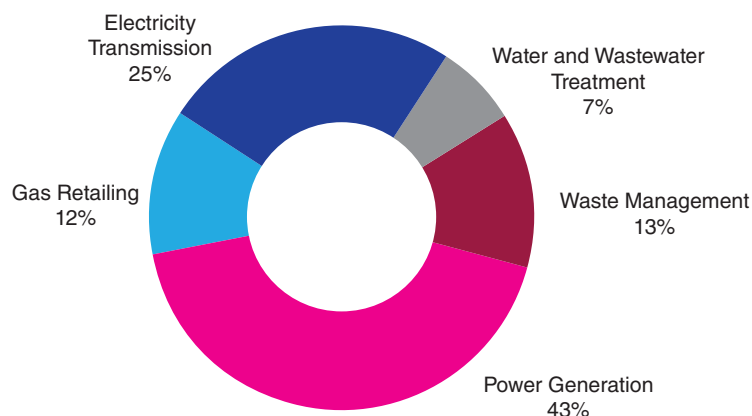
City Gas is the sole provider of piped town gas for non-contestable consumers, including residential consumers. The large existing customer base provides a steady recurring source of revenue as residential demand for piped gas is relatively stable. City Gas' tariff setting mechanism is regulated and designed to enable it to recover its fuel costs over the period of time, although short term fluctuations in revenue can occur due to timing difference between fuel price movements and tariff review periods.

SingSpring and Basslink generate revenues from the PUB and Hydro Tasmania respectively, both of whom are government related entities of good credit. City Gas, on the other hand, benefits from a large and diversified base of retail and industrial customers, thereby reducing its credit exposure to any single customer.

The following Diagram B sets out the total assets by segment of the Enlarged Trust assuming the Disposal is completed and the KMC Acquisition is completed by the Enlarged Trust.

Diagram B

Total assets by segment (Enlarged Trust)⁽¹⁾⁽²⁾



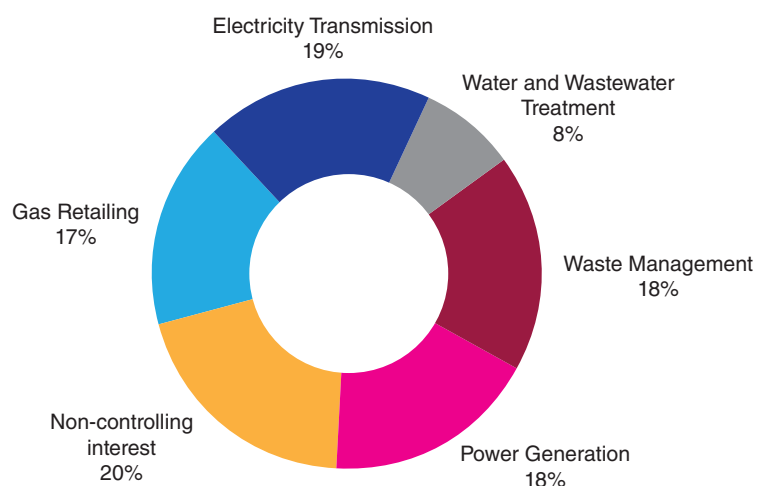
Notes to Diagram B:

- (1) Based on KIT's and CIT's financial statements as at 31 December 2014 and KMC enterprise value of S\$1,700 million.
- (2) Excludes total assets attributable to corporate segment for KIT and CIT.

The following Diagram C sets out the adjusted EBITDA by segment of the Enlarged Trust.

Diagram C

Adjusted EBITDA⁽¹⁾ by segment (Enlarged Trust)⁽²⁾⁽³⁾



Notes to Diagram C:

- (1) Adjusted EBITDA means reported EBITDA plus reduction in concession receivable and excluding certain non-recurring expenses.
- (2) Based on KIT's and CIT's financial statements for the year ended 31 December 2014, and KMC assuming the restructuring implemented on 1 January 2014.
- (3) Excludes trust/corporate expenses.

(b) Further enhance the sustainability and duration of distributions for Unitholders

Like KMC, Basslink has a substantially longer design life of 40 years (that could be extended with further capital expenditures) than the initial contract period under the Basslink Services Agreement, which would enable it to generate revenue beyond the initial contract period.

CIT had previously announced, together with the release of CIT's results for the second quarter ended 30 September 2014, that "in order to provide for capital management flexibility at Basslink, no cash distribution has been or will be received from Basslink until the refinancing has been completed".

CIT announced in November 2014 that Basslink had agreed to refinance all its outstanding bonds with an A\$717 million non-recourse five-year senior secured loan facility provided by a group of nine banks and an A\$50 million equity injection by CIT financed from its cash reserves. Under the terms of the facility, Basslink will be able to resume making distributions when certain financial thresholds are met. The Trustee Manager also believes that the refinancing will allow Basslink to repay its debt to achieve a more sustainable capital structure and increase its distributions over time.

DC One, in which CIT holds a 51% equity interest, started construction of its data centre in Marsiling Lane in November 2014. The data centre is a 214,000 square feet facility that is targeted for completion in the first quarter of 2016, and will be leased to a wholly-owned subsidiary of MediaCorp Pte Ltd, 1-Net Singapore Pte Ltd, under a 20-year lease agreement with an 8-year extension at the option of 1-Net Singapore Pte Ltd. As disclosed in paragraph 2.3.3 of CIT's circular dated 29 July 2014, CIT will finance its equity investment for the proposed transaction between DC One and 1-Net Singapore Pte Ltd relating to the construction and lease of the data centre from its cash reserves. When the data centre commences operations, DC One will be able to make distributions to the Enlarged Trust.

City Gas is essentially a gas retail business and is not limited by contract life. With its large established base of residential customers, City Gas is well positioned to continue to be a competitive supplier to a large proportion of the residential customers in Singapore.

In view of the above, the Trustee-Manager believes that the Disposal will further enhance the sustainability and extend the duration of future distributions for Unitholders.

(c) The Enlarged Trust will become the flagship investment vehicle for Singapore infrastructure

The Disposal will further enlarge and diversify KIT's portfolio and consolidate the Enlarged Trust's position as the largest Singapore infrastructure-focused business trust and the second largest business trust listed in Singapore in terms of total assets. The Enlarged Trust would be the flagship investment vehicle for investors looking to get exposure to Singapore infrastructure.

After the completion of the Proposed Transactions, the Enlarged Trust's total assets are expected to further expand to over S\$4 billion and the market capitalisation would increase to over S\$1.9 billion¹, which will further strengthen the Enlarged Trust's ability to pursue even larger acquisitions.

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\$525 million Equity Fund Raising. This statement should not be interpreted to mean that the Enlarged Trust will trade at such market capitalisation upon the completion of the Disposal.

Moreover, the issue of CIT Consideration Units to Unitholders in connection with the Distribution-In-Specie will expand the free float of the Enlarged Trust and enhance the liquidity of the Enlarged Trust units, which could make the Enlarged Trust more attractive to investors.

Benefits from continued Keppel's sponsorship

KI will be the sponsor of the Enlarged Trust following completion of the Disposal and will own 100% of the Replacement Trustee-Manager. KI drives the Keppel group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services.

KI has three core business platforms: (i) Gas-to-Power, which includes its investment in KMC; (ii) Waste-to-Energy, which provides technologies and seeks investment opportunities in the waste-to-energy space; and (iii) X-to-Energy, which spearheads KI's strategic developments into alternative energy sources, energy conversion and integration of the energy value chain to meet growing demand for competitive energy. It also holds KI's district heating and cooling business. KI also owns KIS, which provides operation and maintenance services.

As KI's businesses are complementary to that of the Enlarged Trust, the Trustee-Manager believes that the Enlarged Trust will continue to benefit from KI's sponsorship in the following ways: (i) draw on KI's expertise and network in sourcing for and evaluating acquisitions; (ii) tap into KI's operational expertise in managing and operating CIT's assets; (iii) the first right of refusal to acquire assets developed or incubated by KI will help expand the Enlarged Trust's acquisition pipeline; and (iv) potential co-investment opportunities with KI.

FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS AND THE EQUITY FUND RAISING EXERCISES

Pro forma financial effects of the KMC Acquisition and the KIT Equity Fund Raising only

The pro forma financial effects of the KMC Acquisition and the KIT Equity Fund Raising (excluding the Disposal and Distribution-In-Specie) on the NAV per KIT Unit, NTA per KIT Unit and the DPU of KIT are as follows:

	Effects of the KMC Acquisition and the KIT Equity Fund Raising	
	Before the KMC Acquisition and the KIT Equity Fund Raising	After the KMC Acquisition and the KIT Equity Fund Raising⁽¹⁾
NAV (S\$'000)	591,096	1,101,996 – 1,051,996
NAV per KIT Unit (S\$)	0.94	0.97
NTA (S\$'000)	591,096	385,996 – 335,996 ⁽²⁾
NTA per KIT Unit (S\$)	0.94	0.34 – 0.31
Total Distribution (S\$'000)	49,249	89,431 – 87,998
DPU (cents)	7.82	7.86 – 8.08

Notes:

- (1) Based on the issuance of such number of New KIT Units pursuant to the KIT Equity Fund Raising, assuming a weighted average illustrative issue price of S\$1.0344 to raise between S\$475 million and S\$525 million in gross proceeds with the balance funded by debt at an interest rate of 3% per annum.
- (2) Net of estimated intangibles/goodwill of S\$716 million.

Pro forma financial effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising

The pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the NAV per unit and the distribution per unit of the Enlarged Trust based on the unaudited financial statements for CIT for the financial year-ended 31 December 2014 are as follows:

	Effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising		
	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising ⁽⁴⁾
NAV per CIT Unit (S\$)	0.15	0.29 ⁽¹⁾	0.34 ⁽³⁾
Distribution per CIT Unit (cents)	3.28	3.73 ⁽²⁾	3.73 – 3.79

Notes:

- (1) Assuming a Pre-Completion Distribution of S\$30 million.
- (2) After taking into account the savings in trustee-manager's fees of approximately S\$5.3 million due to the Enlarged Trust adopting KIFM's fee structure, and additional distribution of approximately S\$1.8 million.
- (3) Assuming a Post-Completion Distribution of S\$30 million.
- (4) Based on the Enlarged Trust issuing such number of new units, assuming a weighted average illustrative issue price of S\$0.4892 to raise gross proceeds of between S\$475 million and S\$525 million with the balance funded by debt at interest rate of 3% per annum.

Based on the above pro forma financial effects for the Enlarged Trust, and the swap ratio of 2.106 CIT Units for 1 KIT Unit, the pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the DPU of KIT are as follows:

	Effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising		
	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising
DPU (cents)	7.82 ⁽¹⁾	7.86 ⁽²⁾	7.86 – 7.98 ⁽²⁾

Notes:

- (1) Based on the total distribution for the period from 1 January 2014 to 31 December 2014.
- (2) The Enlarged Trust will follow CIT's existing policy of making distributions on a quarterly basis.

After the Disposal, the KMC Acquisition and Enlarged Trust Equity Fund Raising, the Enlarged Trust will have a gearing ratio of 0.33¹.

¹ Gearing ratio is defined as net debt over total assets based on the pro forma financial statements for the 12-month period ended 31 December 2014.

SUMMARY OF APPROVALS SOUGHT

The Trustee-Manager is convening the EGM to seek the approval of Unitholders in respect of the proposed KMC Acquisition and KIT Equity Fund Raising, the proposed Disposal, the proposed Distribution-In-Specie and the proposed Winding Up of KIT via Unitholders' resolution. Approvals by way of Ordinary Resolutions are required in respect of the resolutions relating to the proposed KMC Acquisition and KIT Equity Fund Raising (Resolution 1), the proposed Disposal (Resolution 2) and the proposed Distribution-In-Specie (Resolution 3), and approval by way of Special Resolution is required in respect of the resolution relating to the proposed Winding Up of KIT via Unitholders' resolution (Resolution 4).

Each of the KMC Acquisition and the Disposal is an "interested person transaction" (as defined in Chapter 9 of the Listing Manual, of KIT and would require separate approvals of Unitholders (other than Unitholders who are interested persons) at the EGM. The Distribution-In-Specie and the Winding Up of KIT are not "interested person transactions". Nonetheless, as Resolution 2 relating to the Disposal is inter-conditional upon Resolution 3 relating to the Distribution-In-Specie and vice versa, the interested persons of KIT in respect of the Disposal will also abstain from voting on the Distribution-In-Specie.

RESOLUTION 1: THE PROPOSED ACQUISITION OF A 51% EQUITY INTEREST IN KMC AND THE KIT EQUITY FUND RAISING (ORDINARY RESOLUTION)

The Trustee-Manager proposes to seek the approval of Unitholders for the KMC Acquisition and the KIT Equity Fund Raising. The Trustee-Manager believes that the KMC Acquisition represents a rare opportunity for KIT to acquire control in a substantial and strategic operational asset with long term and stable cash flows and would enhance the sustainability and extend the duration of KIT's distributions.

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 related expenses of the KIT Equity Fund Raising and the Proposed Transactions.

The KMC Acquisition and the KIT Equity Fund raising are not conditional upon the KIT Unitholders' approvals for the Disposal and Distribution-In-Specie being obtained. In the event that Unitholders' approval for any of the Disposal or the Distribution-In-Specie is not obtained, the Trustee-Manager will, subject to approval for Resolution 1 being obtained from Unitholders, proceed with the KMC Acquisition and the KIT Equity Fund Raising.

Unitholders should note that by voting in favour of Resolution 1, Unitholders will be deemed to have specifically approved the interested person transactions described in Paragraph 4 of the Circular. Further information on such interested person transactions is set out in Appendix A of this Circular.

(See Paragraphs 4 and 5 of this Circular for further details.)

RESOLUTION 2: THE PROPOSED DISPOSAL (ORDINARY RESOLUTION)

The Trustee-Manager proposes to seek the approval of Unitholders for the Disposal. The Trustee-Manager believes that the Enlarged 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 Enlarged Trust, and the sustainability and duration of its distributions.

As Resolution 1 relating to the KMC Acquisition and KIT Equity Fund Raising is a condition precedent to the completion of the Disposal under the CitySpring Contract, the Trustee-Manager expects to proceed with the Disposal only if approval for Resolution 1 is obtained from Unitholders. Resolution 2 relating to the Disposal is also inter-conditional upon Resolution 3 relating to the Distribution-In-Specie.

(See Paragraph 6 of this Circular for further details.)

RESOLUTION 3: THE PROPOSED DISTRIBUTION-IN-SPECIE (ORDINARY RESOLUTION)

The Trustee-Manager proposes to seek the approval of Unitholders for the Distribution-In-Specie. The Trustee-Manager believes that the issue of CIT Consideration Units to Unitholders in connection with the Distribution-In-Specie will expand the free float of the Enlarged Trust and enhance the liquidity of the Enlarged Trust units, which could make the Enlarged Trust more attractive to investors.

As Resolution 1 relating to the KMC Acquisition and KIT Equity Fund Raising is a condition precedent to the completion of the Disposal under the CitySpring Contract and Resolution 2 relating to the Disposal is inter-conditional upon Resolution 3 relating to the Distribution-In-Specie, the Trustee-Manager expects to proceed with the Distribution-In-Specie only if approvals for both Resolutions 1 and 2 are obtained from Unitholders.

(See Paragraphs 6.9 and 6.11 of this Circular for further details.)

RESOLUTION 4: THE PROPOSED WINDING UP OF KEPPEL INFRASTRUCTURE TRUST (SPECIAL RESOLUTION)

The Trustee-Manager proposes to seek the approval of Unitholders for the Winding Up of KIT. The Trustee-Manager is of the view that the proposed Winding Up is in the best interests of all the Unitholders as it will not be meaningful for KIT to maintain its existence and listing on the SGX-ST following completion of the Disposal and the Distribution-In-Specie, as all of the KIT Assets will be transferred to CIT and all of the CIT Consideration Units will be distributed to Unitholders.

In the event that approvals for Resolutions 2 and 3 relating to the Disposal and Distribution-In-Specie are obtained from Unitholders, but approval for Resolution 4 relating to the Winding Up is not obtained, the Trustee-Manager intends to proceed with the Winding Up after completion of the Disposal and Distribution-In-Specie nonetheless by way of an application to court to wind up KIT.

(See Paragraph 7 of this Circular for further details.)

RISK FACTORS

*Unitholders should consider carefully, together with all other information contained in this Circular, the risk factors described below in deciding how to vote on the resolutions proposed at the EGM as these may, among others, adversely affect the level of KIT's distributable income. The risk factors below are intended to highlight the risks relating to the KMC Acquisition, the KIT Equity Fund Raising/Enlarged Trust Equity Fund Raising (as the case may be) and the Disposal that Unitholders should consider. These risk factors are not intended to be exhaustive and, in particular, are not intended to repeat the risk factors set out in the introductory document dated 31 May 2010 in connection with the listing of KIT (formerly known as K-Green Trust) on the SGX-ST (the "**Introductory Document**"), certain of which may continue to be applicable to KIT. Details of some of the risk factors relating to the Existing Portfolio which continue to be applicable to KIT can be found in the Introductory Document. These risk factors have been broadly classified as relating to (1) the KMC Acquisition, (2) KIT's business, (3) the Disposal, (4) an investment in the KIT Units/units in the Enlarged Trust and (5) the financial information in this Circular. In considering the risks relating to the Disposal, the Trustee-Manager has derived certain facts and information relating to CIT's existing portfolio from various publicly available sources, including the following documents issued by CIT: (a) offer information statements dated 12 August 2011 and 21 August 2009 and (b) circulars dated 29 July 2014 and 24 January 2008. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information and do not make any representation as to its accuracy.*

1. RISKS RELATING TO THE KMC ACQUISITION

KIT's acquisition of KMC may be subject to risks associated with the acquisition of companies and properties

While the Trustee-Manager believes that reasonable due diligence investigations have been conducted with respect to KMC and the KMC Plant, there can be no assurance that the KMC Plant will not have defects or deficiencies including latent defects, requiring significant capital expenditure, repair or maintenance expenses, or that KMC will not have payment or other obligations to third parties or that the records or diligence documents are complete and up to date. The due diligence documents and reports that the Trustee-Manager has relied upon in relation to KMC and the KMC Plant as part of its due diligence investigations may contain inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain where such defects are latent or due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors and diligence documents may not be complete or up to date. Keppel Energy's contractual representations, warranties and indemnities may be breached or unenforceable. The duration of the warranties under the KMC SPA are between one and a half to three years, save for tax warranties, which are for five years.

In addition, laws and regulations may have been breached and certain regulatory requirements in relation to the KMC Acquisition or the KMC Plant may not have been complied with, which the Trustee-Manager's due diligence investigations did not uncover. As a result, KMC may incur financial or other obligations in relation to such breaches or non-compliance. Furthermore, existing contracts entered into by KMC may expose KMC to contractual liability.

In the event that KMC incurs any obligations in relation to breaches or non-compliance of laws and regulatory requirements, or is exposed to any liability with contracting third parties, this may have an adverse effect on the financial position and results of operations of KIT.

Risks associated with KMC's capital restructuring exercise and debt financing

As part of the Restructuring exercise, KMC will be entering into the Facility Agreement (as defined herein) for credit facilities of S\$700 million (the "**Facility**"). It is expected that the principal amount of the Facility shall be repaid in its entirety upon maturity of the Facility. KMC is subject to risks associated with debt refinancing. For example, if KMC defaults under the Facility, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided. There is also no certainty that interest rates will not move against KMC subsequent to the maturity of the Facility which would result in higher interest rates and interest expenses, thereby adversely affecting KMC's cash flows and the amount of funds available for distribution to its shareholders and noteholders (including KIT), and in turn affect KIT's distributions to Unitholders.

If the principal amount of the Facility due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as the raising of new equity capital, KMC may be required to seek additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained at interest rates on the same rates and/or on terms favourable to KMC. Factors that could affect KMC's ability to procure financing include market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources.

KIT may not be able to complete the KIT Equity Fund Raising and hence the KMC Acquisition, and any draw down of the bridge loan in connection therewith would result in an increase in KIT's aggregate leverage ratio

Notwithstanding that KIT has until 30 September 2015, to complete the KMC Acquisition pursuant to the terms of the KMC SPA, uncertainties and instability in global market conditions could, among other things, adversely affect KIT's ability to successfully complete the KIT Equity Fund Raising, in which case, it would have to draw down on the equity bridge loan to fund the KMC Acquisition. Accordingly, this could result in an increase in the aggregate leverage ratio of KIT. If KIT should then, from time to time, require further debt financing to achieve its investment strategy, such increase in its aggregate leverage ratios may adversely affect its ability to make further borrowings.

The consequences of this limitation on borrowings may include, among other things:

- an inability to fund capital expenditure requirements;
- cash flow shortages (including with respect to distributions) which KIT might otherwise be able to resolve by borrowing funds; and
- KIT may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms.

The above business consequences may adversely affect KIT's financial condition, results of operations and its level of distributable income and unit price.

The CTA may not generate regular cash flows for KMC under certain circumstances

The CTA is the sole source of revenue of KMC for the fifteen-year duration of the CTA. Under the terms of the CTA, if KMC does not ensure the KMC Plant is able to meet certain availability and capacity targets for Keppel Electric (“**the Toller**”), the Toller is not obligated to pay in full its fixed capacity fee of S\$9,000,000 per month (the “**capacity fees**”) to KMC, and may reduce such payments proportionately. Therefore, while the CTA is designed to ensure KMC does not take on the market risks of owning and operating a power plant as an independent power producer, KMC is nonetheless subject to the risks of the KMC Plant being unable to meet the aforementioned targets in order to receive the capacity fees in full. (See “Risk Factors – Risks Relating to KIT’s Business – KIT may be adversely affected if there is any significant downtime of the Plants”, “Risk Factors – Risks Relating to KIT’s Business – KIT is fully reliant on its service providers to perform its obligations” and “Risk Factors – Risks Relating to KIT’s Business – The operations of the Plants may be affected by accidents or unforeseen events arising from the activities of third parties on the premises”).

Assuming that the CTA had been effective in 2014, the availability factor would have been 99.5%. This was due to a single isolated incident involving one generating unit. Operator training and standard operating procedures have been improved to avoid recurrence. Correspondingly the capacity fee if the CTA was in place in 2014 would have been \$107.4 million.

Changes to the Tolling Fee in the event of material adverse change and no right to recover change of law costs in the CTA

Each party to the CTA has the right to request a good faith negotiation over an adjustment to the Tolling Fee when a “Material Adverse Change” occurs. The definition of “Material Adverse Change” is not limited to unforeseeable events and includes a reference to changes to the Vesting Contract (as defined in the CTA) level or Vesting Contract price. As the Vesting Contract price and level is anticipated to change approximately every two years, there could be situations in which the Tolling Fee may reduce in the near future. However, it should be noted that the Toller’s right to request an adjustment does not entitle it to automatic changes to the Tolling Fee. KMC will be required to negotiate with the Toller in good faith, but it will be under no legal obligation to agree to any change to the Tolling Fee if it is not in its best interests to do so. Any changes to the contract terms of the CTA will be subject to the review procedures for interested person transactions in accordance with KIT’s/the Enlarged Trust’s general mandate for interested person transactions and Chapter 9 of the Listing Manual.

Further, KMC is required to give KMC O&M relief if KMC O&M suffers a change of law that materially increases the cost of its provision of the services. However, KMC has no corresponding right to pass this risk on to the Toller and has no means of mitigating this risk of bearing the increased cost. Examples of possible changes in law that can cause KMC O&M to face material increase in cost of service provision include regulatory changes by the Ministry of Manpower with respect to foreign labour or changes by the Ministry of Home Affairs requiring increased security manpower requirements at KMC. As long as KMC O&M is able to demonstrate and provide invoices substantiating the increase in cost caused by the change in law, KMC is entitled to reimbursement.

Fees payable to KMC O&M under the OMSA are not fixed

The OMSA is not a fixed price agreement and there is potential for the amount payable by KMC to KMC O&M Pte. Ltd. (“**KMC O&M**”) to exceed the amounts budgeted for in the AOMP. Such excess amounts are most likely expected to arise from costs incurred for unplanned maintenance which is not due to the fault of KMC O&M. However, cost control mechanisms have been included in the OMSA with the purpose of limiting the extent of such costs increase, including:

- (a) KMC has an initial two year period, during which all costs are reimbursed, to achieve a better understanding of the budgeting and cost structures of the project such that it is better able to prevent cost overruns from the third year onwards;
- (b) the requirement that nearly all reimbursable expenses meet the requirements of the defined term “Reimbursable Expenses Items”, which amongst others, excludes any costs caused by KMC O&M’s negligence or breach of the OMSA; and
- (c) the operator only has an ability to incur additional reimbursable expenses beyond the amounts under the AOMP with KMC’s consent (subject to what is stated below).

KMC O&M may disclaim liability for outages or breakdowns if KMC does not meet unforeseen expenses outside KMC O&M’s control. This right can limit KMC’s practical control over costs in certain situations.

In the event KMC O&M exceeds the amount budgeted in the AOMP and KMC pays these costs, KMC’s right of recourse to recover these amounts is subject to the Toller’s agreement. Accordingly, this may lead to KMC’s profits being eroded if it is unable to manage KMC O&M’s expenses. KMC would have to pay KMC O&M substantially higher fees than received from the Toller in the event of significant unplanned maintenance e.g. unexpected major equipment failure.

Singapore CPI adjustments to fixed O&M fees under the CTA may not fully cover increases in the underlying expenses

Under the CTA, the fixed O&M fee is indexed to Singapore CPI annually. The increases in the expenses covered by the fixed O&M fee may exceed the Singapore CPI and may adversely affect KIT’s cashflow and ultimately, distributions to Unitholders. For instance, the fixed O&M fee is intended to cover property related charges which are generally subject to JTC rental indexation and increases in such charges may not match indexation based on Singapore CPI.

Effect of termination of the CTA

In the event that the CTA with the Toller is terminated and there is no buyout undertaking by KI, KMC will either enter into another tolling agreement with another power company or operate the KMC Plant as an independent power producer in the NEMS or divest the KMC Plant. This may have a material adverse effect on the business, financial condition, results of operations and prospects of KIT and the level of distributions payable to Unitholders. Although KIT may be able to sell its investment in KMC to third parties, there is no guarantee that the proceeds from such a sale will enable KIT to fully recover its original investment in KMC.

KMC may not be able to renew the CTA and OMSA on terms commercially acceptable to KIT

The CTA will have a fixed fifteen-year duration commencing from the KMC Completion Date and the OMSA will have a fixed twenty-year duration commencing from 1 January 2015. Neither the Toller, the counterparty of KMC for the CTA, nor KMC O&M, the counterparty of KMC for the OMSA, shall be legally obliged to renew the agreements signed with KMC on the terms and provisions as currently agreed. In the event that the CTA is not renewed with the Toller, KMC will assume the market risks of owning and operating a power plant as an independent power producer, unless KMC is able to find another party willing to enter into a similar contractual agreement with it like the CTA or KMC is able to divest the KMC Plant. In the event the Toller offers to enter into a new capacity tolling agreement after the initial fifteen-year term, there is no assurance that it would offer the same terms and provisions as in the current CTA, or the terms and provisions then offered by the Toller might be commercially acceptable to KIT. Similarly, after the expiry of the initial term of the OMSA, KMC may have to find another service provider to provide routine maintenance to the KMC Plant and such service provider may demand terms and conditions that are less favourable to KIT than the terms now in the OMSA.

The Trustee-Manager believes it is advantageous for the term of the OMSA to be a longer period matching the remaining useful life of the KMC Plant of at least 21 years as much as possible so that KIT will have access to the experienced personnel of KMC O&M to operate and maintain the KMC Plant as long as possible. A longer OMSA gives KMC greater certainty over its operation and maintenance costs, which is conducive to achieve KIT's investment objective of providing stable income distributions to Unitholders.

There is no assurance that Keppel Energy (or its successors or assigns) will cooperate on matters concerning KMC

Under the proposed shareholders' agreement between Keppel Energy, the Trustee-Manager and KMC, certain matters, such as changing the equity capital structure, issuing securities, use of funds, capital borrowings and other credit activities, may require unanimous shareholders' approval.

As KIT will not own the entire interests in KMC upon completion of the KMC Acquisition, there is no assurance that such unanimous approval from the shareholders of KMC would be obtained. The other shareholder(s) of KMC may vote against such resolutions and hence prevent such resolutions from being passed. If such resolutions are not passed, certain matters relating to KMC, such as those relating to the operation of the KMC Plant and the level of dividends to be declared by KMC, may not be carried out and this may adversely affect KIT's results of operations.

2. RISKS RELATING TO KIT'S BUSINESS

KIT may be adversely affected if there is any significant downtime of the KMC Plant and the Existing Plants (collectively, the "Plants")

Each Plant is subject to normal wear and tear as a natural consequence of its operations. Normal wear and tear results from exposure to elements and deterioration of equipment, whether from use or otherwise. As a result, the Plants may require periodic downtime for repairs and maintenance. Repairs and maintenance are also expected to become more frequent as the Plants get older (such as for Senoko Plant which was commissioned in 1992). In the case of Plants that are newly constructed (such as the KMC IIA and KMC IIB), defects

which may not have been apparent during the testing and commissioning of the Plant may become apparent only after some period of operations. In such an event, the Plant may require downtime for rectification or modification.

If the time required for repairs and maintenance of the Plants exceeds the time anticipated or if the time required for repairs and maintenance of the Plants becomes more frequent than anticipated, the available incineration capacity for Senoko Plant and Tuas DBOO Plant, or available production capacity for Ulu Pandan Plant, or available electricity generation capacity for KMC Plant, may fall below their respective contracted incineration capacities or available production capacity or electricity generation capacity. This could result in the Senoko Trustee, the Tuas DBOO Trustee, the Ulu Pandan Trustee or KMC, as the case may be, not receiving the full payments due under the respective Senoko ISA, the Tuas DBOO ISA, the NEWater Agreement or the CTA.

In addition, if any extraordinary or extensive repairs to the Plants or equipment are required due to any mechanical breakdown, fire, natural calamity or any event (whether natural or manmade), the Plants could require significant downtime during which such Plants would not be able to incinerate waste and generate electricity, produce and supply NEWater or produce and generate electricity. Any significant downtime of the Plants may have far-reaching consequences, and could lead to the termination of the Senoko ISA, the Tuas DBOO ISA, the NEWater Agreement or the CTA, as the case may be, and/or compensation liabilities arising under the agreements.

Senoko Trustee in September 2014 has entered into an agreement with NEA to provide additional incineration capacity. The contracted incineration capacity of the plant will increase by up to 10% from 2,100 tonnes per day. The upgrade works mainly involve modifications to the plant's incineration units and steam-condensation system. As a result of the modifications being made, the Senoko Plant may experience more downtime compared to its previous operating history.

If Senoko Plant or Tuas DBOO Plant requires significant downtime during which it would not be available to incinerate waste and generate electricity, or if Ulu Pandan Plant requires significant downtime during which it would not be available to produce and supply NEWater, the liability of the Keppel O&M Operator will be capped generally at 30% of the fixed O&M fee payable under the Senoko O&M Agreement, the Tuas DBOO O&M Agreement or the Ulu Pandan O&M Agreement, as the case may be, for that contract year (subject to certain exceptions). Accordingly, the damages that the sub-trustees may recover from the Keppel O&M Operator may not be sufficient to cover the loss in revenues that any of them may suffer as a result of the downtime of any of the Plants.

If KMC Plant requires significant downtime during which it would not be available to produce and generate electricity, the liability of KMC O&M as the O&M Operator for KMC Plant will be capped at 10% of the service fee for each contract year under the KMC O&M Agreement. Accordingly, the damages that KMC may recover from KMC O&M may not be sufficient to cover the loss in revenues that it may suffer as a result of the downtime of the KMC Plant.

While the Plants are insured against, among others, loss of income from business interruption, there can be no guarantee that the costs of any such claims would be fully covered. (See "Risk Factors – Risks Relating to KIT's Business – There is no guarantee that the insurance coverage for the Plants will be sufficient to cover all the losses of KIT or that such insurance coverage will continue to be available in future".)

There can be no assurance that any precautionary or safety measures taken by the Keppel O&M Operator or KMC O&M (as the case may be) operating or upgrading the Plants can or will prevent damage to the facilities or disruptions to the operations of the Plants. The inability to use any of the Plants will materially and adversely affect the business, financial condition, results of operations and prospects of KIT.

KIT is fully reliant on its service providers to perform its obligations

Other than routine maintenance, KMC has executed three Major Maintenance Agreements with the ALSTOM group since 12 May 2004 to receive services for the maintenance of the gas turbine and steam turbine assemblies of the KMC Plant throughout the useful life of the gas turbine and steam turbine assemblies. The Major Maintenance Agreements with the ALSTOM group have a sixteen to twenty year duration (depending on operating hours) commencing from provisional acceptance date. In the event that the Major Maintenance Agreements are not extended after expiry, there is no assurance that KMC would be able to appoint suitable replacement service providers to provide maintenance for the Power Train or obtain suitable parts for the Power Train, or that such other service provider would be able to provide heat rate or capacity degradation guarantees.

Upon the effective date of the Restructuring, KMC will not have employees. All of its existing employees will be seconded or transferred to KMC O&M, its service provider under the OMSA for routine maintenance. KMC is thus fully reliant on KMC O&M to provide routine maintenance for the KMC Plant that is not covered by the Major Maintenance Agreements. As a result, if any of the service providers fails to perform their services in breach of their contracts, there is no assurance that KMC would be able to appoint suitable replacement service providers, either on commercially acceptable terms or at all, and may suffer loss in the interim period if the service providers' non-performance results in the KMC Plant not meeting its agreed targets in the CTA.

In addition, under the Major Maintenance Agreements and the OMSA, there are liability caps on the compensation payable by the service providers to KMC. Accordingly, the damages that KMC may recover from the service providers may not be sufficient to cover the loss in revenues that it may suffer as a result of the downtime of the KMC Plant. These liability caps will not apply in events of gross negligence or wilful misconduct.

KIT relies solely on the Keppel O&M Operator for the operations and maintenance of the Senoko, Tuas DBOO and Ulu Pandan plants, and any failure by its service provider(s) in relation to any of the Plants will have a material adverse effect on them. Furthermore, significant costs and time may have to be spent to find a replacement provider for these services, and any material increase in the price charged or material change in terms for the services could adversely and materially affect KIT's operations, business and financial condition.

The operations of the Plants may be affected by accidents or unforeseen events arising from the activities of third parties on the premises

KMC may fail to meet its availability targets under the CTA for a variety of reasons, such as due to the occurrence of accidents or unforeseen events, including events arising from the acts of ALSTOM entities, its service providers under the Major Maintenance Agreements, or KMC O&M, its service provider under the OMSA and their subcontractors.

The Senoko Plant and the Tuas DBOO Plant are also open to the public and refuse collectors to enter and dispose of waste within the premises. Any accidents or other unforeseen events arising from the activities of these parties, which are in close proximity to the Plants, may materially disrupt the operations of the Plants and adversely affect the business and results of operations of the Plants.

KIT is exposed to the credit risk of its customers

Each of the Plants has a single customer and sole source of revenue, in the case of Senoko Plant and Tuas DBOO Plant, NEA is the customer and the respective incineration service agreements are the sole source of revenue, in the case of Ulu Pandan Plant, PUB is the single customer and the NEWater Agreement the sole source of revenue. Even if the Plants meet the contractual requirements under the incineration service agreements or the NEWater Agreement, KIT is still exposed to the credit risk of NEA and PUB, both of which are statutory boards owned by the Government of Singapore.

As the CTA is the sole source of revenue for KMC, even if KMC meets its agreed targets in the CTA, it is exposed to the credit risk of the Toller being financially able or willing to pay the capacity fees to KMC. The obligations of the Toller in the CTA are guaranteed by KI, its indirect parent company, and likewise, KMC will assume the credit risk of KI being financially able or willing to honour its guarantee obligations.

If the credit-worthiness of any of these counterparties deteriorates, the business, financial condition, results of operations and prospects of KIT may be materially and adversely affected.

The historical records of the Plants may not be indicative of their future performance

The past performance of the Plants is not indicative of their future performance. There can be no assurance that the Plants will continue to achieve (in the case of KMC) the contracted availability and capacity, (in the case of Senoko Plant and Tuas DBOO Plant) the contracted incineration capacity and (in the case of Ulu Pandan Plant) the contracted production capacity, which entitles, or would entitle, KMC and the relevant sub-trustee to the payments under the CTA, the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement (as the case may be).

There is no guarantee that the insurance coverage for the Plants will be sufficient to cover all the losses of KIT or that such insurance coverage will continue to be available in future

The Plants are insured against property damage, loss of income from business interruption and claims arising from third party liabilities and as a result of acts of terrorism. In addition, the Senoko Trustee maintains a constructors' all risks insurance policy for its upgrade of the Senoko Plant.

While the Plants may maintain insurance policies in relation to loss of income, property damage and liabilities likely to be associated with the above risks, there can be no guarantee that the costs of any such claims would be fully covered or that such insurance coverage will continue to be available or available at a commercially acceptable premium in the future.

The Existing Plants may be purchased by NEA and/or PUB and this could have a material adverse effect on the business, financial condition, results of operations and prospects of KIT

In the event that any of the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement is terminated, the respective Existing Plants may be purchased by NEA or PUB (as the case may be) at a purchase price to be determined in accordance with the terms of the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement (as the case may be). The purchase price will vary depending on the event which gives rise to the right of termination and/or the party committing the default. Any such purchase may have a material adverse effect on the business, financial condition, results of operations and prospects of KIT and the level of distributions payable to Unitholders.

3. RISKS RELATING TO THE DISPOSAL

The due diligence exercise on CIT portfolio prior to the Disposal may not have identified all material defects, breaches of laws and regulations, and other deficiencies

While the Trustee-Manager believes that reasonable due diligence investigations have been conducted with respect to the assets of CIT, there can be no assurance that the CIT Assets will not have defects or deficiencies including latent defects, requiring significant capital expenditure, repair or maintenance expenses, or payment or other obligations to third parties or that the records or due diligence documents are complete and up to date. The due diligence documents and reports that the Trustee-Manager has relied upon in relation to the CIT Assets as part of its due diligence investigations may contain inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain where such defects are latent or due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors and diligence documents may not be complete or up to date. CSIM's contractual representations, warranties and indemnities may be breached or unenforceable. There is no contractual limit on the duration of the warranties and indemnities given by CSIM to the Trustee-Manager, nor those given by the Trustee-Manager to CSIM, as part of the Disposal. The limitation period under the statute of limitation will apply so that no claims can be made after 6 years from completion of the Disposal.

The existing businesses within the CIT Group rely on key counterparties to perform their obligations and any unresolved disputes with such counterparties could have a material adverse effect on the business, operations, prospects and financial condition of the CIT Group and consequently, the Enlarged Trust

Each of City Gas, SingSpring and Basslink has arrangements with key counterparties which are essential to their respective business, operations and financial condition. In respect of City Gas, such arrangements include arrangements with Gas Supply Pte Ltd ("**GSPL**") and Senoko Energy Pte Ltd ("**SEPL**") for the supply of natural gas, PowerGas Ltd ("**PowerGas**") for the transportation of piped gas and SP Services Ltd ("**SP Services**") for the provision of gas-meter reading, billing and collection services. In respect of SingSpring, such arrangements include arrangements with PUB under the Water Purchase Agreement for payments, Hydrochem (S) Pte Ltd ("**Hydrochem**") for the provision of EPC services and Hyflux Engineering Pte Ltd ("**Hyflux Engineering**") for all aspects of the operation, maintenance and repair of the SingSpring Plant. In respect of Basslink, such arrangements include arrangements with Hydro Tasmania for substantially all of Basslink's revenue under the Basslink Services Agreement.

If there is a dispute with key counterparties on such arrangements and the counterparties decide not to perform their material obligations under the arrangements, this could have a material adverse effect on the business, operations, prospects and financial condition of City Gas, SingSpring, Basslink and/or the CIT Group and consequently, the Enlarged Trust.

(See also “Risks relating to City Gas”, “Risks relating to SingSpring” and “Risks relating to Basslink” for further discussion on the impact of counterparties on the businesses.)

The historical records of the CIT portfolio may not be indicative of their future performance

The past performance of the CIT portfolio is not indicative of their future performance. There can be no assurance that City Gas will continue to achieve a similar volume of gas sold and in the case of SingSpring a similar level of offtake of desalinated water.

RISKS RELATING TO CITY GAS

City Gas relies on GSPL, SEPL, PowerGas and SP Services for the supply of natural gas, transportation of piped gas and the provision of gas-meter reading, billing and collection services, respectively

City Gas has arrangements with GSPL, SEPL, PowerGas and SP Services for the supply of natural gas, the transportation of piped gas and the provision of gas-meter reading, billing and collection services, respectively.

City Gas requires natural gas to produce town gas and has entered into a long-term supply contract with GSPL (“**Gas Purchase Agreement**”) to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time. Under the Gas Purchase Agreement, City Gas is entitled to purchase up to 112 thousand billion Btu of natural gas over a period of 20 years commencing in 2003 and at least 55% of the annual contract quantity (which is 5,748 billion Btu per year) must be purchased by City Gas between the third year and 20th year of the Gas Purchase Agreement. In May 2008, City Gas entered into a supplemental agreement with GSPL to purchase an additional supply of 35.16 thousand billion Btu of natural gas from 2009 to 2023. City Gas is obliged to take and pay for, or pay for if not taken, 55% of the annual contracted quantity of natural gas. City Gas is permitted to buy additional gas from another supplier only after City Gas has first negotiated in good faith with GSPL to purchase additional gas, and both City Gas and GSPL are unable to agree on the terms within 30 days from the commencement of the negotiation. If City Gas takes delivery of gas under an alternative gas sales agreement rather than under the Gas Purchase Agreement, the amount of gas that City Gas will be required to take and pay for, or pay for if not taken, shall be increased for the duration of such alternative gas sales agreement in accordance with the formula set out in the Gas Purchase Agreement.

In 2013, City Gas has entered into another long term supply contract with SEPL (“**Senoko Gas Purchase Agreement**”) to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time. Under the Senoko Gas Purchase Agreement, City Gas is entitled to purchase up to 9,356 billion Btu of natural gas and the contract period will be ended on 30 April 2018. City Gas is obligated to take and pay for, or pay for if not taken, 95% of the annual contracted quantity of natural gas. The Senoko Gas Purchase Agreement is not an alternative gas sales agreement which triggers the take-or-pay obligation under the Gas Purchase Agreement with GSPL.

The gas transportation system for the delivery of piped gas from City Gas to its customers is owned and operated by PowerGas, the sole transporter of piped gas in Singapore. Accordingly, City Gas relies on PowerGas for the piped transportation of gas to City Gas' customers at the tariffs (which are subject to price control by EMA) imposed by PowerGas. Any increase in the tariffs charged by PowerGas for such transportation will increase City Gas' operating costs and there is no certainty that EMA will allow City Gas to pass on any increase in transportation tariffs to its customers.

City Gas has also appointed SP Services to provide it with gas-meter reading, billing and collection services. Although City Gas does not have an exclusive contract with SP Services, the costs for City Gas in undertaking gas-meter reading, billing and collection on its own are likely to be higher than the cost of outsourcing such services to SP Services (being the main provider of such services to the utilities and waste collection companies in Singapore). Accordingly, City Gas relies on SP Services to provide such services at an agreed price which may be reviewed once in any calendar year and the quantum of any increase is subject to a cap of 6% over the prevailing management fee.

If any of GSPL, SEPL, PowerGas or SP Services fails to perform its obligations or provide its services or supplies, City Gas' operations, business and financial condition would be materially and adversely affected. Further, any increase in the price charged to City Gas for these services or supplies would adversely affect City Gas' operations, business and financial condition if town gas tariffs are not adjusted adequately to cover the increase in costs or the adjusted tariffs become uncompetitive. (See "Risk Factors – Risks Relating to City Gas – City Gas' tariffs are subject to price control by EMA".) In addition, any natural or man-made event which causes disruption to the supplies or services provided by GSPL, SEPL, PowerGas or SP Services may adversely affect City Gas' operations, business and financial condition.

City Gas faces price competition from retailers of LPG and may face price competition from retailers of electricity and other energy sources

City Gas faces price competition from retailers of LPG, which is an alternative product used by consumers in Singapore for cooking. The price of City Gas' town gas relative to the price of LPG could affect the revenue which City Gas generates from certain segments of the commercial market in Singapore. City Gas' town gas tariffs are based on, among other factors, HSFO 180 cst prices and the exchange rates between the U.S. dollar and the Singapore dollar and changes in such prices and/or exchange rates could impact the price competitiveness of the town gas supplied by City Gas. City Gas' revenue, business and financial condition would be adversely affected if its customers decide to use LPG instead of town gas due to the lack of price competitiveness on the part of town gas supplied by City Gas.

Certain industrial equipment, such as boilers, could be powered by either gas, diesel or electricity. Similarly, certain household appliances, such as cooking stoves, water heaters and dryers, could be powered by either gas or electricity. The tariffs for town gas supplied to residential and non-industrial customers are currently lower than the tariffs for electricity supplied to similar types of customers. If City Gas faces greater competition from electricity and other fuels in the future, City Gas' revenue could be adversely affected if, as a result of such competition, its customers may decide to use electricity or these other fuels instead of town gas.

City Gas may face increasing competition if and when the piped gas supply network is converted to carry natural gas

City Gas is not certain about the extent of competition that could develop in the gas industry in Singapore if and when the low-pressure piped town gas supply network in Singapore is converted to carry natural gas (See “Risk Factors – Risks Relating to City Gas – City Gas operates in a highly regulated industry and any changes in the regulatory environment in which it operates may adversely impact it”). City Gas faces the risk of losing market share if its exclusive franchise to retail low pressure piped gas expires upon completion of the conversion. Competition post-conversion may take the form of direct competition from other piped natural gas retailers or indirect competition from retailers of alternative products or fuels. For example, the Gas Purchase Agreement has a 20-year term and there are financial disincentives for City Gas to obtain natural gas supply from alternative suppliers. If other natural gas retailers are able to obtain natural gas on terms that are better than those provided for under the Gas Purchase Agreement, these natural gas retailers may be able to offer cheaper natural gas to customers.

In addition, the completion of the Liquefied Natural Gas (“LNG”) terminal since May 2013 to facilitate the importation of LNG has introduced greater diversity to the gas market in Singapore. The operations, business and financial condition of City Gas could be adversely affected in the face of increased competition and the impact would be material if City Gas loses significant market share or is unable to adapt its business model in time or at all to suit a changing business environment.

City Gas’ tariffs are subject to price control by EMA

The conditions in the gas retailer licence granted by EMA to City Gas require any change in town gas tariffs to be approved by EMA. On certain occasions, City Gas has been allowed by EMA to adjust the tariff to take into account increases in fuel prices. In the event that EMA does not allow City Gas to increase its tariff for whatever reason, City Gas may not be able to generate sufficient revenue to cover its increased costs which would adversely affect its operations, business and financial condition.

While EMA may allow an adjustment to the tariffs to cover costs (for example, due to a change in fuel prices), there can be no assurance that the adjustments, if any, would be sufficient to cover any increase in business expenses of City Gas or that EMA will approve such adjustment in a timely manner. There is also the risk that any increase in the tariffs would result in the adjusted tariffs, and therefore the price of town gas, becoming less competitive.

Further, as the supply of town gas is a public utility which is regulated by EMA, there can be no assurance that City Gas will be able to increase tariffs in time, or at all, to take advantage of market opportunities.

City Gas operates in a highly regulated industry and any changes in the regulatory environment in which it operates may adversely impact it

The Singapore gas industry is subject to government regulations and licensing requirements, including tariff regulations (as discussed in the risk factor above). In addition, City Gas is required to comply with applicable laws and regulations, and obtain and maintain governmental permits. If City Gas fails to comply with applicable laws and regulations, it could be subject to civil or criminal liability and fines, which could be substantial. In addition, any failure, or any claim that City Gas has failed to comply with any of these laws or regulations could lead to restrictions on its operations or expansion plans as well as adversely affecting the public image of City Gas.

Changes in laws, regulations or government policies or their application affecting City Gas' business activities or those of its competitors could adversely affect its operations, business and financial condition. Examples of such changes include City Gas being required to incur additional costs or limit its business activities to comply with new laws or regulations, such as stricter environmental or safety controls; and changes due to the application of new laws, regulations and government policies to City Gas.

City Gas' business may be adversely and materially affected by changes in the structure and regulation of the gas industry in Singapore

The structure and regulation of the gas industry in Singapore is currently in a state of transition. There have been discussions between City Gas, SP PowerGrid and EMA on the proposed conversion of the low-pressure piped town gas supply network in Singapore to carry natural gas that, if implemented, could involve City Gas incurring substantial conversion costs. EMA has started a public consultation on gas conversion.

If EMA decides to proceed with the conversion, City Gas intends to seek a mechanism to be put in place to recover the costs of conversion. It is not certain that this recovery mechanism will be implemented or will be sufficient to cover the costs that may be incurred by City Gas in converting the low-pressure piped town gas supply network in Singapore to a system that carries natural gas.

The proposed conversion, and any other changes to the structure or regulation of the gas industry in Singapore from time to time, could adversely and materially affect City Gas' operations, business and financial condition and its ability to pursue its business strategy. In addition, the uncertainty regarding the proposed conversion may in itself affect City Gas. For example, if City Gas expects the conversion to take place but is not certain about the timing of such conversion, City Gas may be deterred from expanding its existing town gas production facilities (which could be made redundant after the conversion), thereby resulting in City Gas being unable to meet projected demand for town gas prior to or during the conversion. Further, it is anticipated that City Gas will be required to incur substantial expenditure for the conversion from town gas to natural gas. City Gas cannot assure investors that it will be able to obtain adequate financing on terms acceptable to it, or at all, which may affect its business, operating results and financial condition.

Additionally, City Gas may face difficulties in undertaking the proposed conversion of the low-pressure piped town gas supply network to carry natural gas and may not be able to successfully execute the proposed conversion.

City Gas is vulnerable to disruption at its facilities and the insurance coverage obtained may be inadequate or insufficient to cover potential liabilities and losses

All of City Gas' production facilities are located at Senoko Gasworks in Singapore. A fire, natural calamity, system failure, equipment breakdown, sabotage or terrorist attack or any other event (whether natural or man-made) that causes damage to City Gas' facilities or disruptions to its operations at Senoko Gasworks could have a material adverse impact on City Gas' operations, business and financial condition. There can be no assurance that any precautionary or safety measures taken by City Gas can or will prevent damage to City Gas' production facilities or disruptions to its operations. City Gas' emergency response, disaster response and crisis management systems and processes also may not be able to effectively protect or expeditiously address all problems or restore the availability of City Gas' production facilities in response to such disruptions. Although City Gas maintains insurance that it believes is consistent with industry standards to protect against operating and other risks, not all risks are insured or insurable. In addition, City Gas' existing insurance policies may not adequately cover any damage to, or loss of, its production facilities.

RISKS RELATING TO SINGSPRING

For the duration of the Water Purchase Agreement, SingSpring depends on PUB for all of its revenue, and a failure by PUB to perform its obligations under the Water Purchase Agreement would result in a significant loss of revenue, thereby impacting the results of its operations, business and financial condition

SingSpring is dependent on the Water Purchase Agreement and PUB's performance of its obligations under the Water Purchase Agreement, for substantially all of its revenue until the Water Purchase Agreement expires or is terminated.

For the term of the Water Purchase Agreement, SingSpring must make available the SingSpring Plant's capacity, and supply water from the SingSpring Plant, to PUB only. SingSpring may not, without PUB's consent, make available the SingSpring Plant's capacity, or supply water from the SingSpring Plant, to any other person. Furthermore, SingSpring may not engage in any business activity other than those specifically related to the SingSpring Plant.

SingSpring will continue to depend on PUB for almost all or a substantial portion of its revenues for the duration of the Water Purchase Agreement. If PUB fails to make payments under the Water Purchase Agreement, this may have a material adverse effect on the business, operating results and financial condition of SingSpring.

Under the Water Purchase Agreement, SingSpring may be compelled to sell the SingSpring Plant upon the occurrence of particular events of default

The SingSpring Plant is the only substantial asset owned by SingSpring. Under the Water Purchase Agreement, in the event of material default by SingSpring that is not cured within applicable cure and notice periods, PUB may purchase the SingSpring Plant at a purchase price which is equal to the interest and then-outstanding principal amount of the original project debt incurred for the construction of the SingSpring Plant. Furthermore, SingSpring will lose ownership and control of the SingSpring Plant and business to PUB and this will have a material adverse effect on the business, cash flows, operating results and financial condition of SingSpring.

Pollution of the seawater supply to the SingSpring Plant may adversely affect its earnings

The desalination process of the SingSpring Plant requires seawater from the surrounding waters off the geographical land area of Tuas in Singapore, to produce desalinated water. In the event the seawater is polluted, and depending on the level of pollution, it may not be possible for the seawater to be desalinated at all, or to be desalinated into water that is in accordance with the standards provided for under the Water Purchase Agreement. For example, the seawater could be polluted by contaminants from industrial discharge, oil spills, or other events which are outside the control of SingSpring.

Except for permanent seawater pollution which leads to adjustments in the tariffs under the Water Purchase Agreement, pollution of the seawater used in the desalination process may adversely affect the operating costs or earnings of SingSpring by requiring it to incur additional expense to desalinate the water to be in compliance with the Water Purchase Agreement or because of reduced payments by PUB under the Water Purchase Agreement due to reduced water availability or quality.

In the event that the degradation in seawater quality results in an inability by SingSpring to fully perform its obligation to provide water under the Water Purchase Agreement, resulting in either a reduction or suspension of payment under the Water Purchase Agreement, this would adversely and materially affect SingSpring's operations, business and financial condition.

SingSpring relies on counterparties to perform their obligations

SingSpring has arrangements with counterparties which are essential to the operation of the SingSpring Plant.

Hydrochem is the EPC contractor of the SingSpring Plant under the EPC agreement entered into between Hydrochem and SingSpring in October 2003. SingSpring relies on Hydrochem to perform its obligations should there be a claim under the warranties given by Hydrochem under the aforesaid EPC agreement. Hyflux Engineering is the O&M operator under the SingSpring O&M Agreement entered into between Hyflux Engineering and SingSpring in October 2003. SingSpring relies on Hyflux Engineering for all aspects of the operation, maintenance and repair of the SingSpring Plant for so long as Hyflux Engineering remains the O&M operator.

If any of these key counterparties fails to perform its obligations, SingSpring's operations, business and financial condition may be materially and adversely affected. Furthermore, significant costs and time may have to be spent in order to find a replacement provider of the supplies or services. In particular, the capacity payments under the Water Purchase Agreement are subject to deductions for reduced water availability and quality. Although such deductions will lead to deductions from the O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator, there is no assurance that SingSpring will be able to recover all the loss in revenues that it has suffered from the deductions from the O&M payments.

In addition, any material increase in the price charged to SingSpring for these services or supplies would adversely and materially affect SingSpring's operations, business and financial condition.

SingSpring is not able to control PUB's offtake of Desalinated Water

PUB is not required to commit to any minimum offtake of desalinated water. If PUB reduces its offtake, SingSpring's variable revenue will be negatively impacted. The SingSpring Plant is designed to produce water cost-effectively within a certain range of the plant's daily production capacity. If PUB chooses to take desalinated water at a rate outside of the design range, SingSpring's cashflow would be negatively affected from the reduced variable revenue and increased operational costs associated with producing desalinated water in a less efficient manner, reliability of the plant may also be negatively impacted.

SingSpring may be required to comply with laws, regulations and government policies, including technical and safety standards, applicable to the operations of the SingSpring Plant at significant cost, thereby adversely and materially affecting SingSpring's business, operations and financial condition

The nature of the business of SingSpring requires it to comply with laws and regulations in Singapore including but not limited to those relating to the environment, and obtain and maintain governmental permits in relation to the use, storage, discharge and disposal of toxic or otherwise hazardous materials used in its desalination processes. If SingSpring fails to comply with any of the applicable laws and regulations, it could be subject to civil or criminal

liability and fines, which could be substantial. In addition, any failure or any claim that SingSpring has failed to comply with any of these laws or regulations may cause disruptions in its operations as well as adversely affecting the public image of SingSpring.

Changes in laws, regulations or government policies or their application affecting SingSpring's business activities may adversely affect its results of operations, business and financial condition. For example, SingSpring may be required to incur additional costs in or limit its business activities to comply with new laws or regulations, such as stricter environmental or safety controls.

SingSpring is vulnerable to disruption at its facilities and the insurance coverage obtained may be inadequate or insufficient to cover potential liabilities and losses

All of SingSpring's desalination facilities are situated in one location, namely Tuas, Singapore. A fire, natural calamity, system failure, equipment breakdown, sabotage or terrorist attack or any other event (whether natural or man-made) that causes significant damage to the SingSpring Plant or any of its facilities or causes substantial disruptions to its operations, would have a material adverse impact on SingSpring's operations, business and financial condition. There is no assurance that any precautionary or safety measure taken by SingSpring can prevent damage to the SingSpring Plant or disruptions to its operations. SingSpring's emergency response, disaster response and crisis management systems and processes also may not be able to effectively protect or expeditiously address all problems or restore the availability of SingSpring's desalination facilities in response to such disruptions.

Although SingSpring maintains insurance that it believes is consistent with industry standards to protect against operating and other risks, not all risks are insured or insurable. For example, there is no insurance available for degradation in the quality of seawater around the SingSpring Plant, which is the source of water used in its desalination process.

SingSpring's existing insurance policies may not be adequate to cover damage to or loss of its desalination facilities, replacement costs, lost revenues, increased expenses or liabilities to third parties. SingSpring has insurance policies insuring its real and personal property, third party liabilities and business interruption, but these may not adequately compensate for any ensuing loss of revenue that SingSpring may suffer as a result of any damage or disruption to its operations.

SingSpring cannot be certain that adequate insurance coverage for potential damages, losses and liabilities will be available in the future or on commercially reasonable terms or rates.

RISKS RELATING TO BASSLINK

Commercial Risk Sharing Mechanism ("CRSM") Adjustments may fluctuate in the short term and such fluctuations may adversely affect the revenues of Basslink under the Basslink Services Agreement

Under the Basslink Services Agreement, the CRSM is a mechanism between Hydro Tasmania and Basslink to share the market risk associated with participating in the NEM. CRSM Adjustments are based on the differences between the high and low Victorian electricity pool prices, subject to a maximum of a +25% increase (i.e. a payment to Basslink) and -20% decrease (i.e. a payment from Basslink) of the Basslink Facility Fee.

While the stated intention of this mechanism is to have a neutral impact on both parties over the longer term, there could be short-term fluctuations in CRSM Adjustments due to periods of droughts or other seasonal variations, or other disruptions affecting Victorian power generators or transmission network or the Victorian electricity market generally. Such fluctuations may result in an outflow of payment from Basslink to Hydro Tasmania.

For example, the Australian summer months of December to February tend to be periods of volatility in the Victorian electricity pool prices as there is higher electricity demand for air-conditioning while the winter months tend to be lower volatility periods. This may adversely affect the revenues of Basslink under the Basslink Services Agreement and, hence, may consequently have a material adverse effect on the Enlarged Trust's financial results and, ultimately, distributions to unitholders of the Enlarged Trust.

CPI adjustments to the Basslink Facility Fee under the Basslink Services Agreement may not cover the extent of inflation, thereby eroding Basslink's revenues under the Basslink Services Agreement

Under the Basslink Services Agreement, the Basslink Facility Fee will be adjusted to reflect 65% of the changes in CPI in the corresponding period. Increases in inflation which are not matched by adjustments to the Basslink Facility Fee will erode Basslink's profit margins and may adversely affect the Enlarged Trust's financial results and, ultimately, distributions to unitholders of the Enlarged Trust.

Basslink depends on Hydro Tasmania for substantially all of its revenue, and a failure by Hydro Tasmania to perform its obligations under the Basslink Services Agreement would result in a significant loss of revenue, thereby impacting the results of its operations, business and financial condition

Under the Basslink Services Agreement, the Basslink Interconnector must be available exclusively to Hydro Tasmania. Basslink earns substantially all of its revenue in the form of Basslink Facility Fee payments by Hydro Tasmania under the Basslink Services Agreement, including payments under the CRSM and the Floating Interest Rate Tripartite Deed. Under the Basslink Services Agreement, Hydro Tasmania may also defer the payment of up to 20% of the base Basslink Facility Fee. Accordingly, should Hydro Tasmania fail to perform its obligations under the Basslink Services Agreement or defer payment of part of the Basslink Facility Fee, this would have a material adverse effect on Basslink's revenues under the Basslink Services Agreement and on the financial results and cashflow of the CIT Group.

While the State of Tasmania guarantees Hydro Tasmania's obligations to make FIRD Payments to Basslink under the FIRD Hedge, such guarantee does not extend to other payments under the Basslink Services Agreement, including payments of the Basslink Facility Fee in respect of the availability of the Basslink Interconnector and the CRSM Adjustments. If Hydro Tasmania should also be privatised and cease to be a wholly-owned entity of the State of Tasmania, the continuation of the guarantee by the State of Tasmania may be reviewed and terminated.

Basslink Telecoms is subject to competition

Basslink Telecoms Pty Ltd ("**Basslink Telecoms**"), a business unit of Basslink which commenced commercial operation in July 2009, derives its revenue from the sale of telecoms capacity on its network between Hobart, Tasmania and Melbourne, Victoria in Australia to a number of customers. There is no assurance that it can secure sufficient number of customer contracts or renew such contracts when they expire to achieve the desired level of revenue each year. Pricing for telecoms capacity could decline over time depending on the level of demand and competition in the industry. In its business, Basslink

Telecoms competes with the incumbent operator in Australia, Telstra. Such competition may adversely affect Basslink Telecoms' rates, thereby eroding the profit margins of Basslink Telecoms. Continued price competition may adversely affect the Enlarged Trust's financial results and, ultimately, distributions to Unitholders.

Changes to the telecoms industry and regulation in Australia

On 7 April 2009, the Australian Government announced the establishment of a new company, NBN Co Limited ("**NBN Co**"), to build and operate a new National Broadband Network ("**NBN**"). A key element of the Australian Government's NBN initiative is that NBN Co is to operate as a wholesale only company and provide access to the NBN to all telecommunications retail service providers on an open and equivalent basis. The development of the new NBN is still ongoing and its impact on Basslink Telecoms' business is uncertain at this stage.

The Australian Competition and Consumer Commission ("**ACCC**") has issued a position paper on Telecommunications Final Access Determination ("**FAD**") in respect of the declared Domestic Transmission Capacity Service ("**DTCS**") on 23 May 2014. Under the FAD, the ACCC has prescribed price terms for transmission services on certain routes. On 15 July 2014, Basslink Telecoms submitted its inquiry on this position paper. On 24 July 2014, the ACCC commenced consultation on the primary price terms and conditions for the 2015 DTCS FAD. Basslink Telecom responded to this consultation on 19 September 2014.

Basslink Telecoms may have to pay service credits to its customers if there are outages which exceed the length of time specified in the service level agreements with customers

Basslink Telecoms derives revenue from providing network connectivity between Hobart, Tasmania and Melbourne, Victoria. Basslink Telecoms has entered into service level agreements with its customers and the agreements specify the allowable outage times, repair times and other service requirements. If the outage times or repair times exceed what is allowed under the service level agreements with its customers, Basslink Telecoms may have to pay, subject to a cap, service credits to its customers. If Basslink Telecoms is not able to seek reimbursement from its own suppliers, such payment of service credits by Basslink Telecoms may have an adverse effect on its business, financial condition, prospects, results and/or operations.

A reduction in Australian interest rates will result in Basslink having to make FIRD Payments to Hydro Tasmania under the FIRD Hedge and payments by Basslink on a prolonged basis would adversely affect the cash flows distributable by Basslink to the Enlarged Trust

Under the Basslink Services Agreement, Hydro Tasmania and Basslink have agreed to make payments to each other of the difference between the actual interest rate and the base interest rate on a notional level of debt financing under the FIRD Hedge.

If the FIRD is positive (i.e. actual interest rate is higher than the base interest rate), Hydro Tasmania will pay the difference to Basslink. If the FIRD is negative (i.e. actual interest rate is lower than the base interest rate), Basslink will pay the difference to Hydro Tasmania. Therefore, any reduction in Australian interest rates below the base interest rate under the FIRD Hedge will result in Basslink having to make FIRD Payments to Hydro Tasmania and such payments on a prolonged basis would adversely affect the cash flows distributable by Basslink to the Enlarged Trust. The three-month Australia Bank Bill Swap Reference Rate as at 31 December 2014 was 2.77% and the amortised notional level of debt financing under the FIRD Hedge as at 31 December 2014 was A\$592 million.

Given the sub-sea location and specialised nature of the Basslink Interconnector, there may be a lack of insurance cover, whether on commercially acceptable terms or at all

The availability and terms of insurance for the assets of the Basslink Group depend on market conditions. Given the sub-sea location and specialised nature of the Basslink Interconnector, there are also a limited number of insurers who offer coverage for such assets. Accordingly, while the insurance concession deed made between Basslink, the Tas-Vic consortium, comprising *inter alia* Siemens AG and Prysmian SpA, and Hydro Tasmania on 29 November 2002 and restated on 21 June 2007 imposes certain obligations on Hydro Tasmania to work with and assist Basslink to procure insurance cover, there is no assurance that the Basslink Group will be able to obtain adequate insurance for its assets or on commercially acceptable terms.

Changes in the structure and regulation of the energy industry could impair Basslink's business

The regulation of the energy sector in Australia has undergone substantial change in recent years and continues to be the subject of reform proposals and initiatives. These changes could impair Basslink's financial performance and ability to pursue its business strategy.

Furthermore there is a risk that the government or a governmental agency may repeal, amend, enact or promulgate a new or existing law or regulation, or that a government authority may issue a new interpretation of law or regulation, which may have an adverse effect on Basslink's results of operations and financial condition.

Costs of compliance with environmental laws and safety standards are significant and could increase substantially

Basslink must comply with various environmental laws and regulations. If Basslink fails to comply with these environmental requirements, it could be subject to civil or criminal liability and fines, which could be substantial. In addition, existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to Basslink. The occurrence of any of these events could materially and adversely affect Basslink's results of operations and financial condition.

Basslink is vulnerable to disruption at its facilities and the insurance coverage obtained may be inadequate or insufficient to cover potential liabilities and losses

The Basslink Interconnector is 370 km long, 290 km of which is a sub-sea link under the Bass Strait. The Basslink Interconnector is subject to, among others, system failures, equipment breakdowns, extreme weather conditions, natural disasters, sabotage or terrorist attacks which may disrupt the availability of the Basslink Interconnector. Basslink's emergency response, disaster response and crisis management systems and processes may not be able to effectively protect or expeditiously address all problems or restore the availability of the Basslink Interconnector in response to these events. The length of the sub-sea interconnector may also make it more difficult to respond effectively to breakdowns or other system disruptions on a timely basis. Although Basslink maintains insurance that it believes is consistent with industry standards to protect against operating and other risks, not all risks are insured or insurable. In addition, Basslink's existing insurance policies may not adequately cover disruption to the availability of the Basslink Interconnector.

Under the Basslink Services Agreement, the Basslink Facility Fee is based entirely on availability of the Basslink Interconnector – it is payable in full if the cumulative availability of the Basslink Interconnector is greater than 97% in any calendar year. If the cumulative availability is less than 97%, the Basslink Facility Fee will be reduced with increasingly greater penalties the greater the shortfall from 97%.

Further, any extended *force majeure* events affecting availability will cause reductions in the Basslink Facility Fee payable under the Basslink Services Agreement (and, where availability is reduced to zero, suspension of payments). Accordingly, any disruption to the availability of the Basslink Interconnector may therefore have a material adverse impact on the revenue of Basslink under the Basslink Services Agreement and could consequently have a material adverse impact on the Enlarged Trust's financial results and, ultimately, distributions to Unitholders.

RISKS RELATING TO DC ONE

DC One's data centre development project may be affected by project delays, cost overruns and/or increases in costs

Unforeseen circumstances such as adverse soil conditions, unfavourable weather conditions, unanticipated construction constraints at worksites, increase in the costs of labour, construction materials, equipment, rental and sub-contracting services, unanticipated variations in labour and equipment productivity over the term of a development or corrective measures for poor workmanship may arise in the course of the projects which may result in additional unanticipated costs over and above the initial budget and/or delays in the project completion. Where these costs overruns cannot be passed on, DC One may have to absorb the cost overruns and may suffer losses on the project. Further, DC One may be subject to claims from its customer due to the delays in construction or from defects in construction. Consequently, the Enlarged Trust's profitability and financial performance may be materially and adversely affected.

DC One will depend on 1-Net Singapore Pte Ltd ("1-Net") for substantially all of its revenue, and a failure by 1-Net to perform its obligations under the lease agreement may result in a loss of revenue, thereby impacting the results of its operations, business and financial condition

When the data centre commences operations, DC One will earn substantially all of its revenue in the form of payments by 1-Net under the lease agreement. Accordingly, should 1-Net fail to perform its obligations under the lease agreement or defer its payment obligations thereunder, this may have a material adverse effect on DC One's revenues under the lease agreement and on the financial results and cashflow of the Enlarged Trust.

Risks associated with DC One's proposed debt financing

As disclosed in CIT's circular to its unitholders dated 29 July 2014, it is expected that a portion of the total consideration cost for DC One's data centre development project is approximately S\$130 million, to be funded approximately 50:50 by equity financing and long-term debt financing. It is expected that the debt financing will be in the form of long-term project finance loans. Accordingly, DC One will be subject to risks associated with debt financing. There is also no certainty that interest rates will not move against DC One, which would result in higher interest rates and interest expenses, thereby adversely affecting DC One's cash flows and the amount of funds available for distribution to its shareholders, and in turn affect the Enlarged Trust's distributions to unitholders of the Enlarged Trust.

RISKS RELATING TO CITYNET

Statutory duties of CityNet to act in best interests of unitholders of Netlink Trust

The duties of the trustee-manager of a Business Trust are set out in the BTA and the regulations promulgated thereunder. CityNet is under a statutory duty to act honestly and exercise reasonable diligence in the discharge of its duties as a trustee-manager in accordance with the Business Trusts Act and the trust deed. Specifically, CityNet is under the duty to act in the best interests of all the unitholders of Netlink Trust as a whole. A breach of such duties may attract both criminal and civil liability.

Additionally, CityNet may be liable to unitholders of Netlink Trust for breaches of its duties as trustee-manager of Netlink Trust.

Appointment of CityNet as trustee-manager to Netlink Trust is subject to Singtel and IDA approvals

Netlink Trust is presently 100% owned by Singtel. Singtel is entitled to remove CityNet as trustee-manager in the event that CIT no longer owns 100% or have control over CityNet. In addition, Singtel may remove CityNet as trustee-manager if Singtel sells or dilutes its holdings in NetLink Trust, which is to take place no later than April 2018. In 2013, Singtel's appointment of CityNet as trustee-manager for NetLink Trust was extended to 28 November 2016.

If CityNet is no longer trustee-manager of Netlink Trust, the Enlarged Trust would no longer be entitled to the management fees paid by Netlink Trust, which contribute approximately \$4 million to the Enlarged Trust's annual revenue. CityNet's removal or resignation as trustee-manager of Netlink Trust may only be effected after an acceptable replacement is approved by IDA.

4. RISKS RELATING TO AN INVESTMENT IN KIT UNITS, OR AS THE CASE MAY BE, UNITS OF THE ENLARGED TRUST, IN THE EVENT THE DISPOSAL IS APPROVED AND SUBSEQUENTLY COMPLETED

Dilution to existing Unitholders/unitholders of the Enlarged Trust should the KMC Acquisition not be completed

KIT/the Enlarged Trust expects a period of approximately 30 days between completion of the KIT Equity Fund Raising/Enlarged Trust Equity Fund Raising and completion of the KMC Acquisition. There can be no assurance that events, unforeseen or otherwise, will not arise during this period which could lead to a termination of the KMC SPA prior to the completion of the KMC Acquisition, but after the KIT Equity Fund Raising/Enlarged Trust Equity Fund Raising is completed. In such an event, distributions per KIT Unit/Enlarged Trust unit of existing Unitholders/unitholders of the Enlarged Trust will be diluted, notwithstanding the KMC Acquisition having been terminated.

The price of the KIT Units/units in the Enlarged Trust may be volatile or decline after the KIT/Enlarged Trust Equity Fund Raising

The issue price of the New KIT Units/new units in the Enlarged Trust will be determined by agreement of the Trustee-Manager or the Replacement Trustee-Manager (as the case may be) and the Joint Financial Advisers and may not be indicative of the market price for the New KIT Units/new units in the Enlarged Trust after the completion of the KIT/Enlarged Trust Equity Fund Raising.

The price of the KIT Units/units in the Enlarged Trust may be volatile or decline after the KIT/Enlarged Trust Equity Fund Raising. The trading price of the KIT Units/units in the Enlarged Trust will depend on several factors, and may increase or decrease in response to a number of events and factors including:

- differences between KIT's/the Enlarged Trust's actual financial and operating results and those projected or expected by analysts and investors, as well as any changes in analysts' financial estimates, recommendations or projections;
- variations in operating results;
- changes in general global, economic and market conditions;
- perceived prospects of KIT's/the Enlarged Trust's business;
- market value of KIT's/the Enlarged Trust's assets;
- the attractiveness of KIT's Units/units of the Enlarged Trust against other equity securities and the general liquidity of the securities market;
- developments affecting KIT/the Enlarged Trust or its competitors;
- changes to the regulatory system, including the tax system, whether specific to KIT/the Enlarged Trust, the energy industry, or generally;
- changes in accounting policies; and
- KIT's/the Enlarged Trust's ability to continually expand its operations.

For any of the reasons above or otherwise, KIT's Units/units of the Enlarged Trust may trade at prices that are higher or lower than the net asset value per KIT Unit/unit of the Enlarged Trust. Any failure on KIT's/the Enlarged Trust's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price of KIT Units/units of the Enlarged Trust.

Future issuances of new KIT Units/units of the Enlarged Trust may cause dilution to existing Unitholders/unitholders of the Enlarged Trust

The Trustee-Manager or the Replacement Trustee-Manager (as the case may be) may plan to issue additional KIT Units/units of the Enlarged Trust in the future as may be required to fund future asset acquisitions or for other purposes. The price at which KIT/the Enlarged Trust issues any new KIT Units/units of the Enlarged Trust in the future may affect the NAV per KIT Unit/unit of the Enlarged Trust. In addition, it is possible that cash available for distributions could be affected by the issuance of additional KIT Units/units of the Enlarged Trust.

KIT/the Enlarged Trust may be unable to make distributions to Unitholders or the level of distributions may fall

No assurance can be given as to KIT's/the Enlarged Trust's ability to pay or maintain distributions, nor is there any assurance that the level of distributions will increase over time, or that KIT's/the Enlarged Trust's cash flow available for distribution to Unitholders/unitholders of the Enlarged Trust may increase.

Singapore takeover law may discourage or prevent certain types of transactions

The Takeover Code contains certain provisions that may delay, deter or prevent a future takeover or change in control of KIT/the Enlarged Trust. Any person acquiring an interest (either on his or her own or together with parties acting in concert with him or her) in 30.0% or more of the total KIT Units/units of the Enlarged Trust must extend a takeover offer for the remaining KIT Units/units of the Enlarged Trust in accordance with the provisions of the Takeover Code. A takeover offer is also required to be made by a person holding (either on his or her own or together with parties acting in concert with him or her) between 30.0% and 50.0% (both inclusive) of the total KIT Units/units of the Enlarged Trust if he or she acquires additional KIT Units/units of the Enlarged Trust carrying more than 1.0% of the total KIT Units/units of the Enlarged Trust in any six-month period. While the Takeover Code seeks to ensure an equality of treatment among Unitholders/unitholders of the Enlarged Trust, its provisions could substantially impede the ability of Unitholders/unitholders of the Enlarged Trust to benefit from a change of control and, as a result, may adversely affect the market price of the KIT Units/units of the Enlarged Trust and the ability to realise any benefit from a potential change of control.

Investors subscribing to KIT Units/units of the Enlarged Trust in the KIT/Enlarged Trust Equity Fund Raising will be subject to risks related to non-redeemable securities

Investors purchasing KIT Units/units of the Enlarged Trust may be exposed to risks associated with non-redeemable securities. Unitholders cannot require that KIT/the Enlarged Trust redeem their KIT Units/units of the Enlarged Trust while the KIT Units/units of the Enlarged Trust are listed, except in the event of the distribution of residual property or in the event of dissolution and liquidation.

KIT Units/units of the Enlarged Trust are not capital-safe products and there is no guarantee that Unitholders/unitholders of the Enlarged Trust can regain the amount invested. If KIT/the Enlarged Trust files for bankruptcy or is otherwise liquidated, it is possible that all or a part of the principal of the KIT Units/units of the Enlarged Trust will not be paid to the Unitholders/unitholders of the Enlarged Trust.

The Enlarged Trust will be exposed to foreign currency fluctuations

As certain businesses of the Enlarged Trust are outside of Singapore, the Enlarged Trust will be affected by changes in foreign currency rates. Any fluctuations in foreign exchange rates between the respective reporting currencies and the currencies in which the Enlarged Trust receives its revenues and incurs operational costs could have a material adverse effect on the business, financial condition, results of operations and prospects of the Enlarged Trust.

The Enlarged Trust may enter into foreign currency hedging arrangements with respect to the expected dividends, distributions, interest and loan repayments from these foreign investments at the appropriate time. However, there is no assurance that these hedging arrangements may have the desired beneficial impact on the business, financial condition or results of operations of the Enlarged Trust and may completely insulate the Enlarged Trust from the risks associated with fluctuations in currency exchange rates.

Investors' investment in the New KIT Units/new units in the Enlarged Trust will subject investors to foreign exchange risks

The New KIT Units/new units in the Enlarged Trust are denominated and payable in Singapore dollars. If the investors measure their investment returns by reference to a currency other than Singapore dollars, an investment in the New KIT Units/new units in the Enlarged Trust will entail foreign exchange-related risks, including possible significant

changes in the value of the Singapore dollar relative to the currency by reference to which the investors measure their investment returns, due to, among other things, economic, political and other factors over which KIT/the Enlarged Trust has no control. In addition, there may be tax consequences for the investors as a result of any foreign exchange gains resulting from any investment in the New KIT Units/new units in the Enlarged Trust.

The sale or possible sale of a substantial number of KIT Units/units in the Enlarged Trust by the Sponsor or Tembusu Capital Pte. Ltd. (a wholly-owned subsidiary of Temasek) (following the lapse of its holding period as set out below) in the public market could adversely affect, or increase the volatility of, the price of the KIT Units/units in the Enlarged Trust

As at the Latest Practicable Date, the Sponsor holds approximately 49.17% of KIT.

In conjunction with the Disposal and Distribution-In-Specie, the Sponsor will hold approximately 22.9% of the Enlarged Trust, and Temasek will through certain of its wholly-owned subsidiaries¹ hold approximately 19.97%² of the Enlarged Trust, prior to the Enlarged Trust Equity Fund Raising. Both the Sponsor and Tembusu Capital Pte. Ltd. (a wholly-owned subsidiary of Temasek) intend to subscribe for their pro-rata entitlements under the Enlarged Trust Preferential Offering and have undertaken not to dispose of their effective interests in (a) the units in the Enlarged Trust as at the date of completion of the Disposal³ (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).

In the event that the Disposal is not completed, KIT will proceed with the KMC Acquisition if the KMC Acquisition is approved by Unitholders and in order to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions, the Trustee-Manager intends to undertake the KIT Equity Fund Raising. The Sponsor intends to subscribe for its pro-rata entitlement under the KIT Equity Fund Raising and does not intend to dispose of its interest in KIT from the date of completion of the KMC Acquisition to a date not earlier than 12 months following the completion of the KIT Equity Fund Raising.

The KIT Units/units in the Enlarged Trust will be tradable on the Main Board of the SGX-ST. If the Sponsor or Tembusu Capital Pte. Ltd., following the lapse of its respective holding period directly or indirectly sells, or is perceived as intending to sell, a substantial number of its KIT Units/units in the Enlarged Trust (as the case may be), the market price for the KIT Units/units in the Enlarged Trust (as the case may be) could be adversely affected.

The portfolio of KIT/the Enlarged Trust comprises, and KIT/the Enlarged Trust may in the future invest in, illiquid assets that may not be sold without regulatory approval or if such approval is granted, may not be sold for a price that equates to the valuation of the assets

The business undertakings of KIT/the Enlarged Trust are, and KIT/the Enlarged Trust may invest in, assets that are not listed on a stock exchange or for which there are only a limited number of potential buyers. As a consequence, the realisable value of an asset may be less

1 Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

2 Does not include Temasek’s deemed interests through Keppel Corporation Limited.

3 In the case of Tembusu Capital Pte. Ltd., this refers to the aggregate number of 568,234,112 units that are held through its wholly-owned subsidiaries Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

than the full or fair value based on its estimated future cash flows. Any sale of such assets under such circumstances may have an adverse effect on the price of the units of KIT/the Enlarged Trust.

The terms of the Senoko ISA, the Tuas DBOO ISA, the Water Purchase Agreement and the NEWater Agreement restrict the transfer or grant of any encumbrance over any part of the equity in Senoko Trust, Senoko Trustee, Tuas DBOO Trust, Tuas DBOO Trustee, Ulu Pandan Trust, SingSpring Pte. Ltd., SingSpring Trust and Ulu Pandan Trustee without prior written approval from NEA or PUB (as the case may be). The Basslink Services Agreement restricts the transfer of Basslink equity and assets without prior written approval from Hydro Tasmania. A change in ownership of CityNet requires IDA approval. There are restrictions on the sale of DC One's data center arising from the lease agreements with HDB and with 1-Net.

KIT/the Enlarged Trust may invest in other assets that have the same restrictions or for which there are only a limited number of potential buyers. In these circumstances, KIT/the Enlarged Trust may not be able to sell its assets or such assets may only be sold for a price which is significantly less than KIT's/the Enlarged Trust's valuation of the assets. A sale of any of KIT's/the Enlarged Trust's assets under such circumstances may have an adverse effect on the price of KIT Units/units of the Enlarged Trust.

The Trustee-Manager/the Replacement Trustee-Manager may not be able to execute its expansion strategy successfully or fund future acquisitions of assets successfully due to the unavailability of debt or equity financing on acceptable terms

The Trustee-Manager/the Replacement Trustee-Manager's business strategy includes strategically expanding the size of KIT's/the Enlarged Trust's portfolio of infrastructure assets in Singapore and globally. There can be no assurance that the Trustee-Manager/the Replacement Trustee-Manager will be able to implement this strategy successfully or that it will be able to expand KIT's/the Enlarged Trust's portfolio at all, or at any specified rate or to any specified size. The Trustee-Manager/the Replacement Trustee-Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame, if at all.

A major component of the Trustee-Manager/the Replacement Trustee-Manager's strategy is to acquire additional infrastructure assets both within the sectors in which the Plants operate and in sectors and regions where KIT/the Enlarged Trust will initially have no presence. The Trustee-Manager/the Replacement Trustee-Manager expects to face competition for acquisition opportunities and that competitors for these opportunities may have greater financial resources or access to financing on more favourable terms than KIT/the Enlarged Trust. The Trustee-Manager/the Replacement Trustee-Manager also expects acquisition opportunities for fully operational energy and environmental infrastructure assets to be limited.

KIT/the Enlarged Trust may not have sufficient cash to make acquisitions or investments at the relevant time and may need to obtain additional equity or debt financing to fund or re-finance (where applicable) its capital expenditure, working capital and other requirements. Additional equity financing may result in dilution of existing Unitholders' interests and rights. Additional debt financing may limit KIT's/the Enlarged Trust's ability to pay distributions, increase KIT's/the Enlarged Trust's vulnerability to general adverse economic and industry conditions, require KIT/the Enlarged Trust to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of cash flows to fund capital expenditure, working capital and other requirements and/or limit its flexibility in planning for, or reacting to, changes in its business and its industry or subject KIT/the Enlarged Trust to conditions that may restrict the expansion of the portfolio of KIT/the Enlarged Trust. In addition, certain of KIT's/the Enlarged Trust's loans will be due for

re-financing within the next five years. There can be no assurance that KIT/the Enlarged Trust will be able to obtain the additional equity and/or debt financing or re-financing on terms that are acceptable to the Trustee-Manager/the Replacement Trustee-Manager, or at all.

Even if the Trustee-Manager/the Replacement Trustee-Manager is able to successfully make additional acquisitions or investments, there can be no assurance that KIT/the Enlarged Trust will achieve its expected returns on such acquisitions or investments. Acquisitions and investments involve a number of special risks, including the failure of the acquired business to achieve expected results, the failure to identify material risks or liabilities associated with the acquired business prior to its acquisition, diversion of the Trustee-Manager/the Replacement Trustee-Manager's attention and the failure to retain key personnel of the acquired business, some or all of which could have a material adverse effect on KIT's/the Enlarged Trust's business, financial condition, results of operations and prospects and ability to make distributions to Unitholders/unitholders of the Enlarged Trust.

Infrastructure businesses are often regulated. Investment in infrastructure businesses may therefore be adversely affected by the impact of such regulations. In addition, the operations and business of its investments may be adversely affected by government policies, laws or regulations

The Trustee-Manager's/the Replacement Trustee-Manager's strategy is to invest in infrastructure assets (including, but not limited to, utilities infrastructure assets and primary energy resources and alternative energy sources) in Singapore and globally. Government policies, laws and regulations often have a significant influence over infrastructure sectors generally. The application of these policies, laws and regulations may affect the implementation of the Trustee-Manager's/the Replacement Trustee-Manager's strategy. For example, a government's decision to limit privatisation in a particular sector will reduce the possible investments available in that country.

The government policies, laws and regulations in those countries where KIT/the Enlarged Trust invests could have a material adverse effect on the operations and business of KIT's/the Enlarged Trust's investments. The nature of infrastructure businesses requires KIT/the Enlarged Trust to comply with laws and regulations in those jurisdictions where it operates, including but not limited to those relating to the environment, and also to obtain and maintain governmental permits in relation to the use, storage, discharge and disposal of toxic or otherwise hazardous materials used in its businesses. If KIT/the Enlarged Trust fails to comply with any applicable laws and regulations, KIT/the Enlarged Trust could be subject to civil or criminal liability, fines and/or the withdrawal or suspension of relevant certificates, permits or licences required by these businesses. In addition, any failure or any claim that there has been a failure to comply with applicable laws or regulations may cause delays in the operations or expansion activities of KIT/the Enlarged Trust as well as adversely affect the public image of KIT/the Enlarged Trust.

Changes in government policies, laws or regulations or their application affecting the business activities of the relevant infrastructure business may adversely affect its operating results, business and financial condition. For example, there may be a need to incur additional costs or limit business activities to comply with new laws or regulations, such as stricter environmental or safety controls. This may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of KIT/the Enlarged Trust. In addition, any change in government policies, laws or regulations which result in increased competition in a particular sector in which KIT/the Enlarged Trust may have an investment could adversely impact that business or make it more difficult for it to pursue possible acquisitions in that country.

The withdrawal or suspension of any of the certificates, permits or licences required by the businesses of KIT/the Enlarged Trust, or the imposition of any penalties, as a result of any infringement of any regulatory requirements will have an adverse impact on its operations and business. In addition, these certificates, permits and licences are subject to periodic renewal and assessment by the relevant government authorities and the standards of compliance required in connection with such assessment may change from time to time. Changes in the relevant laws and regulations or their implementation may require KIT/the Enlarged Trust to obtain additional approvals, certificates, permits or licences from the relevant government authorities for KIT/the Enlarged Trust to carry on its operations.

KIT/the Enlarged Trust may be required to incur additional costs to ensure that it complies with any of the changes described above. This will add to the cost of carrying on business, and will materially and adversely affect KIT's/the Enlarged Trust's business, financial condition, results of operations and prospects if such additional costs become material. In addition, there is no assurance that KIT/the Enlarged Trust will be able to obtain the additional approvals, certificates, permits or licences promptly or at all, and may be required to cease operations because it lacks such approvals, certificates, permits or licences.

The Trustee-Manager is a wholly-owned subsidiary of KI, the Sponsor. There may be potential conflicts of interest between KIT/the Enlarged Trust, the Trustee-Manager, KI and other Sponsor Group Entities

The Sponsor and other Sponsor Group Entities are engaged in the investment in, and the development and management of, among other things, a portfolio of infrastructure assets. As a result, there may be circumstances where KIT/the Enlarged Trust may compete directly with the Sponsor or other Sponsor Group Entities for the acquisition of infrastructure businesses and/or assets.

The Sponsor has executed the ROFR Deed in favour of the Trustee-Manager, pursuant to which the Sponsor granted the Trustee-Manager certain rights of first refusal in respect of the ROFR Assets, in order to address any potential conflicts of interests that may arise between KIT/the Enlarged Trust, the Sponsor and other Sponsor Group Entities. Except as provided for in the ROFR Deed, the Sponsor and other Sponsor Group Entities may not enter into any binding agreement to sell, transfer or otherwise dispose of, directly or indirectly, any ROFR Asset to any party other than the Trustee-Manager. KI will execute a deed of right of first refusal in favour of the Replacement Trustee-Manager on substantially the same terms as the ROFR Deed. There is no assurance that the ROFR Deed or the deed of right of first refusal to be executed in favour of the Replacement Trustee-Manager (as the case may be) can cover all eventualities or prevent the Sponsor or other Sponsor Group Entities from competing with KIT/the Enlarged Trust for the acquisition of infrastructure businesses and/or assets. There is also no assurance that conflicts of interests between KIT/the Enlarged Trust, the Sponsor and other Sponsor Group Entities will not arise or have been adequately addressed by the ROFR Deed or the deed of right of first refusal to be executed in favour of the Replacement Trustee-Manager (as the case may be).

KIT's/the Enlarged Trust's controlling unitholders, the Trustee-Manager/the Replacement Trustee-Manager and certain officers may take actions that are not in, or may conflict with, KIT/the Enlarged Trust or the minority Unitholders' best interests

KIT's/the Enlarged Trust's controlling unitholders will continue to have the ability to exercise a controlling influence over the Trustee-Manager/the Replacement Trustee-Manager (as the case may be), and may cause the Trustee-Manager/the Replacement Trustee-Manager to take actions that are not in, or may conflict with, its interests or the interests of the minority

Unitholders/unitholders of the Enlarged Trust, including matters relating to KIT's/the Enlarged Trust's management and policies and the election of the directors and senior management.

5. RISKS RELATING TO THE FINANCIAL INFORMATION IN THIS CIRCULAR

The effects of the KMC Acquisition, the KIT Equity Fund Raising and the Disposal may not be fully captured in the pro forma financial statements included in this Circular

This Circular contains KIT's audited consolidated financial statements for the financial years ended 31 December 2012, 2013 and 2014, and the unaudited pro forma financial information of the KIT Group adjusted to reflect the effect of the KMC Acquisition and the KIT Equity Fund Raising for the year ended 31 December 2014 on the basis of certain assumptions as listed in "Appendix C – Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014" of this Circular. The effects of the Disposal, the KMC Acquisition and the Enlarged Trust Equity Fund Raising are also adjusted in CIT's consolidated financial statements for the years ended 31 December 2012, 2013 and 2014 on the basis of certain assumptions as listed in "Appendix F1 – Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-Month Periods ended 31 December 2012, 2013 and 2014" of this Circular. KIT's and the Enlarged Trust's future results of operations and financial condition may be substantially different from the results of operations and financial condition reflected in the unaudited pro forma financial information included in this Circular, after taking into account the KMC Acquisition, the KIT Equity Fund Raising and the Disposal. While the unaudited pro forma financial statements have been presented in an effort to show the effects of the KMC Acquisition, the KIT Equity Fund Raising and the Disposal, there can be no assurance that the unaudited pro forma financial statements fully capture the effects of such transactions, and the unaudited pro forma financial statements may not be indicative of KIT's or the Enlarged Trust's future financial performance.

INDICATIVE TIMETABLE

The timings for the events which are scheduled to take place after the EGM have yet to be determined and will be determined at the absolute discretion of the Trustee-Manager or the Replacement Trustee-Manager, where applicable. The Trustee-Manager or the Replacement Trustee-Manager, where applicable, intends to announce the exact dates of the below events as soon as they have been determined, as well as any changes to the timetable below once the Trustee-Manager or the Replacement Trustee-Manager, where applicable, becomes aware of such changes. Announcements will be made through SGXNet.

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 28 April 2015 at 10:30 a.m.
Date and time of the EGM	: 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place)

If approvals for the KMC Acquisition, the KIT Equity Fund Raising, the Disposal, the Distribution-In-Specie and the Winding Up are obtained at the EGM

Last day and time of trading on a “cum” basis in respect of the Disposal	: To be determined
Suspension of the trading of KIT Units	: To be determined
Disposal Books Closure Date	: To be determined
Pre-Disposal Stub Distribution	: To be determined
Distribution-In-Specie as well as commencement of trading of the CIT Consideration Units on the SGX-ST	: To be determined
Delisting of KIT from the SGX-ST	: To be determined
Commencement of Winding Up	: To be determined
Enlarged Trust Post-Completion Distribution Books Closure Date	: To be determined
Enlarged Trust Post-Completion Distribution	: To be determined
Commencement of the Enlarged Trust Preferential Offering and the Enlarged Trust Equity Fund Raising	: To be announced by the trustee-manager of the Enlarged Trust

If only approvals for the KMC Acquisition and the KIT Equity Fund Raising are obtained at the EGM

Last day and time of trading on a “cum” basis in respect of the KIT Preferential Offering	:	To be determined
Commencement of trading on an “ex” basis in respect of the KIT Preferential Offering	:	To be determined
KIT Preferential Offering Books Closure Date	:	To be determined
Issuance of the KIT Placement Units	:	To be determined
Commencement of the KIT Equity Fund Raising	:	To be determined
Close of the KIT Equity Fund Raising	:	To be determined
Books closure date for Pre-KIT EFR Stub Distribution	:	To be determined
Issue of New KIT Units as well as commencement of trading of the New KIT Units on the SGX-ST	:	To be determined

This page has been intentionally left blank.

KEPPEL INFRASTRUCTURE TRUST

(Registration No. 2010002)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 23 July 2009 (as amended))

Directors

Mr Khor Poh Hwa (Non-Executive and Non-Independent Director and Chairman of the Board)
Mr Alan Ow Soon Sian (Independent Director and Chairman of the Nominating Committee)
Mr Paul Ma Kah Woh (Independent Director and Chairman of the Audit Committee)
Ms Quek Soo Hoon (Independent Director and Chairman of the Conflicts Resolution Committee)
Mr Thio Shen Yi (Independent Director and Chairman of the Remuneration Committee)
Dr Ong Tiong Guan (Non-Executive and Non-Independent Director)
Mr Tan Boon Leng (Non-Executive and Non-Independent Director)

Registered Office

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

2 April 2015

To: Unitholders of Keppel Infrastructure Trust

Dear Sir/Madam

1. INTRODUCTION

1.1 Background

On 18 November 2014, the Trustee-Manager announced the entry into of two separate transactions.

The first transaction is the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd ("**KMC**") which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility located at 201 Jurong Island Highway, Singapore 627805 ("**KMC Plant**").

The second transaction is the disposal of the business undertaking and assets of KIT to CitySpring Infrastructure Trust ("**CIT**") in consideration for 1,326,319,374 new units in CIT. The swap ratio has been arrived at based on the respective market capitalisations of S\$658 million and S\$753 million for KIT and CIT, based on their respective volume weighted average price ("**VWAP**") for the 180-day period ended on 13 November 2014.

Following completion of the Disposal (as defined in Paragraph 1.2(b) of this Circular) and the Distribution-In-Specie (as defined in Paragraph 1.2.1(iii) of this Circular), KI, the sponsor of KIT, will become the single largest unitholder of CIT which will be renamed as Keppel Infrastructure Trust ("**Enlarged Trust**"). KIFM will become the trustee-manager of the Enlarged Trust. It is also proposed that KIT will be renamed Crystal Trust immediately prior to the completion of the Disposal, and will be wound up following completion of the Disposal and Distribution-In-Specie. An announcement will be made via SGXNET to inform Unitholders when the renaming of KIT to Crystal Trust takes effect.

The above transactions are expected to be DPU accretive to both the Unitholders and unitholders of CIT. Please refer to Paragraph 8.4 of this Circular for further details.

KIT's total assets will increase from approximately S\$600 million currently to over S\$2 billion upon completion of KMC Acquisition (as defined in Paragraph 1.2(a) of this Circular). After completion of the Disposal, the Enlarged Trust's total assets will increase to over S\$4 billion, making the Enlarged Trust the largest Singapore infrastructure-focused business trust listed on the SGX-ST.

1.2 Overview of the Proposed Transactions

The two separate transactions announced by the Trustee-Manager on 18 November 2014 are as follows:

- (a) a conditional sale and purchase agreement (the "**KMC SPA**") to acquire 102 ordinary shares (the "**KMC Sale Shares**"), representing 51% of the issued and paid-up share capital of KMC, from Keppel Energy Pte. Ltd. ("**Keppel Energy**"), an indirect wholly-owned subsidiary of Keppel Corporation Limited ("**KCL**") (the "**KMC Acquisition**"). The purchase consideration is S\$510 million (for 51% of the equity stake in KMC and 51% of the KMC Notes) which will be financed by an equity fund raising to be undertaken by KIT ("**KIT Equity Fund Raising**"), as further described in Paragraph 5 of this Circular; and
- (b) a conditional sale and purchase agreement (the "**CitySpring Contract**") with CitySpring Infrastructure Management Pte. Ltd. ("**CSIM**"), in its capacity as trustee-manager of CIT, a business trust registered in Singapore and listed on the Main Board of the SGX-ST, in relation to the disposal of the business undertaking and assets of KIT (including all rights and obligations of KIT in respect of the KMC Acquisition) (the "**KIT Assets**") by KIT to CIT (the "**Disposal**");

(the KMC Acquisition and the Disposal shall hereafter be collectively referred as the "**Proposed Transactions**").

1.2.1 The Disposal and Distribution-In-Specie

Subject to the Disposal being approved by Unitholders and unitholders of CIT, the Disposal is proposed to be effected in the following manner:

- (i) CIT shall undertake a one-time pre-completion distribution of S\$30 million to unitholders of CIT (the "**Pre-Completion Distribution**");
- (ii) pursuant to the Disposal, KIT will transfer all its assets and related rights and liabilities to CIT in consideration for CIT issuing 1,326,319,374 new CIT Units (the "**CIT Consideration Units**") to KIT, representing approximately 46.6% of the enlarged issued unit capital of CIT. The swap ratio has been arrived at based on the market capitalisation of S\$658 million of KIT and S\$753 million of CIT, based on their respective VWAP for the 180-day period ended on 13 November 2014. The swap ratio is fixed and is not subject to any adjustment;
- (iii) the Trustee-Manager will then distribute in specie the CIT Consideration Units to Unitholders (the "**Distribution-In-Specie**"). Each Unitholder will receive 2.106 CIT Consideration Units for every KIT Unit held as at the Disposal Books Closure Date, fractional entitlements to be disregarded;
- (iv) CIT will be the surviving trust and will be renamed Keppel Infrastructure Trust;

- (v) KI, the sponsor of KIT, will become the sponsor of the Enlarged Trust. KI will execute a deed of right of first refusal in favour of the Replacement Trustee-Manager (as defined below) on substantially the same terms as the ROFR Deed;
- (vi) CSIM, an indirect wholly-owned subsidiary of Temasek, has given notice of its resignation to unitholders of CIT on 3 February 2015 and a further notice on 1 April 2015, and has nominated KIFM as the replacement trustee-manager of CIT. KIFM will be appointed to replace CSIM and act as trustee-manager of the Enlarged Trust ("**Replacement Trustee-Manager**") on the completion date of the Disposal; and
- (vii) the constituent trust deed of the Enlarged Trust will be amended to, *inter alia*, adopt the Trustee-Manager's existing fee structure for the Replacement Trustee-Manager, provided that CIT Unitholders approve of such change to the fee structure. Based on a comparison of the Trustee-Manager's fee structure for KIT and CSIM's fee structure for CIT, had the Disposal been completed and the Trustee-Manager's fee structure for the Replacement Trustee-Manager been adopted on 1 January 2014, the Enlarged Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$5.3 million for the calendar year ended 31 December 2014 assuming no fees were payable for acquisitions or divestments. Further details of the proposed fee structure of the Replacement Trustee-Manager and CSIM's existing fee structure for CIT are set out in Paragraph 6.4(d)(iii).

Following the completion of the Disposal and Distribution-In-Specie:

- (A) The Enlarged Trust shall, before the Enlarged Trust Equity Fund Raising, undertake a one-time post-completion distribution of S\$30 million to its expanded base of unitholders (the "**Post-Completion Distribution**") (of which approximately S\$16 million will be distributed to unitholders of CIT with the balance of approximately S\$14 million distributed to Unitholders of KIT). Unitholders who receive CIT Consideration Units as part of the Disposal and Distribution-In-Specie will receive their share of this post-completion distribution;
- (B) KI will be the single largest unitholder of the Enlarged Trust with approximately 22.9% of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising. Temasek will through certain of its wholly-owned subsidiaries¹ hold approximately 19.97%² of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising;
- (C) The management team of the Replacement Trustee-Manager will be led by Mr Khor Un-Hun as Chief Executive Officer. KIFM has offered employment to substantially all of CSIM's employees. The Enlarged Trust will retain all the employees of the underlying CIT Assets (as defined herein);
- (D) the Enlarged Trust will assume all rights and obligations of KIT for the KMC Acquisition and undertake an equity fund raising on the capital markets and issue units in the Enlarged Trust by a combination of (i) a placement to institutional and other investors (the "**Enlarged Trust Placement**") and (ii) a non-renounceable preferential offering ("**Enlarged Trust Preferential Offering**") held after the Distribution-In-Specie to all eligible unitholders³ of the

¹ Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

² Does not include Temasek's deemed interests through Keppel Corporation Limited.

³ Includes Unitholders in possession of the CIT Units.

Enlarged Trust (the Enlarged Trust Preferential Offering, collectively with the Enlarged Trust Placement, the “**Enlarged Trust Equity Fund Raising**”) at an issue price to be subsequently determined so as to raise gross proceeds of up to approximately S\$525 million to fund the KMC Acquisition and related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition;

- (E) both KI and Tembusu Capital Pte. Ltd. (a wholly-owned subsidiary of Temasek) intend to subscribe for their pro-rata entitlements under the Enlarged Trust Preferential Offering and have undertaken not to dispose of their effective interests in (a) the units in the Enlarged Trust as at the date of completion of the Disposal¹ (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); and
- (F) it is proposed that KIT, which will have been renamed Crystal Trust, immediately prior to the completion of the Disposal, will be wound up.

Upon the completion of the Disposal and Distribution-In-Specie, the KMC Acquisition and the Enlarged Trust Equity Fund Raising, KI and Temasek (through certain of its wholly-owned subsidiaries²) will respectively hold approximately 17.6% and 15.3%³ of the Enlarged Trust⁴.

In support of the Proposed Transactions, KI, the sponsor of KIT, has agreed that the Trustee-Manager shall only charge its acquisition fee of S\$4,335,000 (being 0.5% of 51% of the enterprise value of the KMC Acquisition) and any applicable taxes for the KMC Acquisition and shall waive its divestment fee for the CitySpring Contract. For avoidance of doubt, the existing remuneration structure of CSIM does not provide for an acquisition fee and accordingly, CSIM will not be entitled to any acquisition fee arising from the Disposal. Temasek, the sponsor of CIT and owner of CSIM, has agreed that CSIM will not receive any compensation for relinquishing its role as trustee-manager of CIT.

For further details on the salient terms of the KMC SPA and the CitySpring Contract, please refer to Paragraphs 4.3 and 6.4(d) of this Circular respectively.

1.2.2 KMC Acquisition

In the event that the Disposal is **not** completed, KIT will proceed with the KMC Acquisition if the KMC Acquisition is approved by Unitholders and in order to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions, the Trustee-Manager intends to undertake the KIT Equity Fund Raising. **For the avoidance of doubt, the proposed KIT Equity Fund Raising will only be undertaken if KIT (and not the Enlarged Trust) proceeds to complete the KMC Acquisition.** Please refer to Paragraph 5 of this Circular for more information relating to the proposed KIT Equity Fund Raising.

Upon the completion of the KMC Acquisition and the KIT Equity Fund Raising, KI's unitholding in KIT will be reduced to approximately 29.9%⁵.

1 In the case of Tembusu Capital Pte. Ltd., this refers to the aggregate number of 568,234,112 units that are held through its wholly-owned subsidiaries Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

2 Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

3 Does not include Temasek's deemed interests through Keppel Corporation Limited.

4 Based on a weighted average illustrative issue price of S\$0.4892 for the Enlarged Trust Equity Fund Raising.

5 Based on a weighted average illustrative issue price of S\$1.0344 for the KIT Equity Fund Raising.

1.3 Winding Up of KIT

In the event that the Disposal and the Distribution-In-Specie are completed, all of the KIT Assets will be transferred to CIT, and following such transfer, the assets of KIT will consist wholly or substantially of cash and KIT will not have a business that will satisfy the requirements of the SGX-ST for listing. The Trustee-Manager is of the view that it is in the best interests of all the Unitholders to wind up KIT as it will not be meaningful for KIT to maintain its existence and listing on the SGX-ST following completion of the Disposal and Distribution-In-Specie.

Accordingly, the Trustee-Manager proposes to wind up KIT following completion of the Disposal and the Distribution-In-Specie in accordance with the Trust Deed (the “**Winding Up**”) by proposing a Special Resolution for the Winding Up at the EGM. Unitholders’ approval of the Winding Up is conditional upon the Disposal and Distribution-In-Specie being approved by the Unitholders at the EGM, but not vice versa. In the event that approvals for the Disposal and Distribution-In-Specie are obtained from Unitholders, but approval for the Winding Up is not obtained, the Trustee-Manager intends to proceed with the winding up of KIT after completion of the Disposal and Distribution-In-Specie nonetheless by way of an application to court to wind up KIT. The Trustee-Manager is seeking a Special Resolution to effect the Winding Up as it believes it is a faster and more cost-efficient method compared to applying to court to wind up KIT.

Immediately prior to the completion of the Disposal, KIT will be renamed to Crystal Trust to avoid confusion amongst investors. An announcement will be made via SGXNET to inform Unitholders when the renaming of KIT to Crystal Trust takes effect.

Further details of the proposed Winding Up and the court application to wind up KIT are set out in Paragraph 7 of this Circular.

1.4 Information relating to the proposed changes of names of the existing KIT and CIT in connection with the Disposal

Assuming all relevant approvals and consents are obtained for the Disposal, it is intended that following the last day of trading in KIT Units on a “cum” basis in respect of the Disposal, trading in KIT Units will be suspended and the existing KIT will be renamed “Crystal Trust” prior to completion of the Disposal to avoid investors confusing KIT with the Enlarged Trust, and Crystal Trust will be wound up following the Distribution-in-Specie. Correspondingly, its trading counter name will be changed to “Crystal Tr”. Crystal Trust will adopt the existing KIT stock code of “LH4U”. The aforesaid dates for the last day of trading and suspension will be announced by KIT in due course once determined.

Assuming all relevant approvals and consents are obtained for the Disposal, it is intended that following completion of the Disposal, the existing CIT (being the Enlarged Trust) will be renamed as “Keppel Infrastructure Trust”. Correspondingly, the trading counter name of the Enlarged Trust will be changed to “Kep Infra Tr fka CIT” for a period of three (3) months; subsequently the new trading counter name for the Enlarged Trust will be changed to “Kep Infra Tr” and a further SGXNET announcement to this effect will be made in due course. The Enlarged Trust will adopt the existing CIT stock code of “A7RU”. Announcements made, or circulars despatched, by the Enlarged Trust on SGXNET may be found by referring to the security name of “KEPPEL INFRA TRUST WEF 2015”.

2. SUMMARY OF APPROVALS SOUGHT

The Trustee-Manager is convening the EGM to seek the approval of Unitholders in respect of the proposed KMC Acquisition and KIT Equity Fund Raising, the proposed Disposal, the proposed Distribution-In-Specie and the proposed Winding Up of KIT via Unitholders' resolution. Approvals by way of Ordinary Resolutions are required in respect of the resolutions relating to the proposed KMC Acquisition and KIT Equity Fund Raising (Resolution 1), the proposed Disposal (Resolution 2), and the Proposed Distribution-In-Specie (Resolution 3), and approval by way of Special Resolution is required in respect of the resolution relating to the proposed Winding Up of KIT via Unitholders' resolution (Resolution 4).

Each of the KMC Acquisition and the Disposal is an "interested person transaction" (as defined in Chapter 9 of the Listing Manual), of KIT and would require separate approvals of Unitholders (other than Unitholders who are interested persons) at the EGM. The Distribution-In-Specie and the Winding Up of KIT are not "interested person transactions". Nonetheless, as Resolution 2 relating to the Disposal is inter-conditional upon Resolution 3 relating to the Distribution-In-Specie and vice versa, the interested persons of KIT in respect of the Disposal will also abstain from voting on the Distribution-In-Specie.

As Resolution 1 relating to the KMC Acquisition and KIT Equity Fund Raising is a condition precedent to the completion of the Disposal under the CitySpring Contract, the Trustee-Manager expects to proceed with the Disposal only if approval for Resolution 1 is obtained from Unitholders. Resolution 2 relating to the Disposal is also inter-conditional upon Resolution 3 relating to the Distribution-In-Specie and vice versa. However, the KMC Acquisition and the KIT Equity Fund Raising are not conditional upon the KIT Unitholders' approvals for the Disposal and Distribution-In-Specie being obtained. In the event that Unitholders' approval for any of the Disposal or Distribution-In-Specie is not obtained, the Trustee-Manager will, subject to approval for Resolution 1 being obtained from Unitholders, proceed with the KMC Acquisition and the KIT Equity Fund Raising.

In summary, Unitholders' approvals of the Disposal and the Distribution-In-Specie are conditional upon Unitholders' approval of the KMC Acquisition and KIT Equity Fund Raising. Unitholders' approval of the Disposal is inter-conditional upon Unitholders' approval of the Distribution-In-Specie and vice versa. However, the completion of the KMC Acquisition and the completion of the Disposal are not inter-conditional on each other, and provided the relevant conditions precedent are fulfilled, the KMC Acquisition may be completed without the Disposal.

In the event that approvals for Resolutions 2 and 3 relating to the Disposal and Distribution-In-Specie are obtained from Unitholders, but approval for Resolution 4 relating to the Winding Up is not obtained, the Trustee-Manager intends to proceed with the winding up of KIT after completion of the Disposal and Distribution-In-Specie nonetheless by way of an application to court.

3. RATIONALE AND BENEFITS FOR THE PROPOSED TRANSACTIONS

3.1 The KMC Acquisition

The KMC Acquisition demonstrates KI's commitment to KIT as a sponsor, by creating a suitable investment that generates stable cashflows for KIT.

The Trustee-Manager believes that the KMC Acquisition will bring the following key benefits to KIT and Unitholders:

(a) Rare opportunity to acquire control of a substantial and strategic operational asset with long term and stable cash flows

The KMC Plant is a top-tier gas-fired power plant in Singapore. The Trustee-Manager believes that operational power plants, such as the KMC Plant, are strategic assets in Singapore because they cannot be easily replicated given land constraints.

As part of the KMC Acquisition, KMC will enter into a 15-year capacity tolling agreement with Keppel Electric, a wholly-owned subsidiary of KI. Under the capacity tolling agreement, KMC will contract its full capacity with Keppel Electric. The maximum capacity fee is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. With this arrangement, volatility caused by movements in electricity prices and demand in the Singapore merchant power market typically experienced by independent power producers will be mitigated for KMC. KI will guarantee Keppel Electric's payment obligations to KMC. To ensure continuity of operations, KMC will enter into a long-term service contract with KMC O&M, a wholly-owned subsidiary of KI, and will continue to be operated and maintained by the same team which has operated the plant since 2007.

(b) Enhance the sustainability and extend the duration of KIT's distributions

The current weighted average age of the KMC Plant is less than four years. The design life of power plants similar to the KMC Plant is approximately 25 years (although many power plants operate beyond their design lives), which could be extended with further capital expenditures.

In addition, the land on which the KMC Plant is located has remaining lease life of about 50 years. This ensures that KMC will continue to have significant value even after the initial 15-year tolling contract ends and even beyond the useful life of the plant.

Based on the pro forma financials for 1 January to 31 December 2014, the DPU following the KMC Acquisition and the KIT Equity Fund Raising is at least 7.86 cents.

(c) Transform KIT into the largest Singapore infrastructure-focused business trust listed on the SGX-ST

Following the completion of the KMC Acquisition, KIT's consolidated asset base is expected to increase to over S\$2 billion, transforming it into the largest Singapore infrastructure-focused business trust.

With a larger balance sheet, KIT will be in a better position to pursue bigger acquisitions and respond more nimbly in competitive sale situations, giving KIT further flexibility to execute its acquisition growth strategies.

KIT's increased scale would also strengthen its ability to access capital markets to fund its future growth. The Trustee-Manager believes that the KIT Equity Fund Raising offers KIT a strategic opportunity to raise its profile in the investment community and increase its free float to enhance the liquidity of the KIT Units, and build up its institutional investor base, which will further enhance its ability to raise capital for future acquisitions.

3.2 The Disposal

The Trustee-Manager believes that the Disposal will create a large and well diversified portfolio of infrastructure assets that will underpin future distributions and growth.

(a) An attractive and diverse portfolio of core infrastructure assets aligned with KIT's investment criteria

After the Proposed Transactions, the Enlarged Trust will offer its unitholders and investors the opportunity to invest in a diverse portfolio of core infrastructure assets (ranging from waste treatment, water production, power production and transmission, piped gas production and retailing to telecommunications) located in jurisdictions with well-developed legal frameworks that support infrastructure investment.

In addition, the Trustee-Manager believes that CIT's assets are highly strategic. City Gas Trust ("**City Gas**") is the sole producer and retailer of town gas, and SingSpring Trust ("**SingSpring**") is the first large-scale seawater desalination plant in Singapore, while Basslink Pty Ltd ("**Basslink**") is the only electricity interconnector between Tasmania to mainland Australia. These assets serve fundamental needs and are not easily replicated.

Both SingSpring's and Basslink's operating cash flows are underpinned by availability based capacity payments under the Water Purchase Agreement and the Basslink Services Agreement, respectively. Please refer to Paragraph 6.3 of this Circular for further details of the Water Purchase Agreement and the Basslink Services Agreement.

City Gas is the sole provider of piped town gas for non-contestable consumers, including residential consumers. The large existing customer base provides a steady recurring source of revenue as residential demand for piped gas is relatively stable. City Gas' tariff setting mechanism is regulated and designed to enable it to recover its fuel costs over the period of time, although short term fluctuations in revenue can occur due to timing difference between fuel price movements and tariff review periods.

SingSpring and Basslink generate revenues from the PUB and Hydro Tasmania respectively, both of whom are government related entities of good credit. City Gas, on the other hand, benefits from a large and diversified base of retail and industrial customers, thereby reducing its credit exposure to any single customer.

(b) Further enhance the sustainability and duration of distributions for Unitholders

Like KMC, Basslink has a substantially longer design life of 40 years (that could be extended with further capital expenditures) than the initial contract period under the Basslink Services Agreement, which would enable it to generate revenue beyond the initial contract period.

CIT had previously announced, together with the release of CIT's results for the second quarter ended 30 September 2014, that "in order to provide for capital management flexibility at Basslink, no cash distribution has been or will be received from Basslink until the refinancing has been completed".

CIT announced in November 2014 that Basslink had agreed to refinance all its outstanding bonds with an A\$717 million non-recourse five-year senior secured loan facility provided by a group of nine banks and an A\$50 million equity injection by CIT financed from its cash reserves. Under the terms of the facility, Basslink will be able to resume making distributions when certain financial thresholds are met. The Trustee Manager also believes that the refinancing will allow Basslink to repay its debt to achieve a more sustainable capital structure and increase its distributions over time.

DC One, in which CIT holds a 51% equity interest, started construction of its data centre in Marsiling Lane in November 2014. The data centre is a 214,000 square feet facility that is targeted for completion in the first quarter of 2016, and will be leased to a wholly-owned subsidiary of MediaCorp Pte Ltd, 1-Net Singapore Pte Ltd, under a 20-year lease agreement with an 8-year extension at the option of 1-Net Singapore Pte Ltd. As disclosed in paragraph 2.3.3 of CIT's circular dated 29 July 2014, CIT will finance its equity investment for the proposed transaction between DC One and 1-Net Singapore Pte Ltd relating to the construction and lease of the data centre from its cash reserves. When the data centre commences operations, DC One will be able to make distributions to the Enlarged Trust.

City Gas is essentially a gas retail business and is not limited by contract life. With its large established base of residential customers, City Gas is well positioned to continue to be a competitive supplier to a large proportion of the residential customers in Singapore.

In view of the above, the Trustee-Manager believes that the Disposal will further enhance the sustainability and extend the duration of future distributions for Unitholders.

(c) The Enlarged Trust will become the flagship investment vehicle for Singapore infrastructure

The Disposal will further enlarge and diversify KIT's portfolio and consolidate the Enlarged Trust's position as the largest Singapore infrastructure-focused business trust and the second largest business trust listed in Singapore in terms of total assets. The Enlarged Trust would be the flagship investment vehicle for investors looking to get exposure to Singapore infrastructure.

After the completion of the Proposed Transactions, the Enlarged Trust's total assets are expected to further expand to over S\$4 billion and the market capitalisation would increase to over S\$1.9 billion¹, which will further strengthen the Enlarged Trust's ability to pursue even larger acquisitions.

Moreover, the issue of CIT Consideration Units to Unitholders in connection with the Distribution-In-Specie will expand the free float of the Enlarged Trust and enhance the liquidity of the Enlarged Trust units, which could make the Enlarged Trust more attractive to investors.

3.3 Benefits from continued Keppel's sponsorship

KI will be the sponsor of the Enlarged Trust following completion of the Disposal and will own 100% of the Replacement Trustee-Manager. KI drives the Keppel group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services.

KI has three core business platforms: (i) Gas-to-Power, which includes its investment in KMC; (ii) Waste-to-Energy, which provides technologies and seeks investment opportunities in the waste-to-energy space; and (iii) X-to-Energy, which spearheads KI's strategic developments into alternative energy sources, energy conversion and integration of the energy value chain to meet growing demand for competitive energy. It also holds KI's district heating and cooling business. KI also owns KIS, which provides operation and maintenance services.

As KI's businesses are complementary to that of the Enlarged Trust, the Trustee-Manager believes that the Enlarged Trust will continue to benefit from KI's sponsorship in the following ways: (i) draw on KI's expertise and network in sourcing for and evaluating acquisitions; (ii) tap into KI's operational expertise in managing and operating CIT's assets; (iii) the first right of refusal to acquire assets developed or incubated by KI will help expand the Enlarged Trust's acquisition pipeline; and (iv) potential co-investment opportunities with KI.

Under the shareholders' agreement to be entered into by the Trustee-Manager and Keppel Energy to govern their rights as shareholders of KMC, the Trustee-Manager has first rights over Keppel Energy's KMC shares in the event that Keppel Energy wishes to divest its 49% interests in KMC, and vice-versa.

Any transaction with KI will be on an arm's length basis, in accordance with Chapter 9 of the Listing Manual for interested person transactions.

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\$525 million Equity Fund Raising. This statement should not be interpreted to mean that the Enlarged Trust will trade at such market capitalisation upon the completion of the Disposal.

4. DETAILS OF THE PROPOSED KMC ACQUISITION

4.1 Information on KMC and the KMC Plant

KMC presently owns and operates the KMC Plant, a combined cycle gas turbine generation facility with a gross capacity of approximately 1,300 MW and ancillary facilities on Jurong Island off the south-west coast of Singapore.

The KMC Plant has been operating since 2007. The KMC Plant was constructed in two phases. Phase I of KMC has a generation capacity of 500MW, and commenced commercial operation in 2007. Phase II involved an addition of 800MW, which commenced commercial operations in 2013. The audited NTA of KMC as at 31 December 2014 was approximately S\$19.5 million as KMC is now principally funded by shareholders' loan and advances of S\$1.1 billion. The audited net profit after tax of KMC for the financial year ended 31 December 2014 was approximately S\$90.2 million. Further information on the KMC Plant is set out in Appendix A of this Circular.

A condition precedent in the KMC SPA is that KMC shall undertake a restructuring of its business ("**Restructuring**") the salient terms of which are described in Paragraph 4.3(d) of this Circular. On the KMC Completion Date, Keppel Energy and the Trustee-Manager, together with KMC, shall enter into a shareholders' agreement to govern their relationship as shareholders of KMC, as Keppel Energy will retain a significant shareholding interest of 49% in KMC.

4.2 Information on Keppel Energy and Keppel Electric

Keppel Electric is one of the electricity retail licensees active in electricity retailing in the NEMS and is a wholly-owned subsidiary of Keppel Energy, which is in turn a wholly-owned subsidiary of KI, the sponsor and the single largest unitholder of KIT. KI is in turn a wholly-owned subsidiary of KCL.

4.3 The KMC SPA

The principal terms of the KMC SPA include, among others, the following:

(a) KMC Purchase Consideration

The purchase consideration (the "**KMC Purchase Consideration**") for the 51% interest in KMC is S\$510 million, comprising S\$255 million for the KMC Sale Shares and S\$255 million for 51% of the KMC Notes (as defined below) to be issued by KMC to KIT (or the Enlarged Trust, in the event that completion of the Disposal takes place) on the KMC Completion Date. The notes to be issued by KMC (having a total principal amount of S\$500 million) (the "**KMC Notes**"), which are unsecured with no fixed terms of repayment, will be issued with fixed interest rates in the region of 16.5% to 20% per annum throughout their tenure. The KMC Notes have been approved by MAS on 11 November 2014 to qualify as qualifying project debt securities ("**QPDS**") under the MAS Circular (FDD Circular 15/2006) on Tax Incentives for Project Finance dated 1 November 2006, as extended and enhanced by the MAS Circular (FDD Circular 02/2008) dated 12 May 2008 and the MAS Circular (FDD Circular 01/2011) dated 28 April 2011 on Tax Incentives for Project and Infrastructure Finance and represents a more tax efficient method of capitalisation.

The KMC Purchase Consideration is payable wholly in cash on the KMC Completion Date and was negotiated on a willing-buyer and willing-seller basis between Keppel Energy and the Trustee-Manager, based on an enterprise value of S\$1.7 billion for

KMC, less a S\$700 million loan to replace existing loans from KMC's related corporations, having regard to the future cash-flows to be generated by KMC after the Restructuring and the risk profile of KMC as an entity post-Restructuring.

Subsequent to the entry into of the KMC SPA, the Directors have commissioned Stone Forest Corporate Advisory Pte Ltd ("**SFCA**") to conduct an independent valuation of 51% of the share capital of KMC and 51% of the KMC Notes, which KIT intends to subscribe to. A summary letter of the independent valuation conducted by SFCA is set out in **Appendix H** to this Circular.

Based on the projected operating cash flows of KMC over 25 years (based on the CTA (as defined at Paragraph 4.3(d) of this Circular) being extended by the Toller and the estimated useful life of the KMC Plant) only and without taking into consideration any additional value realisable at the end of the 25-year period, SFCA has arrived at a valuation range of S\$480 million to S\$515 million for 51% of the share capital of KMC and 51% of the KMC Notes as at 30 November 2014.

(b) KMC Completion Date

The KMC Completion Date is expected to be no later than the end of the third calendar quarter of 2015.

(c) Conditions precedent

Completion of the KMC Acquisition is subject to and conditional upon, among others:

- (i) the approval of Unitholders for the KMC Acquisition and the KIT Equity Fund Raising;
- (ii) the receipt by Keppel Energy and/or KIT of all necessary consents and approvals required under any and all applicable laws for the sale of the KMC Sale Shares and the issuance of the KMC Notes by KMC, and to give effect to the transactions contemplated in the KMC SPA;
- (iii) the Restructuring (further details of which are set out in Paragraph 4.3(d) of this Circular) having been duly completed prior to, or on, the KMC Completion Date;
- (iv) the successful completion of the KIT Equity Fund Raising or successful drawdown of an equity bridge loan agreement, in order to fund the KMC Purchase Consideration; and
- (v) the successful drawdown of the Facility Agreement (as defined at Paragraph 4.3(d)(v) of this Circular) of S\$700 million by KMC on the KMC Completion Date.

If any of the conditions precedent to the completion of the KMC Acquisition has not been satisfied or (where applicable), has not been waived by 30 September 2015 (or a date mutually agreed by the parties to the KMC Acquisition), the KMC SPA will be terminated.

As at the Latest Practicable Date, the condition in Paragraph 4.3(c)(ii) has been fulfilled and the condition in Paragraph 4.3(c)(iii) is in the process of being fulfilled.

(d) Restructuring of KMC

Keppel Energy and KMC have put in place arrangements for the Restructuring in preparation for, and which will be effected prior to, or on, the KMC Completion Date.

Pursuant to the Restructuring, KMC will transform its business of being an independent power producer that competes in the NEMS, to being a power producer to Keppel Electric, a related corporation of the Trustee-Manager, by entering into the capacity tolling agreement (“**CTA**”), with Keppel Electric.

The salient steps in the Restructuring are as follows:

- (i) the execution of the CTA by KMC and Keppel Electric;
- (ii) the execution of the Operations and Maintenance Service Agreement (“**OMSA**”) by KMC and KMC O&M, which is an indirect, wholly-owned subsidiary of KI;
- (iii) the transfer by KMC to KMC O&M of its employees who are in charge of operations and maintenance of the KMC Plant;
- (iv) the novation of certain agreements of KMC to Keppel Electric, such as its gas sales agreement with Keppel Gas to supply piped natural gas as fuel for the KMC Plant, the entry by KMC into agreements with a KI subsidiary, Pipenet Pte Ltd, for maintenance services and rental charges related to KMC’s wayleave facilities (the “**Pipenet Agreements**”) and with another KI subsidiary, Keppel Gas, for management services relating to the Vesting LNG Contract with BG Singapore Gas Marketing Pte Ltd (“**Gas Management Agreement**”), and the execution of a master settlement agreement (“**Master Settlement Agreement**”) by, *inter alia*, KMC and Keppel Electric whereby Keppel Electric will assume the risks and benefits of fuel price and foreign exchange hedging arrangements that were put in place by KMC; and
- (v) a capital restructuring exercise to be carried out by KMC whereby it will replace existing loans from its related corporations (Kephinance Investment Pte Ltd and Keppel Energy) with (a) the KMC Notes to be issued by KMC to KIT (or the Enlarged Trust, in the event that completion of the Disposal takes place), Keppel Energy, Keppel Electric and KIS in the proportions of 51%, 39%, 5% and 5% respectively (please refer to Paragraph 4.3(a) above for the principal terms of the notes) and (b) credit facilities from commercial banks by signing a facility agreement for S\$700 million with financial institutions in Singapore (“**Facility Agreement**”). The effective interest rate for the S\$700 million loan shall be fixed at a rate which can only be determined closer to the drawdown date and the principal amount shall be repaid in its entirety at the end of the 5-year term of the facility. The Facility Agreement will be secured mainly by an assignment of KMC’s rights under the CTA. In addition, all debt owing or incurred by KMC to the noteholders of the KMC Notes shall be subordinated to the lenders’ rights under the Facility Agreement, and KMC will be permitted to make interest payments on the KMC Notes provided that no event of default has occurred under the Facility Agreement.

As at the Latest Practicable Date, Paragraphs 4.3(d)(i) to (iv) of the Restructuring steps set out above are in the process of being fulfilled, with the entry into of the Pipenet Agreements and the Gas Management Agreement set out in Paragraph 4.3(d)(iv) having been completed. In respect of Paragraph 4.3(d)(v), KMC has agreed the form of the notes subscription deed with the prospective noteholders and the

principal terms of the Facility Agreement. Assuming Unitholders' approval for the KMC Acquisition and the KIT Equity Fund Raising (Resolution 1) is obtained at the EGM, the capital restructuring exercise is envisaged to be completed no later than 30 September 2015.

After the Restructuring, the capital structure of KMC will comprise (A) S\$500 million of the KMC Notes and (B) an external loan of S\$700 million.

4.4 The CTA

The principal terms of the CTA will include, among others, the following:

- (a) Keppel Electric (also known as the **"Toller"**) will pay an availability-based capacity fee and a fixed O&M fee indexed to the Singapore CPI (collectively, the **"Tolling Fees"**) to KMC, in return for KMC making available the KMC Plant's electricity generation capacity. Under the CTA, the maximum capacity fee that KMC will receive is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. The capacity fee for achieving 100% availability factor is \$108 million a year, and this represents the level of fees that the Toller is willing to commit to pay for the initial contract term of 15 years for the CTA, as well as for the 10-year extension option. Other than costs arising from unexpected plant outages/equipment failure, KMC's operating costs for maintenance, consumables, fuel are all passed through to the Toller, through a combination of the fixed O&M fee and costs to be directly reimbursed in accordance with the CTA. The capacity fee does not have any indexation mechanisms. The availability target is set annually and takes 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. As long as actual availability is higher than the target, availability factor is 100%. The annual availability targets are agreed between the Toller and KMC. (See also "Risk Factors – Risks relating to the KMC Acquisition – Changes to the Tolling Fee in the event of material adverse change and no right to recover change of law costs in the CTA");
- (b) the terms of the CTA are designed to ensure that the costs of planned maintenance of the KMC Plant, fuel costs and fuel availability risk to run the KMC Plant are 'effectively passed' through and borne by the Toller. In addition, using the fixed O&M fee received from the Toller, KMC will bear the economic costs of paying KMC O&M as the operator of the KMC Plant, insurance premiums and property taxes associated with owning the KMC Plant and costs of maintaining its property leases. The initial fixed O&M fee is approximately S\$25.24 million (inclusive of O&M fees payable to KMC O&M under the OMSA, land charges, Pipenet charges, property tax, costs of statutory inspections and administrative costs) and is indexed to Singapore CPI. (See also "Risk Factors – Risks relating to the KMC Acquisition – Singapore CPI adjustments to fixed O&M fees under the CTA may not fully cover increases in the underlying expenses");
- (c) the duration of the CTA shall be for an initial term of 15 years from the KMC Completion Date. The Toller is given certain rights to give a matching offer if KMC proposes to source for a third party to enter into a new capacity tolling agreement after the CTA expires. If KMC cannot find such a third party within a prescribed time period (which is the 1-year period between the 4th year and 3rd year prior to the expiry of the CTA), the Toller is given an option (but has no obligation) to extend the duration of the CTA by a 10-year period from the expiry of the CTA at the same terms; and

- (d) during the contract period of the CTA, the Toller may make a proposal to KMC to incur major capital expenditure to upgrade the KMC Plant (**“Required Modification”**). Major capital expenditure means capital expenditure to upgrade and enhance the KMC Plant (as part of a “repowering” proposal). Repowering of a power plant is a major modification to the power generating equipment of the power plant (including the turbines) and will likely involve substantial periods (of up to a year or longer) of planning lead time and downtime, thereby requiring prior coordination with EMA in order to mitigate the impact on the power generation capacity in Singapore.

If KMC elects not to participate in the Required Modification, the Toller has the right to undertake the upgrading works at the Toller’s sole costs without reducing the Tolling Fees payable to KMC. In the event that the Toller exercises such a right, in order for it to recover its costs, the Toller has the option (but has no obligation) to extend the duration of the CTA on the same terms by a period of up to 20 years commencing from the date of completion of the Required Modification. If the Toller’s performance of the Required Modification, or the Required Modification once completed, gives rise to additional operations and maintenance costs and expenses, then the Toller shall reimburse KMC monetarily for all such additional costs and expenses throughout the remaining term of the CTA. The risk of loss of the Required Modification and any affected areas of the KMC Plant shall be borne by the Toller. If KMC elects to participate in respect of any Required Modification, the Toller and KMC shall agree on the key details with respect to such Required Modification before commencing work on such Required Modification. Since the CTA will be a contract with an interested person, modifications to the CTA will be subject to interested person transactions review procedures pursuant to Chapter 9 of the Listing Manual.

4.5 The OMSA

The OMSA between KMC and KMC O&M will, when entered into, be deemed to take effect from 1 January 2015 for an initial term of 20 years with an operator extension option. KMC O&M will be responsible for maintaining the parts of the KMC Plant that are not under the purview of the ALSTOM group which is maintaining the gas turbine and steam turbine assemblies of the KMC Plant. KMC O&M is part of KIS, which houses the technical support and O&M capabilities within the KI group of companies.

KMC O&M shall be responsible for providing, among other things, day-to-day operations of the KMC Plant, managing the KMC Plant’s operating budget, producing an annual operating plan, managing the various sub-contractors and overall site management, procuring inventory and consumables and calculating plant availability. KMC O&M will prepare an Annual Operations and Maintenance Plan (**“AOMP”**) which will set out the KMC Plant’s annual operating budget for KMC and Keppel Electric to approve.

In consideration of the due performance by KMC O&M of the aforesaid services, KMC shall pay to KMC O&M a fixed O&M fee which shall be indexed to the Singapore CPI. KMC has an initial 2 year period, during which all costs are reimbursed by the Toller to KMC, to achieve a better understanding of the budgeting and cost structures of the project such that it is better able to prevent cost overruns from the third year onwards. KMC will reimburse KMC O&M for the costs of planned maintenance and repair works included in the AOMP and receive reimbursement for the same from Keppel Electric. KMC will also reimburse KMC O&M for costs of unplanned maintenance and repair works, which shall be subject to interested person transactions review procedures pursuant to Chapter 9 of the Listing Manual. (See also “Risk Factors – Risks relating to the KMC Acquisition – Fees payable to KMC O&M under the OMSA are not fixed”).

4.6 Method of Financing

The Trustee-Manager intends to fund the KMC Acquisition from the gross proceeds of the KIT Equity Fund Raising to be subsequently undertaken.

In the event that the KIT Equity Fund Raising cannot be completed before the KMC SPA's long-stop date of 30 September 2015, the Trustee-Manager will arrange for an unsecured equity bridge loan facility with financial institutions to finance the KMC Acquisition. The equity bridge loan facility, if drawdown, shall be fully repaid upon the completion of the equity fund raising exercise to fund the KMC Acquisition and in any event, by the date falling 15 months from the completion date of the Disposal or 1 August 2016 (whichever is earlier).

As mentioned in Paragraph 1.2.1(D) above, in the event that the Disposal is completed, the Enlarged Trust will assume all rights and obligations of KIT in respect of the KMC Acquisition (including undertaking the Enlarged Trust Equity Fund Raising and the equity bridge loan facility) to fund the KMC Acquisition and its related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition.

4.7 Requirement of Unitholders' Approval

(a) The KMC Acquisition as a Major Transaction

Under Chapter 10 of the Listing Manual, the relative figures for the KMC Acquisition under Rules 1006 (a) to (e) (based on the audited consolidated financial statements of KIT for the financial year ended 31 December 2014) are as follows:

Criteria	KMC Acquisition	KIT	Relative Percentage
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets (S\$'million)	Not applicable	Not applicable	Not applicable
(b) The net profits attributable to the assets acquired, compared with the group's net profits (S\$'million)	9.6 ⁽¹⁾	13.2	72.7%
(c) The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (S\$'million)	510.0	655.5 ⁽²⁾	77.8%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable	Not Applicable	Not Applicable

Criteria	KMC Acquisition	KIT	Relative Percentage
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable	Not Applicable	Not Applicable

Note:

- (1) For a more meaningful comparison, the net profits of KMC is derived based on a 51% interest in the pro forma financials assuming the legal documentation for the Restructuring had been implemented. The effect of KMC issuing the notes to its shareholders is not taken into account as it will be eliminated upon the consolidation of KMC and its parent entity.
- (2) The market capitalisation is obtained by multiplying 629,781,279 KIT Units by the weighted average price of KIT Units on 13 November 2014 (being the last full Market Day of trading in KIT Units preceding the date of the sale and purchase agreement in relation to the KMC Acquisition) of S\$1.0409 per KIT Unit.

The relative figures for the KMC Acquisition under Rule 1006(b) and Rule 1006(c) exceed 20% and accordingly, the KMC Acquisition may be classified as a major transaction under Chapter 10 of the Listing Manual.

(b) Interested Person Transaction

Under Chapter 9 of the Listing Manual, where KIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of KIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the KIT Audited Financial Statements, the NTA of KIT was S\$591.1 million as at 31 December 2014. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by KIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$29.6 million, such a transaction would be subject to Unitholders' approval. Given that the aggregate consideration for the KMC Acquisition is S\$510 million, being approximately 86.3% of KIT's latest audited NTA, the value of the KMC Acquisition exceeds the said threshold and accordingly, Unitholders' approval for the KMC Acquisition is required pursuant to Rule 906(1)(a) of the Listing Manual.

As at the Latest Practicable Date, KI held an aggregate indirect interest in 309,683,005 KIT Units, which is equivalent to approximately 49.17% of the total number of KIT Units in issue, and is therefore regarded as a "controlling unitholder" of KIT under the Listing Manual. In addition, as the Trustee-Manager is a wholly-owned subsidiary of KI, KI is therefore regarded as a "controlling shareholder" of the Trustee-Manager under the Listing Manual.

KCL is also regarded as a “controlling unitholder” under the Listing Manual. As at the Latest Practicable Date, through KI, KCL has an aggregate indirect interest in 309,683,005 KIT Units, which comprises approximately 49.17% of the total number of KIT Units in issue. KI is a wholly-owned subsidiary of KCL and KCL is therefore also regarded as a “controlling shareholder” of the Trustee-Manager under the Listing Manual.

As Keppel Energy is a wholly-owned subsidiary of KI, for the purposes of Chapter 9 of the Listing Manual, it (being a wholly-owned subsidiary of a “controlling unitholder” and a “controlling shareholder” of the Trustee-Manager) is (for the purposes of the Listing Manual) an “interested person” of KIT. Therefore, the KMC Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Certain KMC Transaction Documents entered or to be entered into by KMC as part of the KMC Acquisition would be interested person transactions of KIT once KIT acquires 51% interest in the shares of KMC. These KMC Transaction Documents are the CTA, the OMSA, the Pipenet Agreements, the Gas Management Agreement and the Master Settlement Agreement as described in Paragraphs 4.3(d), 4.4 and 4.5, and as elaborated in Appendix A, of this Circular. If KIT Unitholders approve the KMC Acquisition as an “interested person transaction” under Chapter 9 of the Listing Manual, such approval will be deemed to include these KMC Transaction Documents as they form an integral part of the contractual rights, entitlements and obligations of KMC once the Restructuring is completed. Modifications to the CTA, the OMSA, the Pipenet Agreements, the Gas Management Agreement and the Master Settlement Agreement will be subject to interested person transactions review procedures of KIT (or the Enlarged Trust, as the case may be), in accordance with Chapter 9 of the Listing Manual, following completion of the KMC Acquisition.

5. THE PROPOSED KIT EQUITY FUND RAISING

5.1 The Proposed KIT Equity Fund Raising

As stated in Paragraph 1.2 above, the Trustee-Manager intends to undertake the KIT Equity Fund Raising in the event that the KMC Acquisition and KIT Equity Fund Raising are approved by Unitholders and the Disposal is (a) not approved by the Unitholders or unitholders of CIT or (b) not completed, and KIT proceeds to complete the KMC Acquisition. If the Disposal is approved by Unitholders and unitholders of CIT and is subsequently completed, the Enlarged Trust will undertake the Enlarged Trust Equity Fund Raising. For further details, please refer to Paragraph 6.7 of this Circular.

Pursuant to the proposed KIT Equity Fund Raising, the Trustee-Manager intends to issue New KIT Units at an issue price to be determined to raise gross proceeds of up to approximately S\$525 million to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions. Based on an illustrative issue price¹ of (i) S\$1.035 per KIT Placement Unit and (ii) S\$1.030 per New KIT Unit to be issued pursuant to the KIT Preferential Offering, approximately 507.6 million² New KIT Units (representing approximately 80.6% of the existing issued KIT Units as at the Latest Practicable Date) will be issued. Approximately S\$15 million (equivalent to 2.86% of the gross proceeds of the KIT Equity Fund Raising) will be used to pay the estimated fees and

1 The final issue price of the KIT Placement and KIT Preferential Offering will be determined by the Joint Financial Advisers with the agreement of the Trustee-Manager, after a book building process and will be announced by the Trustee-Manager thereafter.

2 Assuming an issuance of 63,713,592 New KIT Units to raise \$65,625,000 for the Preferential Offering and an issuance of 443,840,580 KIT Placement Units to raise \$459,375,000 under the Placement.

expenses incurred or to be incurred by KIT in connection with the KIT Equity Fund Raising and the Proposed Transactions. The Trustee-Manager intends to utilise the net proceeds of the KIT Equity Fund Raising to finance the KMC Purchase Consideration.

KI intends to subscribe for its pro-rata entitlement under the KIT Preferential Offering and does not intend to dispose of its interest in KIT from the date of completion of the KMC Acquisition to a date not earlier than 12 months following the completion of the KIT Equity Fund Raising.

The KIT Equity Fund Raising is expected to be underwritten by (i) Credit Suisse (Singapore) Limited and UBS AG, Singapore Branch, who are also acting as Joint Financial Advisers to KIT in the Proposed Transactions and (ii) DBS Bank Ltd.

5.2 Overview of the KIT Equity Fund Raising

It is intended that the KIT Equity Fund Raising will comprise:

- (a) a placement ("**KIT Placement**") of New KIT Units to institutional and other investors (the "**KIT Placees**"); and
- (b) a non-renounceable preferential offering of New KIT Units to Eligible Unitholders ("**KIT Preferential Offering**"),

so as to raise gross proceeds of up to approximately \$525 million. For the avoidance of doubt, the KIT Placement Units will be issued after the KIT Preferential Offering Books Closure Date and accordingly, the KIT Placees will not be entitled to participate, either based on any issue or allocation of the KIT Placement Units, or otherwise, in the KIT Preferential Offering in respect of the KIT Placement Units.

The Trust Deed, read together with the Listing Manual, provides that specific prior approval of Unitholders by Ordinary Resolution is required for an issue of New KIT Units if the number of such New KIT Units (together with any other issue of KIT Units, other than by way of a rights issue offered on a *pro rata* basis to all existing KIT Unitholders, in the same financial year, but excluding KIT Units issued to the Trustee-Manager in payment of its fees) would, immediately after the issue, exceed 20.0% of the outstanding KIT Units as at 15 April 2014. Assuming Unitholders' approval is obtained and that KIT proceeds with the KIT Equity Fund Raising, it is expected that the number of New KIT Units pursuant to the KIT Equity Fund Raising will, immediately after issue, increase by approximately 80.6% of the outstanding KIT Units as at 15 April 2014. The Trustee-Manager is seeking the specific approval of Unitholders for an issue of the New KIT Units for the purpose of the KIT Equity Fund Raising.

The issue price per New KIT Unit will be determined by the Trustee-Manager and the Joint Financial Advisers at a later date, closer to the commencement of the KIT Equity Fund Raising. In particular, the issue price for the KIT Placement Units shall be at a price that represents a discount of not more than 10% to the weighted average price for trades done on the SGX-ST for the full Market Day on which the management and underwriting agreement is signed, and the issue price for the new KIT Units issued pursuant to the KIT Preferential Offering shall be at a price that represents a discount of not more than 10% to the weighted average price for trades done on the SGX-ST for the full Market Day on which the KIT Preferential Offering is announced.

The number of New KIT Units to be offered for each Existing KIT Unit held on the KIT Preferential Offering Books Closure Date shall be determined by the Trustee-Manager and the Joint Financial Advisers prior to the commencement of the KIT Equity Fund Raising.

Approval in-principle has been obtained from the SGX-ST for the KIT Equity Fund Raising and the listing and quotation of the New KIT Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the KIT Equity Fund Raising, the New KIT Units and KIT and/or its subsidiaries. The in-principle approval of the SGX-ST is subject to, among others, the following conditions:

- (a) compliance with the SGX-ST Listing Rules;
- (b) KIT Unitholders' approval for the KIT Equity Fund Raising; and
- (c) certain confirmations and undertakings to be given by KIT and the placement agents to the KIT Placement.

5.3 Additional Information on the Proposed KIT Preferential Offering

Eligible Unitholders

Eligible Unitholders are (i) Unitholders with KIT Units standing to the credit of their Securities Accounts as at the KIT Preferential Offering Books Closure Date and (a) whose registered addresses with CDP are in Singapore as at the KIT Preferential Offering Books Closure Date; (b) who have, at least three Market Days (as defined herein) prior to the KIT Preferential Offering Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs; and (ii) Unitholders whose KIT Units are not deposited with CDP and who have tendered to the Unit Registrar valid transfers of their KIT Units and/or the documentary evidence evidencing their title in relation thereto for registration up to the KIT Preferential Offering Books Closure Date, and (a) whose registered addresses with the Unit Registrar are in Singapore as at the KIT Preferential Offering Books Closure Date, (b) who have, at least three Market Days prior to the KIT Preferential Offering Books Closure Date, provided the Unit Registrar with addresses in Singapore for the service of notices and documents or (c) who are Eligible QIBs.

Eligible Unitholders are at liberty to accept in part or in full or decline to accept their provisional allotments of New KIT Units.

Acceptance of the provisional allocations of New KIT Units under the proposed KIT Preferential Offering may be effected via application forms.

As the proposed KIT Preferential Offering is to be made on a non-renounceable basis, the provisional allocations of New KIT Units cannot be renounced in favour of a third party or traded on the SGX-ST. For the avoidance of doubt, the KIT Placement Units will be issued after the KIT Preferential Offering Books Closure Date and accordingly, the KIT Placees will not be entitled to participate, either based on any issue or allocation of the KIT Placement Units, or otherwise, in the KIT Preferential Offering in respect of the KIT Placement Units.

Ineligible Unitholders

No provisional allotments of New KIT Units will be made to Unitholders other than Eligible Unitholders ("**Ineligible Unitholders**") and no purported acceptance thereof or application therefor by Ineligible Unitholders will be valid.

The making of the KIT Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries

(other than in Singapore) where Unitholders may have as their addresses registered with CDP or the Unit Registrar (as the case may be), the KIT Preferential Offering will not be extended to Ineligible Unitholders. Save as provided herein, Ineligible Unitholders who wish to participate in the KIT Preferential Offering will have to provide CDP or the Unit Registrar (as the case may be) with addresses in Singapore for the service of notice and documents and any other evidence of eligibility that the Trustee-Manager, in its absolute discretion, requires at least three Market Days prior to the KIT Preferential Offering Books Closure Date. Save as provided herein and for the avoidance of doubt, the Ineligible Unitholders are not eligible to participate in the KIT Preferential Offering.

The New KIT Units have not been, and will not be, registered under the Securities Act, or under any securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the U.S.

The New KIT Units may only be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly (i) within the U.S. only to Eligible QIBs in reliance on the exemption from the registration requirements of the Securities Act under Section 4(a)(2) thereof; and (ii) outside the U.S. only in compliance with Regulation S under the Securities Act to persons located outside the U.S..

Notice is hereby given that, subject to the relevant approvals sought at the EGM being obtained, the KIT Preferential Offering Books Closure Date (on which the Transfer Books and Register of Unitholders will be closed to determine the provisional allocation of Eligible Unitholders under the proposed KIT Preferential Offering) will be announced closer to the date of the commencement of the KIT Equity Fund Raising.

5.4 Unitholders' Entitlement to the New KIT Units

(a) Preferential Offering Books Closure Date

Subject to the KMC Acquisition and KIT Equity Fund Raising being approved by Unitholders at the EGM and satisfaction of the approvals, the Register of Unitholders will be closed at 5.00 p.m. on the KIT Preferential Offering Books Closure Date for the purpose of determining the entitlement of Unitholders to the KIT Preferential Offering.

(b) Entitlement to New KIT Units

The entitlement of each Eligible Unitholder will depend on the total number of issued KIT Units held by the Eligible Unitholder as at the KIT Preferential Offering Books Closure Date and will be announced later.

(c) Unitholders (being Depositors) whose KIT Units are deposited with CDP

In the case of Unitholders (being Depositors), entitlements to the New KIT Units will be determined on the basis of the number of KIT Units standing to the credit of their respective Securities Accounts as at the Preferential Offering Books Closure Date. Unitholders (being Depositors) are requested to take the necessary action to ensure that the KIT Units owned by them are credited to their Securities Accounts by the Preferential Offering Books Closure Date.

(d) Scrip-based Unitholders whose KIT Units are not deposited with CDP

In the case of Scrip-based Unitholders, entitlements to the New KIT Units will be determined on the basis of their holdings of KIT Units appearing in the Register of Unitholders as at the Preferential Offering Books Closure Date.

Scrip-based Unitholders who have not already done so, are requested to take the necessary action to ensure that the KIT Units owned by them are registered in their names or in the names of their nominees in the Register of Unitholders by the Preferential Offering Books Closure Date.

Scrip-based Unitholders who wish to have New KIT Units credited to their Securities Accounts pursuant to the KIT Preferential Offering or wish to trade their New KIT Units on the SGX-ST immediately after the KIT Preferential Offering should pass their respective confirmation notes in respect of the KIT Units held by them to the Unit Registrar so that the Unit Registrar may deposit the same in favour of CDP no later than 5.00 p.m. on such date being at least 12 Market Days prior to the KIT Preferential Offering Books Closure Date, so as to enable CDP to credit their Securities Accounts with their KIT Units and thereafter, for CDP to credit their Securities Accounts with the New KIT Units.

Scrip-based Unitholders should note that they will not be able to trade in such New KIT Units on the SGX-ST unless they open Securities Accounts with CDP for such New KIT Units to be held through CDP and recorded as such in the Register of Unitholders maintained by the Unit Registrar. Scrip-based Unitholders are therefore encouraged to open Securities Accounts with the CDP.

In the case of Scrip-based Unitholders who have not opened their Securities Account with CDP, the Unit Registrar will send to each such Scrip-based Unitholder at his address as recorded in the Register of Unitholders a confirmation note indicating the number of New KIT Units he is entitled to and his entitlements shall be recorded in the Register of Unitholders.

The entries in the Register of Unitholders shall (save in the case of manifest error) be conclusive evidence of the number of New KIT Units distributed to each Scrip-based Unitholders pursuant to the KIT Preferential Offering.

(e) Investors whose KIT Units are held through a finance company and/or a Depository Agent

In the case of investors who hold KIT Units through a finance company and/or a Depository Agent, entitlements to the New KIT Units will be determined on the basis of the number of KIT Units held by the finance companies and/or the Depository Agents on behalf of each such investor as at the Preferential Offering Books Closure Date. Following the Preferential Offering Books Closure Date, CDP will credit the New KIT Units attributable to such investors pursuant to the KIT Preferential Offering to the Securities Accounts of the finance companies and/or the Depository Agents.

(f) Overseas Unitholders

The distribution of this Circular and the KIT Preferential Offering may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the

relevant securities laws of those jurisdictions. Overseas Unitholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to KIT.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the New KIT Units will not be distributed to Overseas Unitholders who have not at least three (3) Market Days prior to the KIT Preferential Offering Books Closure Date provided the Unit Registrar (Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing.

For the avoidance of doubt, even if an Overseas Unitholder has provided a Singapore address as aforesaid, the distribution of New KIT Units to him will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable.

(g) Odd-Lot Trading

For the purposes of trading on the Main Board of the SGX-ST, each board lot of KIT Units will comprise 100 KIT Units. Following the KIT Preferential Offering, the Securities Accounts of Eligible Unitholders who are Depositors may be credited with odd lots of KIT Units (i.e. lots other than board lots of 100 KIT Units). Eligible Unitholders who receive odd lots of KIT Units pursuant to the KIT Preferential Offering should note that an application will be made for the establishment of a temporary counter for the trading of KIT Units in board lots of one (1) KIT Unit for a period of one (1) calendar month from the date that the KIT Units are credited to the Securities Accounts of the Eligible Unitholders (**"KIT Preferential Offering Concession Period"**) for their convenience.

After the KIT Preferential Offering Concession Period, Unitholders who hold odd-lots of KIT Units can continue to trade in odd-lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

5.5 Consequent Adjustment to the Distribution Period

KIT's policy is to distribute its distributable income on a semi-annual basis to Unitholders. In the event that the KMC Acquisition and the KIT Equity Fund Raising are approved by Unitholders, the Disposal is **not** completed and KIT proceeds to complete the KMC Acquisition, the Trustee-Manager intends to declare in lieu of the distributable income from 1 January 2015 to 30 June 2015 (the **"Scheduled Distribution"**) in respect of the Pre-KIT Placement Existing KIT Units, a distribution of the distributable income for the period from 1 January 2015 to the day immediately prior to the date on which the KIT Placement Units are issued (the **"Pre-KIT EFR Stub Distribution"**). This is to ensure fairness to the holders of the Pre-KIT Placement Existing KIT Units.

The next distribution thereafter will comprise the distributable income for the period from the day that the KIT Placement Units are issued to 30 June 2015. Semi-annual distributions will resume thereafter. The Pre-KIT EFR Stub Distribution is intended to ensure that the distributable income accrued by KIT up to the day immediately preceding the date of issue of the KIT Placement Units (which at this point, will be entirely attributable to the holders of the Pre-KIT Placement Existing KIT Units) is only distributed in respect of the Pre-KIT Placement Existing KIT Units. By implementing the Pre-KIT EFR Stub Distribution,

distributable income accrued by KIT up to and including the day immediately preceding the date of issue of the KIT Placement Units will only be distributed, in a single distribution, in respect of the Pre-KIT Placement Existing KIT Units.

The date on which the Transfer Books and Register of Unitholders of KIT will be closed to determine Unitholders' entitlement to the Pre-KIT EFR Stub Distribution and further details pertaining to the Pre-KIT EFR Stub Distribution will be announced in due course.

The KIT Placement Units will, upon issue and allotment, rank *pari passu* in all respects with the existing KIT Units in issue as at the date of the issuance of KIT Placement Units, including the right to any distributions which may accrue for the period from the date of issuance of the KIT Placement Units to 30 June 2015 as well as all distributions thereafter. For the avoidance of doubt, the KIT Placement Units will be issued after the KIT Preferential Offering Books Closure Date and accordingly, the KIT Placees will not be entitled to participate, either based on any issue or allocation of the KIT Placement Units, or otherwise, in the KIT Preferential Offering in respect of the KIT Placement Units.

The new KIT Units issued pursuant to the KIT Preferential Offering will, upon issue and allotment, rank *pari passu* in all respects with the existing KIT Units in issue and will be entitled to participate in any distributions which may accrue for the period from the date of issuance of the KIT Placement Units to 30 June 2015 as well as all distributions thereafter.

6. DETAILS OF THE PROPOSED DISPOSAL AND DISTRIBUTION-IN-SPECIE

The Disposal will be effected by CIT purchasing all of KIT's assets and related rights and liabilities, including the Senoko Waste-to-Energy Plant ("**Senoko Plant**"), the Keppel Seghers Tuas Waste-to-Energy Plant ("**Tuas DBOO Plant**"), the Keppel Seghers Ulu Pandan NEWater Plant ("**Ulu Pandan Plant**") and KIT's rights and obligations under the KMC SPA, in consideration for the issuance of the CIT Consideration Units to KIT. CIT will be the surviving trust and will be renamed "Keppel Infrastructure Trust".

6.1 Information on the operating assets of KIT to be transferred to CIT

The details of the operating assets of KIT to be transferred to CIT pursuant to the CitySpring Contract are as follows:

(a) Senoko Plant

The Senoko Plant is a waste incineration plant located in the northern part of Singapore, and carries out waste incineration 24 hours a day throughout the year. The Senoko Trustee has a 15-year contract with NEA to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. The Senoko Trustee has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

(b) Tuas DBOO Plant

The Tuas DBOO Plant is a waste incineration plant located in the western part of Singapore. The Tuas DBOO Trustee has a 25-year Design-Build-Own-Operate contract with NEA to build, design, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of

22MW. The Tuas DBOO Trustee has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

(c) Ulu Pandan Plant

The Ulu Pandan Plant is located in the central part of Singapore and is one of Singapore's largest NEWater plant. It serves the demands of the industrial and commercial sectors in Singapore. The Ulu Pandan Trustee has a 20-year contract with PUB to own and operate a water treatment plant, which has the capacity to produce 148,000m³ of NEWater daily. The Ulu Pandan Trustee has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

6.2 Information on CitySpring Infrastructure Trust

CIT was established with the principal objective of investing in infrastructure assets and providing unitholders with long-term, regular and predictable distributions and the potential for long-term capital growth. CIT has been listed on the Main Board of the SGX-ST since 12 February 2007. The existing trustee-manager of CIT is CSIM. CSIM is an indirect wholly-owned subsidiary of Temasek.

CIT's portfolio comprises 100% of City Gas, 70% of SingSpring (with the remaining 30% held by Hyflux Ltd), 100% of Basslink (including 100% of Basslink Telecoms), 100% of CityNet and 100% of CityDC which in turn holds 51% of DC One (with the remaining 49% held by WDC Development Pte. Ltd.).

6.3 Information on CIT Assets

(a) City Gas Trust

City Gas is the sole producer and retailer of town gas in Singapore with a diverse customer base of over 705,000 users across the residential, commercial and industrial segments, which reduces its dependency on any specific customer segment. City Gas' tariff setting mechanism is designed to ensure that City Gas fully recovers its fuel cost over a period of time. Since 2013, City Gas has established a business venture, City-OG Gas, with Osaka Gas, to market and sell natural gas to industrial customers in Singapore.

(b) SingSpring Trust

With a supply capacity of 136,380 m³ of desalinated potable water per day, the SingSpring Plant is an essential service provider capable of meeting approximately 10% of Singapore's current water needs. SingSpring and Singapore's national water agency, the PUB, entered into a 20-year term water purchase agreement ("**Water Purchase Agreement**") which commenced in December 2005. SingSpring receives a fixed monthly payment from PUB for making available the output capacity of the plant to PUB (which is payable regardless of the actual volume of water supplied) and a variable monthly payment depending on the actual volume of water supplied to PUB.

(c) Basslink

Basslink's undersea electricity interconnector ("**Basslink Interconnector**"), which is the only electricity interconnector between Tasmania and mainland Australia, became fully operational in April 2006. Basslink Pty Ltd entered into a 25-year term

Basslink Services Agreement (“**Basslink Services Agreement**”), which term commenced in April 2006, with Hydro Tasmania, an entity owned by the State of Tasmania. The facility fee for Basslink under the Basslink Services Agreement is indexed to inflation, is largely based on availability of the Basslink Interconnector and is independent of utilisation. Since July 2009, the Basslink telecoms network has provided wholesale telecommunications services between Hobart, Tasmania and Melbourne, Victoria in Australia.

(d) CityNet Infrastructure Management

CityNet was awarded a mandate by Singapore Telecommunications Limited to act as the trustee-manager of NetLink Trust on 22 July 2011. CityNet (in its capacity as trustee-manager of NetLink Trust) carries on the business of owning, installing, operating and maintaining the assets for the purpose of facilitating telecommunication activities. CityNet’s appointment as the trustee-manager of NetLink Trust was recently extended to another three (3) years till November 2016. This may be extended or terminated in accordance with the trust deed constituting NetLink Trust¹.

(e) CityDC

CityDC holds 51% in a joint venture with Japanese civil engineering and constructing firm, Shimizu Corporation, to develop and lease an Uptime Institute Tier 3 datacentre in Marsiling, Singapore for a total estimated cost of S\$130 million. The data centre is a 214,000 square feet facility that is targeted for completion in the first quarter of 2016, and will be leased to a wholly-owned subsidiary of MediaCorp Pte Ltd, 1-Net Singapore Pte Ltd under a 20-year lease agreement with an 8-year extension at the option of 1-Net Singapore Pte Ltd.

Further information on the assets of CIT is available in **Appendix A** titled “Information on the Enlarged Portfolio” of this Circular.

6.4 The CitySpring Contract

(a) Consideration receivable by Unitholders

Under the CitySpring Contract, the purchase consideration for the Disposal shall be the issuance of 2.106 CIT Units for every 1 KIT Unit that is validly issued and outstanding on the completion date of the CitySpring Contract.

As the Disposal is an acquisition by CIT of the entire assets and related rights and liabilities of KIT, the Trustee-Manager and CSIM had valued the KIT Assets using the market capitalisation of KIT as the benchmark. The swap ratio is derived using the 180-day VWAP of CIT Units (being approximately S\$0.4960 per CIT Unit) and KIT Units (being approximately S\$1.0446 per KIT Unit) on SGX-ST as at 13 November 2014² to determine the market capitalisations of CIT (approximately S\$753 million) and KIT (approximately S\$658 million) respectively and based on 1,518,893,062 total units issued by CIT and 629,781,279 total units issued by KIT respectively on the same date.

¹ Singapore Telecommunications Limited remains the 100% unitholder of NetLink Trust.

² Being the last full trading day of both KIT and CIT prior to the date of the SGXNET announcement made by KIT on 18 November 2014.

Subject to approvals of Resolutions 2 and 3 relating to the Disposal and the Distribution-In-Specie respectively, the Trustee-Manager shall make the Distribution-In-Specie to KIT after the completion of the Disposal. Unitholders can therefore expect to receive 2.106 CIT Units for every KIT Unit held by them as at the Disposal Books Closure Date, fractional entitlements to be disregarded. Please refer to Paragraph 6.9 of this Circular for further details.

The Trustee-Manager intends to aggregate the disregarded fractional entitlements of such CIT Consideration Units and distribute such aggregated amount of CIT Units to such person(s) as the Trustee-Manager or the Directors may appoint for the purposes of sale (on such terms and conditions as the Trustee-Manager or the Directors deem fit), with the aggregate amount of the proceeds (if any), after deducting all dealing and other expenses in connection therewith, to be paid to the Enlarged Trust, as it is proposed that KIT will be wound up following completion of the Disposal and Distribution-In-Specie.

(b) Conditions precedent

Completion of the Disposal is subject to and conditional upon, among others:

- (i) the approvals of Unitholders and unitholders of CIT for the Disposal;
- (ii) the approval, consent or confirmation of no objection by the various regulatory authorities in Singapore and Australia for the Proposed Transactions, including (A) the PUB (with respect to SingSpring's seawater desalination plant and the Ulu Pandan Plant), (B) the NEA (with respect to the Senoko Plant and the Tuas DBOO Plant) and (C) the IDA (with respect to CityNet, the trustee-manager of NetLink Trust);
- (iii) the approval of the SGX-ST for (A) the CitySpring Contract as "a very substantial acquisition" for CIT and (B) the listing and quotation of the CIT Consideration Units on the Main Board of the SGX-ST;
- (iv) the confirmation by Hydro Tasmania, to the extent applicable, that it has no objection to the change of control of Basslink, a subsidiary of CIT which owns and operates the Basslink Interconnector; and
- (v) the Trustee-Manager successfully entering into either (A) a management and underwriting agreement for the Enlarged Trust Equity Fund Raising, or (B) an equity bridge loan facility agreement which will provide loan facilities to the Enlarged Trust to pay for the KMC Purchase Consideration. Such agreement to be entered into by the Trustee-Manager shall be novated to CIT upon completion of the Disposal.

If any of the conditions precedent to completion of the Disposal has not been satisfied, or where applicable, has not been waived by 30 June 2015, the CitySpring Contract will terminate.

As at the Latest Practicable Date, the condition in Paragraph 6.4(iv) has been fulfilled and the conditions in Paragraphs 6.4(b)(ii), (iii) and (v) are in the process of being fulfilled. The Trustee-Manager is still in discussions with the PUB, the NEA and the IDA to obtain their respective consent(s) for the Proposed Transactions to take effect.

(c) Disposal Completion Date

The Disposal is expected to be completed in the second calendar quarter of 2015.

(d) Other Salient Terms of the CitySpring Contract

(i) Pre-Completion and Post-Completion Distribution

Under the terms of the CitySpring Contract, CIT shall undertake a one-time distribution of S\$30 million to unitholders of CIT prior to completion of the Disposal, and subsequent to completion and before the Enlarged Trust Equity Fund Raising, another one-time distribution of S\$30 million to its expanded base of unitholders (of which approximately S\$16 million will be distributed to unitholders of CIT with the balance of approximately S\$14 million distributed to Unitholders of KIT). Unitholders who receive CIT Consideration Units pursuant to the Distribution-In-Specie upon completion of the Disposal and who continue to hold units in the Enlarged Trust as at the relevant books closure date for determination of entitlements to the Post-Completion Distribution will be eligible to receive a share of the Post-Completion Distribution based on their then unitholdings in the Enlarged Trust.

(ii) Resignation of CSIM and Appointment of Replacement Trustee-Manager

CSIM, an indirect wholly-owned subsidiary of Temasek, has given notice of its resignation to unitholders of CIT on 3 February 2015 and a further notice on 1 April 2015, and has nominated KIFM as the replacement trustee-manager of CIT. KIFM will be appointed to replace CSIM and act as the Replacement Trustee-Manager of the Enlarged Trust on the completion date of the Disposal. Temasek, as sponsor of CIT and owner of CSIM, has agreed that CSIM will not receive any compensation for relinquishing its role as the trustee-manager of CIT. The Replacement Trustee-Manager has offered employment to substantially all of CSIM's employees. The management team of the Enlarged Trust will be led by Mr Khor Un-Hun, the current Chief Executive Officer of KIFM, as Chief Executive Officer.

(iii) Fees

In support of the Proposed Transactions, KI, the sponsor of KIT, has agreed that the Trustee-Manager shall only charge its acquisition fee of S\$4,335,000 (being 0.5% of 51% of the enterprise value of the KMC Acquisition) and any applicable taxes for the KMC Acquisition and shall waive its divestment fee for the CitySpring Contract. It was agreed under the CitySpring Contract that such acquisition fee, which is determined in accordance with the Trust Deed, shall be paid to KIFM (in its personal capacity) as soon as practicable after the date of completion of the KMC Acquisition. For avoidance of doubt, the existing remuneration structure of CSIM does not provide for an acquisition fee and accordingly, CSIM will not be entitled to any acquisition fee arising from the Disposal.

Temasek, the sponsor of CIT and owner of CSIM, has agreed that CSIM will not receive any compensation for relinquishing its role as trustee-manager of CIT.

Subject to the approval of unitholders of CIT, the remuneration structure of the Replacement Trustee-Manager will be amended to adopt the existing remuneration structure of the Trustee-Manager with effect from the completion date of the Disposal.

Further details of the proposed fee structure of the Replacement Trustee-Manager and CSIM's existing fee structure for CIT are set out below.

Type of Fees	Current Fee Structure of CSIM for CIT	Proposed Fee Structure of the Replacement Trustee-Manager for the Enlarged Trust
Base fee	1% per annum of CIT's market capitalisation subject to a minimum of S\$3.5 million per annum.	S\$2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010. The base fee for the Trustee-Manager for the financial year ended 31 December 2014 is approximately S\$2.25 million.
Performance fee	20% of outperformance measured by comparing the total return on CIT Units against the total return on the MSCI Asia Pacific ex-Japan Utilities Index, after taking into account the under-performance in prior periods.	4.5% per annum of all the cash inflow received by the Enlarged Trust from its subsidiaries, associates, sub-trusts and investments.
Mergers and acquisitions, and disposal, fees	Nil	Acquisition fee of 0.5% of the EV of any investment acquired from the Sponsor Group Entities, and 1.0% of the EV of any investment acquired from non-Sponsor Group Entities. Divestment fee of 0.5% of the EV of any investment sold by the Enlarged Trust.

(iv) KIT Cash Reserves

It was agreed under the CitySpring Contract that the Trustee-Manager may utilise a portion of the cash, cash equivalents and bank deposits of KIT (the "**KIT Cash Reserves**") to pay, amongst others, regular distributions to Unitholders (including the Pre-Disposal Stub Distribution), the fees and expenses to be incurred by the Trustee-Manager in connection with the CitySpring Contract and the transfer of the KIT Assets and related rights and liabilities to CIT, the operating expenses of the Trustee-Manager in the ordinary course of business and the fees and expenses to be incurred in connection with the Winding Up or the court application to wind up KIT.

To the extent that the allocated KIT Cash Reserves have not been used to make the aforesaid payments or applied for the purposes set out above, the Trustee-Manager may retain such KIT Cash Reserves after completion of the

Disposal to make such payments or use it for the aforesaid purposes. Any remaining KIT Cash Reserves retained by the Trustee-Manager shall be paid to the Replacement Trustee-Manager no later than ten Business Days after KIT is wound up.

6.5 Requirement of Unitholders' Approval for the Disposal

(a) The Disposal as a Major Transaction

Under Chapter 10 of the Listing Manual, the relative figures for the transfer of the KIT Assets pursuant to the Disposal under Rules 1006 (a) to (e) (based on the KIT Audited Financial Statements) are as follows:

Criteria	KIT Assets	KIT	Relative Percentage
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets (S\$'million)	589.1 ⁽¹⁾	591.1	99.7
(b) The net profits attributable to the assets disposed of, compared with the group's net profits (S\$'million)	15.0 ⁽²⁾	13.2	113.6
(c) The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (S\$'million)	657.9 ⁽³⁾	655.5 ⁽⁴⁾	100.4
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable	Not Applicable	Not Applicable
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable	Not Applicable	Not Applicable

Notes:

- (1) The value of S\$589.1 million is obtained by deducting cash retained for winding up (S\$2 million) from the NAV of the KIT Group as at 31 December 2014 (S\$591.1 million).

- (2) The figure of S\$15.0 million is obtained by the addition of trust expenses (S\$1.8 million) to the profits attributable to KIT Group as at 31 December 2014 (S\$13.2 million).
- (3) The aggregate consideration is obtained by taking 629,781,279 KIT Units multiplied by the swap ratio of 2.106 and further multiplied by the VWAP price for the 180 days period ended 13 November 2014 of CIT of S\$0.496 per CIT unit.
- (4) The market capitalisation is obtained by multiplying 629,781,279 KIT Units by the weighted average price of KIT Units on 13 November 2014 (being the last full Market Day of trading in KIT Units preceding the date of the CitySpring Contract) of S\$1.0409 per KIT Unit.

(b) Interested Person Transaction

Under Chapter 9 of the Listing Manual, where KIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of KIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the KIT Audited Financial Statements, the NTA of KIT was S\$591.1 million as at 31 December 2014. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by KIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$29.6 million, such a transaction would be subject to Unitholders' approval. Given that the aggregate consideration for the transfer of the KIT Assets is S\$657.9 million, being approximately 111.3% of KIT's latest audited NTA, the value of the Disposal exceeds the said threshold and accordingly, Unitholders' approval for the Disposal is required pursuant to Rule 906(1)(a) of the Listing Manual.

As at the Latest Practicable Date, Temasek held an aggregate indirect interest in 309,683,081 KIT Units, which is equivalent to approximately 49.17% of the total number of KIT Units in issue, and is therefore regarded as a "controlling unitholder" of KIT under the Listing Manual.

Based on publicly available information, Temasek, through certain of its wholly-owned subsidiaries¹ held an aggregate indirect interest in 568,234,112 units of CIT, which is equivalent to approximately 37.41% of the total number of units of CIT in issue, and is therefore regarded as a "controlling unitholder" of CIT under the Listing Manual. As CIT is an "associate" of Temasek, for the purposes of Chapter 9 of the Listing Manual, it (being an associate of a "controlling unitholder") is (for the purposes of the Listing Manual) an "interested person" of KIT. Therefore, the Disposal will constitute an "interested person transaction" under Chapter 9 of the Listing Manual.

6.6 Pre-Disposal Stub Distribution

As mentioned in Paragraph 5.5 above, KIT's policy is to distribute its distributable income on a semi-annual basis to KIT Unitholders. Subject to completion of the Disposal, the Trustee-Manager intends to declare in lieu of the Scheduled Distribution, a distribution for the period from 1 January 2015 to the day immediately preceding the completion date of the Disposal (the "**Pre-Disposal Stub Distribution**") in respect of KIT Units in issue on the day immediately prior to the completion date of the Disposal.

This is to ensure that KIT Unitholders will receive a pro-rated share of the Scheduled Distribution prior to completion of the Disposal. The Pre-Disposal Stub Distribution, if declared, will be paid by the Trustee-Manager out of the KIT Cash Reserves.

¹ Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

Subject to completion of the Disposal, the Transfer Books and Register of Unitholders of KIT will be closed at 5.00 p.m. on the Disposal Books Closure Date for the purposes of determining the entitlements of Unitholders to the Pre-Disposal Stub Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with KIT Units at 5.00 p.m. on the Disposal Books Closure Date will be entitled to the Pre-Disposal Stub Distribution. Further details pertaining to the Pre-Disposal Stub Distribution will be announced in due course.

Since KIT will not have any distributable income following completion of the Disposal and Distribution-In-Specie, the Trustee-Manager will not make any further distributions to KIT Unitholders as any remaining cash, cash equivalents and bank deposits of KIT will be paid to the Enlarged Trust under the CitySpring Contract. **For the avoidance of doubt, the KIT Placees will not be entitled to participate, either based on any issue or allocation of the KIT Placement Units, or otherwise, in the KIT Preferential Offering and in the distribution of any distributable income accrued by KIT prior to the issue of the KIT Placement Units to the KIT Placees.**

6.7 Post-Disposal KMC Acquisition and Enlarged Trust Equity Fund Raising

In the event that Resolutions 2 and 3 are approved by Unitholders following which the Disposal and Distribution-In-Specie are completed, the Enlarged Trust will assume all rights and obligations of KIT in respect of the KMC Acquisition and accordingly undertake the KMC Acquisition. To fund the KMC Acquisition and related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition, the Enlarged Trust intends to undertake an equity fund raising on the capital markets and issue units in the Enlarged Trust by way of a Enlarged Trust Placement and Enlarged Trust Preferential Offering, such issue price to be determined, so as to raise gross proceeds of up to S\$525 million. For further details, please refer to Paragraph 1.2 of this Circular.

6.8 Post-Disposal Distribution Period

In the event the Disposal is completed, the Replacement Trustee-Manager intends to adopt CIT's existing quarterly distribution policy for the Enlarged Trust.

6.9 Unitholders' entitlements to CIT Consideration Units pursuant to the Distribution-In-Specie

(a) Disposal Books Closure Date

Subject to the Disposal and Distribution-In-Specie being approved by Unitholders at the EGM and completion of the Disposal, the Unit Transfer Books and Register of Unitholders of KIT will be closed at 5.00 p.m. on the Disposal Books Closure Date for the purpose of determining the entitlement of Unitholders to the Distribution-In-Specie.

(b) Entitlement to CIT Consideration Units

Pursuant to the Distribution-In-Specie, entitled Unitholders will receive 2.106 CIT Consideration Units for every one (1) KIT Unit held by them as at the Disposal Books Closure Date, fractional entitlements to be disregarded, except that CIT Consideration Units which would otherwise be distributed to Overseas Unitholders pursuant to the Distribution-In-Specie will be dealt with in the manner described in Paragraph 6.9(g) "**Overseas Unitholders**". The final number of CIT Consideration

Units to be received by each entitled Unitholder will depend on the total number of issued KIT Units held by the entitled Unitholder as at the Disposal Books Closure Date.

(c) Date of Crediting and Despatch

Subject to completion of the Disposal, it is expected that the Securities Accounts of entitled Unitholders who are Depositors will be credited with CIT Units on or about the next Market Day immediately following completion of the Disposal. CDP will send such Depositor a notification letter confirming the number of CIT Units that has been credited to his Securities Account. Entitled Unitholders who are not Depositors will be credited with CIT Units on or about the next Market Day immediately following completion of the Disposal by the entry of their names on the Register of Unitholders maintained by the CIT Unit Registrar.

(d) Unitholders (being Depositors) whose KIT Units are deposited with CDP

In the case of Unitholders (being Depositors), entitlements to the CIT Consideration Units will be determined on the basis of the number of KIT Units standing to the credit of their respective Securities Accounts as at the Disposal Books Closure Date. Unitholders (being Depositors) are requested to take the necessary action to ensure that the KIT Units owned by them are credited to their Securities Accounts by the Disposal Books Closure Date.

(e) Scrip-based Unitholders whose KIT Units are not deposited with CDP

In the case of Scrip-based Unitholders, entitlements to the CIT Consideration Units will be determined on the basis of their holdings of KIT Units appearing in the Register of Unitholders as at the Disposal Books Closure Date.

Scrip-based Unitholders who have not already done so, are requested to take the necessary action to ensure that the KIT Units owned by them are registered in their names or in the names of their nominees in the Register of Unitholders by the Disposal Books Closure Date.

Scrip-based Unitholders who wish to have CIT Consideration Units credited to their Securities Accounts pursuant to the Distribution-In-Specie or wish to trade their CIT Units on the SGX-ST immediately after the Distribution-In-Specie should pass their respective confirmation notes in respect of the KIT Units held by them to the Unit Registrar so that the Unit Registrar may deposit the same in favour of CDP no later than 5.00 p.m. on such date being at least 12 Market Days prior to the Disposal Books Closure Date, so as to enable CDP to credit their Securities Accounts with their KIT Units and thereafter, for CDP to credit their Securities Accounts with CIT Units.

Scrip-based Unitholders should note that they will not be able to trade in such CIT Units on the SGX-ST unless they open Securities Accounts with CDP for such CIT Units to be held through CDP and recorded as such in the CIT Register of Unitholders maintained by the CIT Unit Registrar. Scrip-based Unitholders are therefore encouraged to open Securities Accounts with the CDP.

In the case of Scrip-based Unitholders who have not opened their Securities Account with CDP, the Unit Registrar will send to each such Scrip-based Unitholder at his address as recorded in the Register of Unitholders a confirmation note indicating the number of CIT Consideration Units he is entitled to and his entitlements shall be recorded in the CIT Register of Unitholders.

The entries in the CIT Register of Unitholders shall (save in the case of manifest error) be conclusive evidence of the number of CIT Units distributed to each Scrip-based Unitholders pursuant to the Distribution-In-Specie.

(f) Investors whose KIT Units are held through a finance company and/or a Depository Agent

In the case of investors who hold KIT Units through a finance company and/or a Depository Agent, entitlements to the CIT Consideration Units will be determined on the basis of the number of KIT Units held by the finance companies and/or the Depository Agents on behalf of each such investor as at the Disposal Books Closure Date. Following the Disposal Books Closure Date, CDP will credit the CIT Units attributable to such investors pursuant to the Distribution-In-Specie to the Securities Accounts of the finance companies and/or the Depository Agents.

(g) Overseas Unitholders

The distribution of this Circular and the Distribution-In-Specie may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Overseas Unitholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to KIT.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the CIT Consideration Units will not be distributed to Overseas Unitholders who have not at least three (3) Market Days prior to the Disposal Books Closure Date provided KIT's Unit Registrar (Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing.

Arrangements will be made for the distribution of CIT Consideration Units which would otherwise have been distributed to such Overseas Unitholders to be distributed to such person(s) as the Directors may appoint, who shall sell these CIT Units at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Unitholders according to the respective CIT Units they would otherwise have been entitled to as at the Disposal Books Closure Date in full satisfaction of their rights to the CIT Consideration Units.

Where the net proceeds to which any particular Overseas Unitholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of KIT, and no Overseas Unitholder shall have any claim whatsoever against KIT, the Trustee-Manager or CDP in connection therewith.

Unitholders should note that the special arrangements described above will apply only to Overseas Unitholders.

For the avoidance of doubt, even if an Overseas Unitholder has provided a Singapore address as aforesaid, the distribution of CIT Consideration Units to him will be subject to compliance with applicable securities laws outside Singapore to the extent reasonably practicable.

(h) **Odd-Lot Trading**

Distribution-In-Specie

For the purposes of trading on the Main Board of the SGX-ST, each board lot of CIT Units will comprise 100 CIT Units. Following the Distribution-In-Specie, the Securities Accounts of entitled Unitholders who are Depositors may be credited with odd lots of CIT Units (i.e. lots other than board lots of 100 CIT Units). Entitled Unitholders who receive odd lots of CIT Units pursuant to the Distribution-In-Specie should note that an application will be made for the establishment of a temporary counter for the trading of CIT Units in board lots of one (1) CIT Unit for a period of one (1) calendar month from the date that the CIT Units are credited to the Securities Accounts of the entitled Unitholders (“**Distribution-In-Specie Concession Period**”) for their convenience.

Enlarged Trust Equity Fund Raising

In the event the Enlarged Trust Equity Fund Raising takes place within one (1) month from the completion date of the Disposal, the Distribution-In-Specie Concession Period will be extended for a further period of one (1) calendar month. In the event the Enlarged Trust Equity Fund Raising takes place more than one (1) calendar month from the completion date of the Disposal, an application will be made for a temporary trading counter for the trading of the CIT Units in board lots of one (1) CIT Unit for a period of one (1) calendar month from the date that the CIT Units (issued pursuant to the Enlarged Trust Equity Fund Raising) are credited to the Securities Accounts of the eligible unitholders.

After each of the abovementioned concession periods, Unitholders who hold odd-lots of CIT Units can continue to trade in odd-lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

6.10 The Proposed Board of Directors of the Replacement Trustee-Manager

It is proposed that, as part of the renewal process of the board, Mr Koh Ban Heng and Mr Alan Tay Teck Loon shall replace Mr Khor Poh Hwa and Mr Tan Boon Leng (who are existing directors of the Trustee-Manager) post the EGM and prior to the Disposal. Further, subject to and upon the completion of the Disposal, Mr Daniel Cuthbert Ee Hock Huat shall be appointed to the board of directors of the Replacement Trustee-Manager. This proposed composition of the board of directors for the Replacement Trustee-Manager appropriately comprises directors who as a group are able to provide an appropriate balance and diversity of skills, experience and business knowledge to the benefit of the Enlarged Trust.

The proposed board of directors of the Replacement Trustee-Manager will be as follows:

Name of Director	Designation
Mr Koh Ban Heng	Independent director and chairman of the board of directors of KIFM

Name of Director	Designation
Mr Alan Ow Soon Sian	Independent director and chairman of the nominating committee of KIFM
Mr Paul Ma Kah Woh	Independent director and chairman of the audit committee of KIFM
Ms Quek Soo Hoon	Independent director and chairman of the conflicts resolution committee of KIFM
Mr Thio Shen Yi	Independent director and chairman of the remuneration committee of KIFM
Dr Ong Tiong Guan	Non-executive and non-independent director of KIFM
Mr Alan Tay Teck Loon	Non-executive and non-independent director of KIFM
Mr Daniel Cuthbert Ee Hock Huat	Independent director of KIFM

Further information on the proposed board of directors of the Replacement Trustee-Manager is set out in **Appendix K** to this Circular.

6.11 Requirement of Unitholders' approval for the Distribution-In-Specie

Under the Trust Deed, Unitholders' approval by Ordinary Resolution is required before the Trustee-Manager may declare a distribution other than in cash to Unitholders to be payable out of the Trust Property.

As Resolution 2 relating to the Disposal is inter-conditional upon Resolution 3 relating to the Distribution-In-Specie and vice versa, the interested persons of KIT in respect of the Disposal will also abstain from voting on the Distribution-In-Specie.

7. THE PROPOSED WINDING UP OF KEPPEL INFRASTRUCTURE TRUST

7.1 Background and Rationale for the Winding Up

In the event that the Disposal and Distribution-In-Specie are completed, all of the KIT Assets will be transferred to CIT and all of the CIT Consideration Units will be distributed to Unitholders, and following such transfer and distribution, the assets of KIT will consist wholly or substantially of cash and KIT will not have a business that will satisfy the requirements of the SGX-ST for listing. Having considered the reasons for the Disposal (as set out in Paragraph 3.2 above) and the fact that the NAV per KIT Unit after the Distribution-In-Specie will be less than S\$0.01, the Trustee-Manager is of the view that the winding up of KIT is in the best interests of all the Unitholders as it will not be meaningful for KIT to maintain its existence and listing on the SGX-ST following completion of the Disposal and Distribution-In-Specie.

The Trustee-Manager intends to wind up KIT by:

- (a) the passing of a Special Resolution by the Unitholders at the EGM; or
- (b) in the event the Winding Up is not approved by Unitholders at the EGM, applying to court to wind up KIT.

The Trustee-Manager is of the view that the Winding Up of KIT by the passing of a Special Resolution by the Unitholders at the EGM is the faster and more cost-effective way of winding up KIT as compared to an application to court to wind up KIT.

The proposed change of name of KIT to Crystal Trust in connection with the Disposal

Immediately prior to the completion of the Disposal, KIT will be renamed Crystal Trust, to avoid confusion amongst investors. The terms of the Trust Deed provide that the name of the trust may be determined by the Trustee-Manager from time to time. An announcement will be made via SGXNET to inform Unitholders when the renaming of KIT to Crystal Trust takes effect.

Winding up by the passing of a Special Resolution by the Unitholders at the EGM

Pursuant to Section 45(1) of the BTA, the Trustee-Manager shall proceed to wind up KIT upon the passing of a Special Resolution by the Unitholders at the EGM.

A Special Resolution requires not less than 75% of the total number of voting rights of all the Unitholders present and voting, either in person or by proxy, at the EGM of which at least 21 days' written notice has been given, to be cast in favour of the resolution.

Clause 22.2 of the Trust Deed provides that, in the event that KIT is to be wound up, the Trustee-Manager shall, *inter alia*, proceed as follows:

- (a) dispose of the Trust Property of KIT as soon as practicable after commencement of Winding Up;
- (b) repay any outstanding borrowings effected by KIT and all debts and liabilities in respect of KIT;
- (c) retain from any distribution to be made to the Unitholders any amount equal to any contingent liability to the IRAS or CDP under any indemnity given to the IRAS or CDP (and in the case of CDP, such fees, costs and expenses due to CDP);
- (d) retain all fees, costs, charges and expenses incurred by the Trustee-Manager in connection with the Winding Up; and
- (e) distribute to the Unitholders in proportion to the number of fully paid-up KIT Units held by each of the Unitholders, the net cash proceeds available for distribution.

Winding up by application to Court

In the event that approval for the Winding Up is not obtained, the Trustee-Manager intends to proceed with the winding up of KIT after completion of the Disposal and Distribution-In-Specie nonetheless, by way of an application to court to wind up KIT.

Pursuant to Section 46(1) of the BTA, a registered business trust may be wound up under an order of the court on the application of, among others, the trustee-manager of the registered business trust.

Pursuant to Section 46(2) of the BTA, the court may, on application by the trustee-manager under Section 46(1) of the BTA, order the trustee-manager of a registered business trust to wind up the registered business trust if, among other things, the court thinks it just and equitable to make the order, and upon such order, the trustee-manager shall wind up the registered business trust.

Subject to any orders of the court giving directions as to the winding up of KIT pursuant to Section 48(2) of the BTA, the Trustee-Manager shall proceed to wind up KIT in accordance with Clause 22.2 of the Trust Deed set out above.

7.2 Further details relating to the Winding Up

It is anticipated that KIT's existing liabilities and costs and expenses incurred in connection with the Winding Up will be approximately S\$2.0 million, comprising of, among others: (a) audit fees for the year ended 31 December 2014, (b) estimated costs and expenses for the Winding Up and (c) other miscellaneous expenses.

As mentioned above, the NAV per KIT Unit after completion of the Disposal and the Distribution-In-Specie will be less than S\$0.01. The trustee-manager of KIT will not make any further distributions to KIT Unitholders as any remaining cash, cash equivalents and bank deposits of KIT will be paid to the Replacement Trustee-Manager under the terms of the CitySpring Contract.

In the event that approvals for Resolutions 2 and 3 relating to the Disposal and Distribution-In-Specie are obtained from Unitholders, but approval for Resolution 4 relating to the Winding Up is not obtained, the Trustee-Manager intends to proceed with the Winding Up after completion of the Disposal and Distribution-In-Specie nonetheless, by way of an application to court.

7.3 Last Day of Trading, Suspension, and Delisting

According to Rule 1018 of the Listing Manual, if the assets of an issuer consist wholly or substantially of cash or short-dated securities, its securities will normally be suspended and the suspension will remain in force until the issuer has a business which is able to satisfy the SGX-ST's requirements for a new listing and all relevant information has been announced. Since the assets of KIT after completion of the Disposal and Distribution-In-Specie will consist wholly or substantially of cash, KIT Units will remain suspended following completion of the Disposal and Distribution-In-Specie.

Unitholders should also note that Unitholders' approval for the proposed Winding Up will lead to the delisting of KIT from the SGX-ST. Rule 1308 of the Listing Manual read with Rules 1307(1), (2) and (3) of the Listing Manual provides that in a voluntary liquidation, unitholders' approval for the delisting of an issuer is not required.

Subject to the completion of the Disposal and Distribution-In-Specie and the proposed Winding Up being approved by the Unitholders at the EGM, the last day of trading of the KIT Units is expected to be three Market Days prior to the Disposal Books Closure Date. The last day of trading of the KIT Units and the date on which the KIT Units is expected to be withdrawn from the Official List of the SGX-ST will be announced in due course.

7.4 Waiver of Rule 1309 of the Listing Manual

In connection with the Disposal, the Trustee-Manager had sought clarification from the SGX-ST on the applicability of Rule 1309 of the Listing Manual in relation to the proposed voluntary liquidation and subsequent delisting of KIT after the completion of the Disposal.

Rule 1309 of the Listing Manual provides that if an issuer is seeking to delist from the SGX-ST:

- (a) A reasonable exit alternative, which should normally be in cash, should be offered to the issuer's shareholders and holders of any other classes of listed securities to be delisted.
- (b) The issuer should normally appoint an independent financial adviser to advise on the exit offer.

The Trustee-Manager had sought a waiver from Rule 1309 of the Listing Manual from the SGX-ST and the reasons for such waiver include:

- (i) each of the Unitholders will receive listed CIT Units equivalent to the value of his KIT Units which he can freely trade in, and at all times, CIT will be a listed issuer on SGX-ST's Official List and regulated by the SGX-ST, as well as by the Monetary Authority of Singapore as a registered business trust;
- (ii) Unitholders will receive the benefit of an independent financial adviser's advice on the financial terms of the Disposal. Unlike a delisting offer where the person making the delisting offer (if it is a controlling shareholder) need not abstain from voting on the delisting, in this applicable instance, KI as the controlling unitholder of KIT shall abstain from voting in the extraordinary general meeting of Unitholders on the resolution to approve the Disposal. Thus, the CitySpring Contract is entirely subject to the approval of the minority unitholders of KIT who would make the decision on whether or not to consummate the CitySpring Contract; and
- (iii) KIT is proposing to delist from the SGX-ST after it has divested all its assets to CIT and be voluntarily wound up, either by Unitholders' special resolution or by a court order applied for by the Trustee-Manager.

The SGX-ST had advised that the SGX-ST had no objection to the waiver sought by the Trustee-Manager with regard to compliance with Rule 1309 (the "Waiver"), taking into consideration:

- (A) KIT's and CIT's track record of compliance with the SGX-ST Listing Rules; and
- (B) the Trustee-Manager's submissions and representations, including the following:
 - i. Unitholders will continue to hold interest in KIT's assets through ownership interest in the Enlarged Trust (being CIT, to be renamed "Keppel Infrastructure Trust"), listed on the SGX-ST. Following the completion of the Disposal, Keppel Infrastructure Fund Management Pte. Ltd., the existing trustee-manager of KIT, shall be appointed as the replacement trustee-manager of the Enlarged Trust. KI, the sponsor of KIT, shall become the sponsor of the Enlarged Trust;
 - ii. the IFA's opinion that the financial terms of the Disposal (including and not limited to the swap ratio) are fair and reasonable, and the terms of the Disposal are based on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders; and
 - iii. KIT would be seeking Unitholders' approval for the voluntary liquidation of KIT.

The Waiver is subject to the following:

- (1) Unitholders' approval for the Disposal;

- (2) the abstention from voting by the controlling Unitholder(s) on the resolution in relation to the Disposal;
- (3) an unqualified opinion from an independent financial adviser that the financial terms of the Disposal are fair and reasonable and not prejudicial to the interests of the Unitholders;
- (4) KIT announcing the Waiver granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (5) disclosure of the Waiver in this Circular; and
- (6) submission of a written confirmation from KIT that the Waiver does not contravene any laws and regulations governing KIT and the Trust Deed.

8. THE FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS AND THE KIT EQUITY FUND RAISING

8.1 Assumptions and bases of comparison

The pro forma financial effects of the KMC Acquisition, the KIT Equity Fund Raising, the Disposal and the Distribution-In-Specie on the net asset value (“NAV”) per KIT Unit (which is the same as the NTA per KIT Unit as at the Latest Practicable Date) and the distribution per unit (“DPU”) of KIT presented below are strictly for illustrative purposes and were prepared based on the KIT Audited Financial Statements and the audited financial statements of KMC for the financial year ended 31 December 2014, as well as the following assumptions:

- (a) the KIT Equity Fund Raising will comprise the issue of new KIT Units through a combination of a KIT Placement and KIT Preferential Offering to eligible existing Unitholders to raise gross proceeds of up to approximately S\$525 million to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the KMC Acquisition;
- (b) the Restructuring of KMC will take place as described in Paragraph 4.3(d) of this Circular;
- (c) as part of the Restructuring, KMC would incur external debt of S\$700 million at an all-in interest cost of 3.0% per annum; and
- (d) for purpose of the Disposal and Distribution-In-Specie, 1,326,319,374 CIT Consideration Units will be issued for the KIT Assets based on an exchange ratio of 2.106 CIT Units for every 1 KIT Unit.

In addition, the pro forma financial effects of the respective abovementioned transaction(s):

- (i) in relation to the NAV and the NAV per KIT Unit, is computed as at 31 December 2014, as if the respective transaction(s) had been completed on 31 December 2014; and
- (ii) in relation to the distributable income of KIT and the DPU, is computed for the financial year ended 31 December 2014, as if KIT had completed the respective transaction(s) on 1 January 2014, and held the assets which were the subject of such acquisition(s) through to 31 December 2014.

8.2 Pro forma financial effects of the KMC Acquisition and the KIT Equity Fund Raising only

The pro forma financial effects of the KMC Acquisition and the KIT Equity Fund Raising (excluding the Disposal and Distribution-In-Specie) on the NAV per KIT Unit, NTA per KIT Unit and the DPU of KIT are as follows:

	Effects of the KMC Acquisition and the KIT Equity Fund Raising	
	Before the KMC Acquisition and the KIT Equity Fund Raising	After the KMC Acquisition and the KIT Equity Fund Raising⁽¹⁾
NAV (S\$'000)	591,096	1,101,996 – 1,051,996
NAV per KIT Unit (S\$)	0.94	0.97
NTA (S\$'000)	591,096	385,996 – 335,996 ⁽²⁾
NTA per KIT Unit (S\$)	0.94	0.34 – 0.31 ⁽²⁾
Total Distribution (S\$'000)	49,249	89,431 – 87,998
DPU (cents)	7.82	7.86 – 8.08

Note:

- (1) Based on the issuance of such number of New KIT Units pursuant to the KIT Equity Fund Raising, assuming a weighted average illustrative issue price of S\$1.0344 to raise between S\$475 million and S\$525 million in gross proceeds with the balance funded by debt at an interest rate of 3% per annum.
- (2) Net of estimated intangibles/goodwill of S\$716 million.

8.3 Pro forma financial effects of the transfer of KIT Assets and Distribution-In-Specie

The pro forma financial effects of the transfer of KIT Assets and Distribution-In-Specie on the NAV per KIT Unit and the DPU of KIT are as follows:

	Effects of the transfer of KIT Assets and distribution-in-specie of the CIT Consideration Units		
	Before the transfer of KIT Assets	After the transfer of KIT Assets and receipt of the CIT Consideration Units	After the distribution-in-specie of the CIT Consideration Units
NAV (S\$'000)	591,096	659,854	2,000 ⁽²⁾
NAV per KIT Unit (S\$)	0.94	1.05 ⁽¹⁾	Nm ⁽³⁾
Total Distribution (S\$'000)	49,249	–	657,854 ⁽⁴⁾
DPU (cents)	7.82	–	104.46 ⁽⁴⁾

Notes:

- (1) Based on a total number of 629,781,279 KIT Units.
- (2) Estimated cash for winding up expenses. Any remaining cash balance after winding up will be transferred to CIT.
- (3) Less than S\$0.01.
- (4) Distribution-in-specie to Unitholders based on the CIT Consideration Units received.

8.4 Pro forma financial effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising

The pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the NAV per unit and the distribution per unit of the Enlarged Trust based on the unaudited financial statements for CIT for the financial year-ended 31 December 2014 are as follows:

	Effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising		
	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising ⁽⁴⁾
NAV per CIT Unit (S\$)	0.15	0.29 ⁽¹⁾	0.34 ⁽³⁾
Distribution per CIT Unit (cents)	3.28	3.73 ⁽²⁾	3.73 – 3.79

Notes:

- (1) Assuming a Pre-Completion Distribution of S\$30 million.
- (2) After taking into account the savings in trustee-manager's fees of approximately S\$5.3 million due to the Enlarged Trust adopting KIFM's fee structure, and additional distribution of approximately S\$1.8 million.
- (3) Assuming a Post-Completion Distribution of S\$30 million.

- (4) Based on the Enlarged Trust issuing such number of new units, assuming a weighted average illustrative issue price of S\$0.4892 to raise gross proceeds of between S\$475 million and S\$525 million with the balance funded by debt at interest rate of 3% per annum.

Based on the above pro forma financial effects for the Enlarged Trust, and the swap ratio of 2.106 CIT Units for 1 KIT Unit, the pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the DPU of KIT are as follows:

	Effects of the Proposed Transactions and the Enlarged Trust Equity Fund Raising		
	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising
DPU (cents)	7.82 ⁽¹⁾	7.86 ⁽²⁾	7.86 – 7.98 ⁽²⁾

Notes:

- (1) Based on the total distribution for the period from 1 January 2014 to 31 December 2014.
(2) The Enlarged Trust will follow CIT's existing policy of making distributions on a quarterly basis.

After the Disposal, the KMC Acquisition and Enlarged Trust Equity Fund Raising, the Enlarged Trust will have a gearing ratio of 0.33¹.

8.5 NTA and Net Profit Attributable to the KIT Assets

The NTA and book value of the KIT Assets as at 31 December 2014 are approximately S\$589.1 million and S\$589.1 million respectively. The net profit after tax attributable to the KIT Assets for the financial year ended 31 December 2014 is approximately S\$15.0 million.

The gain accruing to KIT on disposal of the KIT Assets is approximately S\$69 million, based on the total issue price of approximately S\$658 million for all CIT Units. As the agreed consideration for the transfer of the KIT Assets to CIT is in the form of CIT Consideration Units only, it is not meaningful to discuss the excess or deficit of proceeds over the book value of KIT Assets.

9. SELECTED FINANCIAL INFORMATION

The following selected financial information of the Enlarged Trust, the KIT Group and the CIT Group should be read in conjunction with the full text of this Circular, including:

- (a) **Appendix B** titled "Audited Consolidated Financial Statements and review of past performance of the KIT Group for the financial years ended 31 December 2012, 2013 and 2014" to this Circular;
- (b) **Appendix C** titled "Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014" to this Circular;

¹ Gearing ratio defined as net debt over total assets based on the pro forma financial statements for the 12-month period ended 31 December 2014.

- (c) **Appendix D** titled “Reporting Accountants’ Report of Deloitte and Touche LLP on the Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014” to this Circular;
- (d) **Appendix E** titled “Audited Consolidated Financial Statements of the CIT Group for the Financial Years Ended 31 March 2012, 2013 and 2014 and Unaudited Consolidated Financial Statements of the CIT Group for the nine months ended 31 December 2014” to this Circular;
- (e) **Appendix F1** titled “Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-Month Periods ended 31 December 2012, 2013 and 2014” to this Circular;
- (f) **Appendix F2** titled “Management Discussion and Analysis of the results of operations and financial position of the Enlarged Trust” to this Circular; and
- (g) **Appendix G** titled “Reporting Accountants’ Report of Ernst & Young LLP on the Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-Month Periods ended 31 December 2012, 2013 and 2014” to this Circular.

The statutory financial year end of CIT is 31 March. As the financial year end of KIT is 31 December, CIT had prepared its financial statements for the years ended 31 December 2012, 2013 and 2014 for the purpose of this Circular and preparation of the unaudited pro forma consolidated financial information of the Enlarged Trust as set out in **Appendix F1** titled “Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-Month Periods ended 31 December 2012, 2013 and 2014” to this Circular.

10. **ADVICE OF THE INDEPENDENT FINANCIAL ADVISER**

The Trustee-Manager has appointed Deutsche Bank AG, Singapore Branch as the IFA to advise the independent directors of the Trustee-Manager (the “**Independent Directors**”) and the audit committee of the Trustee-Manager (the “**Audit Committee**”) in relation to each of the KMC Acquisition and the Disposal. A copy of the letter from the IFA to the Independent Directors and members of the Audit Committee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix I** of this Circular and Unitholders are advised to read the IFA Letter carefully.

KMC Acquisition

As set out in section 9 of the IFA Letter, the IFA has also reviewed the CTA, OMSA, the Pipenet Agreements, the Gas Management Agreement and the Master Settlement Agreement in the context of its analysis on the KMC Acquisition, and based upon the analysis undertaken by the IFA and subject to the qualifications and assumptions made in the IFA Letter, the IFA is of the opinion that as of the date of the IFA Letter, the terms of the KMC Acquisition are based on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

Disposal

As set out in section 9 of the IFA Letter, based upon the analysis undertaken by the IFA and subject to the qualifications and assumptions made in the IFA Letter, the IFA is of the opinion that as of the date of the IFA Letter, KIT and CIT are fairly valued and the financial terms of the Disposal (including and not limited to the swap ratio) are fair and reasonable, and the terms of the Disposal are based on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

The IFA has therefore advised the Independent Directors and Audit Committee to recommend that Unitholders vote in favour of both the KMC Acquisition and the Disposal to be proposed at the EGM.

11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee comprises Mr Paul Ma Kah Woh (Chairman), Mr Alan Ow Soon Sian and Ms Quek Soo Hoon, all of whom are independent non-executive directors of the Trustee-Manager. The Audit Committee has considered the terms of each of the KMC Acquisition and the Disposal as well as the advice of the IFA, and is of the view that each of the KMC Acquisition and the Disposal is based on normal commercial terms and is not prejudicial to the interests of KIT and its minority Unitholders.

12. RECOMMENDATIONS

12.1 On the Proposed KMC Acquisition and KIT Equity Fund Raising (Ordinary Resolution 1)

Based on the opinion of the IFA in respect of the KMC Acquisition (as set out in the IFA Letter in **Appendix I** of this Circular) and the rationale and benefits for the KMC Acquisition as set out in Paragraph 3.1 above, the Independent Directors believe that the KMC Acquisition is on normal commercial terms and would not be prejudicial to the interests of KIT and its minority Unitholders.

Accordingly and having regard to the rationale and benefits for the KIT Equity Fund Raising as set out in Paragraph 3.1(c) above, the Independent Directors recommend that Unitholders vote at the EGM in favour of Ordinary Resolution 1.

12.2 On the Proposed Disposal (Ordinary Resolution 2)

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix I** of this Circular) and the rationale and benefits for the Disposal as set out in Paragraph 3.2 above, the Independent Directors believe that the Disposal is on normal commercial terms and would not be prejudicial to the interests of KIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Ordinary Resolution 2.

12.3 On the Proposed Distribution-In-Specie (Ordinary Resolution 3)

Having regard to the rationale for, and benefits of, the Distribution-In-Specie as set out in Paragraph 3.2(c) above, the Trustee-Manager believes that the Distribution-In-Specie would be beneficial to, and is in the interests of KIT.

Accordingly, the Trustee-Manager recommends that Unitholders vote at the EGM in favour of Ordinary Resolution 3.

12.4 On the Proposed Winding Up of KIT (Special Resolution 4)

Having regard to the rationale for, and benefits of, the Winding Up as set out in Paragraph 7.1 above, the Trustee-Manager believes that the Winding Up would be beneficial to, and is in the interests of KIT.

Accordingly, the Trustee-Manager recommends that Unitholders vote at the EGM in favour of Special Resolution 4.

13. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Mr Khor Poh Hwa is the chairman and a non-independent, non-executive director of the Trustee-Manager and is a director of a number of subsidiaries or associated companies of KCL. Dr Ong Tiong Guan is a non-independent and non-executive director of the Trustee-Manager and is currently the chief executive officer and director of KI. He also holds directorships in KMC, Keppel Energy, Keppel Electric, Keppel Gas and Keppel Integrated Engineering Ltd. Mr Tan Boon Leng is a non-independent, non-executive director of the Trustee-Manager and a director of several other companies within the Keppel group of companies.

Based on the Register of Directors' Unitholdings maintained by the Trustee-Manager, the Directors' direct or deemed interests in the KIT Units as at the Latest Practicable Date are as follows:

Name of Director	Direct Interest	
	No. of KIT Units	% ¹
Paul Ma Kah Woh	10,000	n.m. ²
Quek Soo Hoon	3,170	n.m. ²
Thio Shen Yi	400	n.m. ²

Notes:

- Based on the total number of 629,781,279 issued and fully paid KIT Units as at the Latest Practicable Date.
- Not meaningful.

In addition, Ms Quek Soo Hoon, an independent director of the Trustee-Manager, also holds a direct interest in 34,000 units in CIT.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager, the Substantial Unitholders of KIT and their interests in the KIT Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of KIT Units	% ¹	No. of KIT Units	% ¹
Keppel Integrated Engineering Limited	309,683,005	49.17		
Keppel Infrastructure Holdings Pte. Ltd. ²			309,683,005	49.17
Keppel Corporation Limited ³			309,683,005	49.17
Temasek Holdings (Private) Limited ⁴			309,683,081	49.17

Notes:

- Based on the total number of 629,781,279 issued and fully paid KIT Units as at the Latest Practicable Date.
- Keppel Infrastructure Holdings Pte. Ltd. is deemed to have an interest in the KIT Units held by Keppel Integrated Engineering Limited, its wholly-owned subsidiary.
- Keppel Corporation Limited is deemed to have an interest in which its wholly-owned subsidiary Keppel Infrastructure Holdings Pte. Ltd., has interest.
- Temasek Holdings (Private) Limited is deemed to have an interest in the KIT Units in which its associated companies, namely Keppel Corporation Limited and DBS Group Holdings Limited, have interests.

14. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date and save as disclosed below, no person is proposed to be appointed as a director of the Trustee-Manager in connection with the Proposed Transactions or any other transactions contemplated in relation to the Proposed Transactions.

As disclosed in Paragraph 6.10, subject to and upon the completion of the Disposal, Mr Daniel Cuthbert Ee Hock Huat shall be appointed as an independent director to the board of directors of the Replacement Trustee-Manager. For avoidance of doubt, he will not be entering into any service contract with the Replacement Trustee-Manager.

15. EXTRAORDINARY GENERAL MEETING

The EGM will be held at The Grand Ballroom (Level 3), Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages EGM-1 to EGM-4 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have KIT Units entered against his name in the Depository Register, as certified by CDP as at 48 hours before the time fixed for the EGM.

16. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, KCL, through KI, has a deemed interest in 309,683,005 KIT Units, which comprises approximately 49.17% of the total number of KIT Units in issue. Temasek (through the interests of KCL and DBS Group Holdings Limited, which are associated companies of Temasek) has a deemed interest in 309,683,081 KIT Units, which comprises approximately 49.17% of the total number of KIT Units in issue.

Keppel Energy is a wholly-owned subsidiary of KI and KI holds an aggregate indirect interest in approximately 49.17% of the total number of KIT Units in issue.

Temasek, KCL and KI and their associates, including the Trustee-Manager, will abstain from voting on Resolutions 1, 2 and 3 in relation to the KMC Acquisition, KIT Equity Fund Raising, the Disposal and the Distribution-In-Specie. Further, each of them shall decline to accept appointment as proxy to attend and vote at the EGM in respect of each of Resolutions 1, 2 and 3 unless the Unitholder concerned has given specific instructions in his proxy form as to the manner in which his votes are to be cast.

For purposes of good corporate governance, as Mr Khor Poh Hwa, Dr Ong Tiong Guan and Mr Tan Boon Leng hold directorships within the KCL group of companies, they will abstain from voting on Resolutions 1, 2 and 3 in relation to the KMC Acquisition, KIT Equity Fund Raising, the Disposal and the Distribution-In-Specie in respect of KIT Units (if any) held by them and decline to accept appointment as proxy as aforesaid.

17. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form. If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach

the Trustee-Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not later than 28 April 2015 at 10:30 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions. If a Unitholder (being an independent Unitholder) wishes to appoint any of Mr Alan Ow Soon Sian, Mr Paul Ma Kah Woh, Ms Quek Soo Hoon and Mr Thio Shen Yi as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of each of the resolutions set out in the Notice of EGM.

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the KMC Acquisition, the KIT Equity Fund Raising, the Disposal and Distribution-In-Specie, the Winding Up, KIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors of the Trustee-Manager has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

19. JOINT FINANCIAL ADVISERS' RESPONSIBILITY STATEMENT

To the best of the Joint Financial Advisers' knowledge and belief, save for the information set out in Paragraphs 7, 8, 9, 12, 13, 18, 20 and Appendix B, Appendix C, Appendix D, Appendix E, Appendix F1, Appendix F2, Appendix G, Appendix H and Appendix J of this Circular, this Circular constitutes full and true disclosure of all material facts about the KMC Acquisition, the KIT Equity Fund Raising, the Disposal and the Distribution-In-Specie, KIT and its subsidiaries in relation to the KMC Acquisition, the KIT Equity Fund Raising, the Disposal and the Distribution-In-Specie, and the Joint Financial Advisers are not aware of any facts the omission of which would make any statement in this Circular misleading.

20. CONSENTS

Stone Forest Corporate Advisory Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the summary letter of the valuation on KMC that it has issued and all references thereto, in the form and context in which they are included in this Circular.

Deutsche Bank AG, Singapore Branch, the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter and all references thereto, in the form and context in which they are included in this Circular.

Deloitte and Touche LLP, the auditors of KIT, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its letter set out in Reporting Accountants' Report of Deloitte and Touche LLP on the Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014 and the references to such letter and its name in the form and context in which they appear in this Circular.

Ernst & Young LLP, the auditors of CIT, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its letter set out in Reporting Accountants' Report of Ernst & Young LLP on the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Trust for the 12-month periods ended 31 December 2012, 2013 and 2014 and the references to such letter and its name in the form and context in which they appear in this Circular.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (a) the KMC SPA;
- (b) the CitySpring Contract;
- (c) the Audited Consolidated Financial Statements and review of past performance of the KIT Group for the financial years ended 31 December 2012, 2013 and 2014;
- (d) the Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014;
- (e) the Reporting Accountants' Report of Deloitte and Touche LLP on the Unaudited Pro Forma Financial Information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014;
- (f) the summary letter of the valuation on KMC issued by SFCA;
- (g) the IFA Letter;
- (h) the Audited Consolidated Financial Statements of the CIT Group for the financial years ended 31 March 2012, 2013 and 2014 and Unaudited Consolidated Financial Statements of the CIT Group for the nine months ended 31 December 2014;
- (i) the Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-month periods ended 31 December 2012, 2013 and 2014;
- (j) the Reporting Accountants' Report of Ernst & Young LLP on the Unaudited Pro Forma Consolidated Financial Information of the Enlarged Trust for the 12-month periods ended 31 December 2012, 2013 and 2014; and
- (k) the written consents described in Paragraph 20 above.

The Trust Deed will also be available for inspection at the registered office of the Trustee-Manager for so long as KIT is in existence.

Yours faithfully

Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration No. 200803959H)
as trustee-manager of Keppel Infrastructure Trust

Mr Khor Poh Hwa
Chairman of the Board

This page has been intentionally left blank.

INFORMATION ON THE ENLARGED PORTFOLIO

ABOUT KMC AND THE KMC PLANT

Overview

KMC presently owns a combined cycle gas turbine generation facility with a licenced generation capacity of approximately 1,300 MW (the “**KMC Plant**”) and ancillary facilities on Jurong Island off the south-west coast of Singapore. The KMC Plant is located at the Tembusu sector of Jurong Island. It is well-positioned to support the surrounding industries with their electricity, steam supply and demineralised water requirements. The KMC Plant is connected to the electricity transmission network of Singapore.

The KMC Plant has been operating since 2007 with a good track record of efficiency and reliability. The KMC Plant was constructed in two phases. Phase I of KMC (“**KMC I**”) has a generation capacity of 500MW, and commenced commercial operation in April 2007. KMC completed an expansion of two power trains of 400 MW each (collectively, “**KMC IIA and KMC IIB**”) which commenced commercial operations in March and July 2013 respectively.

Plant Description

The first phase of KMC I comprises a combined cycle power plant in multi-shaft configuration with two (2) Alstom GT 13E2 type gas turbines, two (2) heat recovery steam generators (“**HRSGs**”) and a steam turbine. The facility operates on natural gas as primary fuel and diesel as back-up.

KMC IIA and KMC IIB are identical single shaft power trains consisting of one Alstom GT 26 gas turbine, one HRSG, one two casing steam turbine and a hydrogen-cooled generator each. Both trains operate on natural gas as their primary fuel and diesel as back-up.

The main and auxiliary cooling water systems are once-through, direct cooled type with siphon operation. Cooling water is seawater. The KMC Plant has two seawater intake structures, both with mechanical water cleaning systems installed to remove coarse debris.

Key Information

Land and Wayleave Agreements

The KMC Plant site, associated foreshore, seabed, access road and water outfall wayleaves are sub-leased from Jurong Town Corporation (“**JTC**”). JTC is the head lessee, under the Head Lease with the Government of Singapore. The main lease for the site (including associated wayleaves for access road and water outfall) is for 30 years beginning March 2005, with an option to extend for 30 years. Foreshore and seabed leases for the seawater intake structures are for 30 years from June 2005.

*Capacity Tolling Agreement (“**CTA**”)*

Once the Restructuring takes effect, under the CTA, KMC would earn regular and stable fixed fees, also known as “tolling fees”, from Keppel Electric as long as it meets certain availability and capacity targets. Availability targets are time-based and change from year to year according to maintenance plans. Capacity targets are based on the guaranteed capacity degradation profiles provided by the Major Maintenance Contractor, the ALSTOM Group. Capacity targets are only measured in accordance to the testing schedules in the Major Maintenance Agreements. Tested capacities have been above guaranteed levels. More details are provided in Paragraph 4.4 of this

Circular. In summary, the CTA is designed to ensure KMC does not take on the market risks of owning and operating a power plant as an independent power producer. Nonetheless, KMC is subject to the risks of the KMC Plant being unable to meet the availability and capacity targets set out in the CTA in order to receive the tolling fees in full. (See also “Risk Factors – Risks relating to the KMC Acquisition – The CTA may not generate regular cash flows for KMC under certain circumstances” and “Risk Factors – Risks relating to the KMC Acquisition – Changes to the Tolling Fee in the event of material adverse change and no right to recover change of law costs in the CTA”).

Operations and Maintenance Arrangements

KMC O&M is responsible for the operation and maintenance of the KMC Plant under the 20-year Operations & Maintenance Services Agreement (the “**OMSA**”). More details are provided in Paragraph 4.5 of this Circular. (See also “Risk Factors – Risks relating to the KMC Acquisition – Fees payable to KMC O&M under the OMSA are not fixed”). KMC O&M has experienced managers and personnel, and also draws on experienced personnel from Keppel Infrastructure’s current operations.

ALSTOM Group, through its affiliates, ALSTOM Power O&M Ltd and ALSTOM Power Singapore Pte Ltd (now known as Alstom Asia Pte. Ltd.), (collectively the “**Major Maintenance Contractor**”), is contracted for the maintenance of the gas turbine and steam turbine assemblies (the “**Power Trains**”) of the KMC Plant under the long term Major Maintenance Agreements. In return for the fees paid under the Major Maintenance Agreements, the Major Maintenance Contractor will provide the necessary parts, equipment and personnel onsite for the routine maintenance of the Power Trains, which include the gas turbine packages, steam turbines and their immediate auxiliaries, and electrical and control equipment. The Major Maintenance Agreements have fixed and variable charges (depending on the actual operating hours) both of which are indexed to inflation. Under the CTA, both fixed and variable charges under the Major Maintenance Agreements will be passed through to Keppel Electric for reimbursement.

KMC owns certain wayleave facilities which are located on the service corridor owned and operated by Pipenet Pte Ltd (“**Pipenet**”), a wholly-owned subsidiary of Keppel Infrastructure. KMC has entered into a long term agreement with Pipenet dated 16 September 2014 (collectively with the 2005 Pipenet Agreement, the “**Pipenet Agreements**”) pursuant to which Pipenet provides KMC access to the service corridor and routine maintenance of the KMC wayleave facilities in return for monthly fees. The charges under the Pipenet Agreements are fixed, subject to JTC rental indexation and inflation indexation. The costs under the Pipenet Agreements are substantially passed through to Keppel Electric via the fixed O&M fee received from Keppel Electric. (See also “Risk Factors – Risks relating to the KMC Acquisition – Fees payable to KMC O&M under the OMSA are not fixed”).

Under the OMSA, KMC O&M will manage the Major Maintenance Contractor, Pipenet as well as other subcontractors as required for the operation and maintenance of the KMC Plant.

Electricity Licence

KMC has obtained an electricity licence (“**KMC Electricity Licence**”) from the Energy Market Authority (“**EMA**”) under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the KMC Electricity Licence. The KMC Electricity Licence is valid for a period of 30 years from 1 Jan 2003 to 31 December 2032.

KMC is required under the KMC Electricity Licence to enter into various regulatory contracts, including among others, the Generation Facility Operating Agreement dated 23 March 2006 with the Power System Operator of EMA to remotely direct the operation of KMC, the connection agreement dated 25 February 2005 (as amended) ("**Connection Agreement**"), with SP PowerAssets to allow for connection to the transmission system, and the market support services agreement dated 13 September 2006 with SP Services ("**Market Support Services Agreement**") to provide meter reading services. SP PowerAssets is the sole Transmission Licensee in Singapore and SP Services is the sole market support services licensee in Singapore.

Fuel Supply

The primary fuel for KMC Plant is natural gas. Under the CTA, Keppel Electric will be responsible for supplying fuel required for production of electricity. In addition, KMC has a Gas Sales Agreement for Vested Quantities of Gas (LNG) dated 15 March 2010 with BG Singapore Gas Marketing Pte Ltd for delivery of regasified LNG (the "**Vesting LNG Contract**"). Arising from the Vesting LNG Contract, KMC also has a Terminal User Agreement Direct Agreement (the "**TUA Direct Agreement**") dated 15 March 2010 with Singapore LNG Ltd to pay for terminal charges arising from the use of the LNG terminal. KMC has a Gas Management Agreement dated 16 September 2014 with Keppel Gas for the provision of services required for the management of the Vesting LNG Contract. Under the CTA, Keppel Electric will pay KMC for the charges payable under the Vesting LNG Contract, the TUA Direct Agreement and the Gas Management Agreement on a full reimbursement basis.

KMC has a backup fuel supply agreement (the "**BFSA**") for the supply of diesel oil to the KMC Plant. The BFSA satisfies the requirements under the KMC Electricity Licence to maintain sufficient fuel reserves for the KMC Plant. Keppel Electric will reimburse KMC for the costs of diesel consumed in the event that there is insufficient natural gas for power generation. The diesel oil is supplied through a dedicated pipeline from the back-up fuel supplier's site to the KMC Plant. The back-up fuel pipeline is constructed and maintained by Pipenet under a long term agreement dated 23 March 2005 (the "**2005 Pipenet Agreement**"), in return for annual fees paid by KMC which is covered by the fixed O&M fee in the Tolling Fees. (See also "Risk Factors – Risks relating to the KMC Acquisition – Fees payable to KMC O&M under the OMSA are not fixed").

Vesting Contract

Vesting contracts are contracts for differences imposed on the generation companies by the EMA to address the issue of market power in the wholesale electricity market of the NEMS. The parameters in the vesting price formula and vesting quantities are determined by the EMA every two years. Vesting Contracts will be terminated when the EMA determines that market power no longer exists.

KMC has entered into a vesting contract dated 23 September 2003 (as amended and supplemented) ("**Vesting Contract**") with SP Services, which is currently the sole market support services licensee in the NEMS. Under the terms of the CTA, KMC will pay the proceeds from the Vesting Contract to the Toller.

Ancillary Services Agreement

KMC has an Ancillary Services Agreement contract with the EMC for its 10 x 2MW diesel generators to provide services to energise a portion of the KMC Plant. The Ancillary Services Agreement is subject to annual renewal by the EMC. Under the CTA, the Toller will bear the costs and receive the proceeds from the Ancillary Services Agreement.

Environmental Compliance

The design of the KMC Plant and its emissions meet environmental guidelines set by the Pollution Control Department (“**PCD**”) of the National Environmental Agency (“**NEA**”). KMC monitors air and water emissions and noise levels while the KMC Plant is operational.

Insurance Arrangements

KMC has procured certain insurance policies, such as Property All Risks, Business Interruption (“**BI**”) and Comprehensive General Liability (“**CGL**”) to cover the KMC Plant. The current combined All Risks and Business Interruption policy provides coverage for “all risks” of physical loss or damage, including events such as fire, storm and earthquake, as well as similar coverage to insured machinery, plant and equipment as well as coverage for loss of revenue/profit in the event of damage to the property or machinery of the KMC Plant.

The CGL policy provides compensation when the insured is legally liable for causing injury or damage to third parties.

ABOUT KIT’S EXISTING PORTFOLIO

KIT’s portfolio comprises the Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant in Singapore.

SENOKO PLANT

Overview

Senoko Plant is located in the northern part of Singapore, and it is also the only waste incineration plant located outside of the Tuas area (which is in the western part of Singapore) and this positions it to serve the eastern, northern and central areas of Singapore. Senoko Plant is equipped with six incinerator-boiler units with two condensing turbine-generators offering a power generation capacity of 2 x 28 MW. Waste incineration is carried out at Senoko Plant 24 hours a day throughout the year.

Key Information

*Senoko Incineration Services Agreement (“**Senoko ISA**”)*

The Senoko Trustee has entered into the Senoko ISA with NEA pursuant to which the Senoko Trustee will own and operate Senoko Plant in accordance with the terms of the Senoko ISA. The term of the Senoko ISA is for 15 years commencing from 1 September 2009.

Under the Senoko ISA, the contracted incineration capacity of Senoko Plant is 2,100 tonnes per day (based on a Net Calorific Value of 9,000 kJ/kg). In September 2014, the Senoko Trustee has entered into a supplemental incineration services agreement with NEA to provide additional incineration services (the “**Senoko Supplemental ISA**”). The contracted incineration capacity of Senoko Plant will progressively increase up to 10% from 2,100 tonnes per day. Fixed and variable payments (as defined below) will correspondingly be increased.

Under the Senoko ISA, the Senoko Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) fixed payments (“**Fixed Capacity Payments**”), for the provision of incineration capacity; and

- (b) variable payments (“**Variable Payments**”), comprising a variable O&M cost component (“**variable O&M cost component**”) (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges which are paid by the Senoko Trustee to the NEMS).

Fixed Capacity Payments are payable for making available the contracted incineration capacity of Senoko Plant. They are payable throughout the term of the Senoko ISA, regardless of whether Senoko Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Senoko Plant, thus ensuring a long-term and predictable cash flow for Senoko Trust. Fixed Capacity Payments are payable in full if the available incineration capacity of Senoko Plant is greater than or equal to 2,100 tonnes per day. If the available incineration capacity is less than 2,100 tonnes per day, the Fixed Capacity Payments will be reduced accordingly. Fixed Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component (“**fixed O&M cost component**”), which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Senoko Plant (which shall not exceed the contracted incineration capacity of 2,100 tonnes per day) and subject to deductions if certain performance standards are not met.

The available incineration capacity (tonnes/day) of Senoko Plant is calculated by multiplying the tested incineration capacity (“**TIC**”) by the availability factor for incineration capacity (“**availability factor**”). The Senoko Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Based on the incineration capacity test conducted on 3 July 2014, the tested incineration capacity of Senoko Plant is 2,851 tonnes/day.

The availability factor for incineration capacity in the billing period is the moving average of the actual time availability factor for the past 12 months. The actual time availability factor for incineration capacity in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

The fixed O&M cost component of the Fixed Capacity Payments covers the fixed O&M fees payable to the Keppel O&M Operator as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Senoko Trust. The variable O&M cost component covers the variable O&M fees payable to the Keppel O&M Operator. This mechanism allows the O&M fees payable to Keppel O&M Operator to be passed through to NEA with the effect that the effective income of Senoko Trust is derived from the fixed capital cost components of the Fixed Capacity Payments.

Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS. Variable Payments comprise:

- (a) a variable O&M cost component, which is computed based on the actual quantity of waste delivered to Senoko Plant and a variable O&M charge rate that is adjustable for inflation;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Senoko Plant to the NEMS; and

- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by Senoko Trustee as a participant in the NEMS.

Senoko O&M Agreement

The Senoko Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Senoko Plant pursuant to the Senoko O&M Agreement, whereby Keppel O&M Operator will operate, maintain and repair Senoko Plant in return for fixed O&M fees and variable O&M fees payable by Senoko Trust. The Senoko O&M Agreement and the Senoko ISA will run concurrently for the same 15-year term.

The fixed O&M fees payable to the Keppel O&M Operator will be covered by the fixed O&M cost component of the Fixed Capacity Payments. The variable O&M fees payable to the Keppel O&M Operator will be covered by the variable O&M cost component of the Variable Payments. Adjustments for inflation to the fixed O&M cost component of the Fixed Capacity Payments and variable O&M cost component of the Variable Payments under the Senoko ISA will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Senoko O&M Agreement.

Senoko Upgrade Agreement

The Senoko Trustee has engaged Keppel Seghers, the O&M operator of Senoko Plant, to carry out the upgrading works required to increase the plant's capacity to provide the additional incineration services to NEA under the Senoko Supplemental ISA.

The upgrading works mainly involve modifications to the plant's incineration units and the steam-condensate system, and will be carried out progressively and scheduled with the planned annual maintenance of each incineration unit so as to maximise the overall operational availability of the plant during the period. The upgrading is currently planned to take place between 3Q 2015 and 3Q 2016.

EPHA Licence

The Senoko Trustee has obtained a licence from NEA under the EPHA ("**Senoko EPHA Licence**") authorising it to maintain and operate the waste disposal facility at Senoko Plant. The capacity of waste to be treated at Senoko Plant is 2,100 tonnes/day, such being the Contracted Incineration Capacity (as defined in the Senoko ISA) under the Senoko ISA. The Senoko EPHA Licence is valid until 31 August 2024, subject to the conditions set out in the Senoko EPHA Licence.

Electricity Licence

The Senoko Trustee has obtained an electricity licence ("**Senoko Electricity Licence**") from the EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the Senoko Electricity Licence.

The Senoko Electricity Licence is valid for a period of 30 years from 24 August 2009 to 23 August 2039.

TUAS DBOO PLANT

Overview

Tuas DBOO Plant is located in the western part of Singapore. It is the fifth waste incineration plant to be built in Singapore and the newest of the four waste incineration plants currently operating in Singapore. Tuas DBOO Plant is also the first waste incineration plant in Singapore to be built

under the public-private-partnership initiative. It was built with Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas cleaning system and is the first waste incineration plant in Singapore to showcase WTE technology from a Singapore company.

Tuas DBOO Plant is equipped with two incinerator-boiler units with one condensing turbine-generator offering a power generation capacity of 22 MW. Waste incineration is carried out at Tuas DBOO Plant 24 hours a day throughout the year.

Key Information

Tuas DBOO Incineration Services Agreement ("Tuas DBOO ISA")

The Tuas DBOO Trustee has entered into the Tuas DBOO ISA with NEA pursuant to which the Tuas DBOO Trustee will own and operate Tuas DBOO Plant in accordance with the terms of the Tuas DBOO ISA. The term of the Tuas DBOO ISA is 25 years commencing from 30 October 2009.

Under the Tuas DBOO ISA, the Contracted Incineration Capacity of Tuas DBOO Plant is 800 tonnes per day (based on a Net Calorific Value of 9,000 kJ/kg).

Under the Tuas DBOO ISA, the Tuas DBOO Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) Fixed Capacity Payments comprising an incineration capacity payment ("**Incineration Capacity Payment**") for the provision of incineration capacity and electricity generation payment ("**Electricity Generation Payment**") for the provision of electricity generation services; and
- (b) Variable Payments, comprising a variable O&M cost component (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges that Tuas DBOO Trustee has to pay the NEMS).

Incineration capacity payments are payable for making available the contracted incineration capacity of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Tuas DBOO Plant, thus ensuring a long-term and predictable cash flow for Tuas DBOO Trust. Incineration Capacity Payments are payable in full if the available incineration capacity of Tuas DBOO Plant is greater than or equal to 800 tonnes per day. If the available incineration capacity is less than 800 tonnes per day, the Incineration Capacity Payments will be reduced accordingly. Incineration Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component, which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Tuas DBOO Plant (which shall not exceed the contracted incineration capacity of 800 tonnes per day) subject to deductions if certain performance standards are not met.

The available incineration capacity (tonnes/day) of Tuas DBOO Plant is calculated by multiplying the TIC by the availability factor. The Tuas DBOO Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Based on the test completed on 8 October 2014, the TIC of Tuas DBOO Plant is 1054 tonnes/day.

The availability factor for incineration capacity in the billing period is the moving average of the actual time availability factor for the past 12 months. The actual time availability factor for incineration capacity in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

Electricity Generation Payments are payable for making available the electricity generation services of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant exports any electricity to the NEMS and do not vary with the volume of electricity exported by Tuas DBOO Plant or its available capacity, thus adding to a long-term and predictable cash flow for Tuas DBOO Trust. Electricity Generation Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component, which is adjustable for inflation.

Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS. Variable Payments comprise:

- (a) a variable O&M cost component, which is adjustable for inflation and which is computed based on the actual quantity of waste delivered to Tuas DBOO Plant;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Tuas DBOO Plant to the NEMS; and
- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by the Tuas DBOO Trustee as a participant in the NEMS.

The fixed O&M cost components of both the Incineration Capacity Payments and Electricity Generation Payments cover the fixed O&M fees payable to the Keppel O&M Operator as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Tuas DBOO Trust. The variable O&M cost component covers the variable O&M fees payable to the Keppel O&M Operator. This mechanism allows the O&M fees payable to the Keppel O&M Operator to be passed through to NEA with the effect that the effective income of the Tuas DBOO Trustee is derived from the fixed capital cost components of the Fixed Capacity Payments, and the Electricity Generation Incentive Payment.

Tuas DBOO O&M Agreement

The Tuas DBOO Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Tuas DBOO Plant pursuant to the Tuas DBOO O&M Agreement, whereby the Keppel O&M Operator will operate, maintain and repair Tuas DBOO Plant in return for fixed O&M fees and variable O&M fees payable by Tuas DBOO Trust. The Tuas DBOO O&M Agreement and the Tuas DBOO ISA will run concurrently for the same 25-year term.

The fixed O&M fees payable to the Keppel O&M Operator will be covered by the fixed O&M cost components of the Fixed Capacity Payments. The variable O&M fees payable to the Keppel O&M Operator will be covered by the variable O&M cost component of the Variable Payments. Adjustments for inflation to the fixed O&M cost components of the Fixed Capacity Payments and variable O&M cost component of the Variable Payments under the Tuas DBOO ISA will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Tuas DBOO O&M Agreement.

EPHA Licence

A licence has been obtained under the EPHA from NEA authorising the construction, establishment, maintenance and operation of the disposal facility at Tuas DBOO Plant ("**Tuas DBOO EPHA Licence**"). The capacity of waste to be treated at Tuas DBOO Plant is 800 tonnes/day, such being the Contracted Incineration Capacity under the Tuas DBOO ISA. The Tuas DBOO EPHA Licence will be valid until 30 June 2034, subject to the conditions set out in the Tuas DBOO EPHA Licence.

Electricity Licence

The Tuas DBOO Trustee has obtained an electricity licence ("**Tuas DBOO Electricity Licence**") from EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the Tuas DBOO Electricity Licence.

The Tuas DBOO Electricity Licence will be valid until 18 July 2036.

ULU PANDAN PLANT

Overview

Ulu Pandan Plant is located in the central part of Singapore and is one of Singapore's largest NEWater plants. Operational since 28 March 2007, it serves the demands of the industrial and commercial sectors in Singapore.

It features modular design, space saving measures and energy saving features which lowers operating costs and has the capacity to produce 148,000 m³ of NEWater daily. It also features a 1MWp solar photovoltaic (PV) installation, which was awarded the Solar Pioneer Award in October 2012 by the Energy Innovation Programme Office (led by Singapore Economic Development Board and the EMA). Covering about 10,000 sqm of roof space, the rooftop solar power plant is one of the largest in Singapore, completed in the first quarter of 2013, and will help mitigate the impact of electricity costs for the NEWater plant's operations.

Key Information

NEWater Agreement

The Ulu Pandan Trustee has entered into the NEWater Agreement with PUB pursuant to which the Ulu Pandan Trustee will own and operate Ulu Pandan Plant in accordance with the terms of the NEWater Agreement. The term of the NEWater Agreement is 20 years commencing from 28 March 2007. Under the NEWater Agreement, the contracted warranted capacity of Ulu Pandan Plant is 148,000 m³/day.

Under the NEWater Agreement, the Ulu Pandan Trustee is entitled to receive the following monthly payments from PUB:

- (a) fixed payment ("**Availability Payments**") for the provision of production capacity; and
- (b) variable payment ("**Output Payments**") for the volume of Feedwater treated.

Availability Payments are payable for making available the warranted production capacity of Ulu Pandan Plant. They are payable throughout the term of the NEWater Agreement, regardless of whether Ulu Pandan Plant produces any NEWater and do not vary with the volume of Feedwater treated by Ulu Pandan Plant, thus ensuring a long-term, predictable and high-quality cash flow for

Ulu Pandan Plant. Availability Payments are payable in full if the available production capacity of Ulu Pandan Plant is greater or equal to 148,000 m³/day. If the available production capacity is less than 148,000 m³/day, the Availability Payments will be reduced accordingly. Availability Payments comprise:

- (a) a fixed capital cost recovery payment component, which is not adjustable for inflation and which covers amounts for debt service, return on shareholders' equity and taxes payable by the Ulu Pandan Trustee;
- (b) a fixed O&M payment component, which is adjustable for inflation and which covers all fixed O&M costs of Ulu Pandan Plant; and
- (c) a fixed power payment component, which is not adjustable for inflation and which covers all fixed power costs of Ulu Pandan Plant,

subject to deductions if certain performance standards are not met.

Output Payments are payable based on the net amount of NEWater delivered by Ulu Pandan Plant to PUB at delivery points. Output Payments comprise:

- (a) a variable O&M payment component, which is adjustable for inflation and computed based on the quantity of NEWater delivered to PUB; and
- (b) a variable power payment component, which is adjustable based on the fuel price index and computed based on the usage power charges incurred by Ulu Pandan Plant.

The Availability Payments and the Output Payments will cover the O&M fees payable by the Ulu Pandan Trustee to Keppel Seghers as the O&M operator of Ulu Pandan Plant as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Ulu Pandan Trust. The effective income of Ulu Pandan Trust is derived primarily from the fixed capital cost recovery payment component of the Availability Payment and potentially from the variable power payment component of the Output Payment. However, it is possible that the variable power payment component in the Output Payments may not sufficiently cover the actual usage power charges incurred by Ulu Pandan Plant, as the actual charges incurred vary with the cost of fuel and may be higher or lower than the reference cost of fuel (which is based on the monthly average 180 Centistoke Heavy Sulphur Fuel Oil for the previous 12 months) used in calculating the variable power payment component.

Ulu Pandan O&M Agreement

The Ulu Pandan Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Ulu Pandan Plant pursuant to the Ulu Pandan O&M Agreement, whereby Keppel Seghers will operate, maintain and repair Ulu Pandan Plant in return for fixed O&M fees and variable O&M fees payable by the Ulu Pandan Trustee. The Ulu Pandan O&M Agreement and the NEWater Agreement will run concurrently for the same 20-year term.

The O&M fees payable to Keppel O&M Operator will be covered by the fixed O&M cost component of the Availability Payments and the variable O&M cost component of the Output Payments. Adjustments for inflation at the end of every year to the fixed O&M cost component of the Availability Payments and variable O&M cost component of the Output Payments under the NEWater Agreement will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Ulu Pandan O&M Agreement.

INSURANCE

The policies and deductibles for the Senoko, Tuas DBOO and Ulu Pandan Plants are maintained at levels that the Trustee-Manager believes are adequate and consistent with industry standards. Such policies include industrial all risks insurance, business interruption insurance and comprehensive general liability insurance.

ABOUT CIT'S EXISTING PORTFOLIO

The Trustee-Manager has derived certain facts and information relating to CIT's existing portfolio from various publicly available sources, including the following documents issued by CIT: (a) offer information statements dated 12 August 2011 and 21 August 2009 and (b) circulars dated 29 July 2014 and 24 January 2008. While the Directors have taken reasonable action to ensure that the information is extracted accurately and fairly and has been included in this Circular in its proper form and context, they have not independently verified the accuracy of the relevant information and do not make any representation as to its accuracy.

CITY GAS

Overview

City Gas is the sole producer and retailer of town gas in Singapore and also the sole user of the low-pressure piped town gas supply network in Singapore. In addition, City Gas markets gas appliances and offers comprehensive after-sales customer service. City Gas has a production facility in Singapore, Senoko Gasworks, with a capacity of 1.6 million m³ per day. Senoko Gasworks is the sole production facility of town gas in Singapore and as at the Latest Practicable Date, City Gas has more than 700,000 customers across the residential, commercial and industrial segments in Singapore.

Senoko Gasworks produces town gas from three continuous reforming plants and five cyclic reforming plants, each with a production capacity of 200,000 m³ per day. The plants are capable of using both natural gas and light virgin naphtha as feedstock. The town gas produced can either be stored in two spherical gasholders or sent out through the distribution network to customers.

Gas production is monitored, controlled and directed 24 hours a day, seven days a week from a central control room. At the heart of the central control room is a fully automated distributed control system. The distributed control system, which is a computerised process control system, enables the experienced plant controllers to operate, monitor and control the gas production and ancillary plant.

Key Information

Gas Purchase Agreement

City Gas entered into a Gas Purchase Agreement with GSPL in September 2003 (subsequently supplemented in May 2008) to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time. Under the Gas Purchase Agreement, City Gas is entitled to purchase up to 112 thousand billion Btu of natural gas over a period of 20 years commencing in 2003 and at least 55% of the annual contract quantity (which is 5,748 billion Btu per year) must be purchased by City Gas between the third year and 20th year of the Gas Purchase Agreement. In May 2008, City Gas entered into a supplemental agreement with GSPL to purchase an additional supply of 35.16 thousand billion Btu of natural gas from 2009 to 2023. City Gas is obliged to take and pay for, or pay for if not taken, 55% of the annual contracted quantity of natural gas. If City Gas takes delivery of gas under an alternative gas sales agreement rather than under the Gas Purchase Agreement, the amount of gas that City Gas will

be required to take and pay for, or pay for if not taken, shall be increased for the duration of such alternative gas sales agreement in accordance with the formula set out in the Gas Purchase Agreement.

In 2013, City Gas has entered into another long term supply contract with SEPL ("**Senoko Gas Purchase Agreement**") to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time. Under the Senoko Gas Purchase Agreement, City Gas is entitled to purchase up to 9,356 billion Btu of natural gas and the contract period will be ended on 30 April 2018. City Gas is obligated to take and pay for, or pay for if not taken, 95% of the annual contracted quantity of natural gas. The Senoko Gas Purchase Agreement is not an alternative gas sales agreement which triggers the take-or-pay obligation under the Gas Purchase Agreement with GSPL.

Towngas Transportation Agreement

Under a Towngas Transportation Agreement between City Gas and PowerGas, PowerGas, the sole transporter of piped gas in Singapore, makes available its gas transportation system for the delivery of piped gas from City Gas to its customers. PowerGas charges City Gas transportation tariffs (which are subject to price control by EMA) for the use of the gas transportation system.

Utility Support Service Agreement

Under a Utility Support Service Agreement between City Gas and SP Services, SP Services provide City Gas with gas-meter reading, billing and collection services. SP Services is the main provider of such services to the utilities and waste collection companies in Singapore and charges City Gas a management fee which may be reviewed by the parties once in any calendar year and the quantum of any increase is subject to a cap of 6% over the prevailing management fee.

Licences

City Gas holds the sole licence from the EMA to produce and retail town gas in Singapore and is regulated by EMA in respect of such activities.

Certification

In December 2013, City Gas attained certification of ISO/IEC 27001:2005 for The Management, Operations and Maintenance of City Gas Distributed Control System by DNV Business Assurance. The ISO/IEC 27001:2005 is an information security management system (ISMS) standard established by International Organisation for Standardization (ISO).

CITY-OG GAS ENERGY SERVICES PTE. LTD.

Overview

In August 2013, City Gas together with Osaka Gas Co., Ltd. ("**Osaka Gas**") established a new business venture, City-OG Gas Energy Services Pte. Ltd., to market and sell natural gas to industrial customers in Singapore. City Gas holds a 51% share of the business venture, with the remaining 49% share held by Osaka Gas. The business venture seeks to leverage on Osaka Gas' advanced technology and expertise in cogeneration systems and industrial furnaces to grow the natural gas retail business. City Gas, on the other hand, offers the business venture its extensive network and customer knowledge to develop and promote the business.

SINGSPRING

Overview

SingSpring owns and operates Singapore's first large-scale seawater desalination plant which commenced commercial operations in December 2005. The plant is capable of supplying up to 136,380 m³ of desalinated potable water per day, which represents approximately 10% of Singapore's current water needs. The SingSpring desalination plant utilises advanced, cost and energy-efficient reverse osmosis technology. It was the largest membrane-based seawater desalination plant in the world at the time of its completion and at that time also had one of the largest reverse osmosis trains in the world. The SingSpring seawater desalination plant ("**SingSpring Plant**") is located in Tuas, Singapore, on land leased from the JTC for a 30-year term expiring in 2034.

Key Information

Water Purchase Agreement

SingSpring had entered into a long-term water purchase agreement with the PUB, expiring in December 2025, pursuant to which SingSpring receives a fixed monthly payment ("**Capacity Payment**") from PUB for making available the output capacity of the plant to PUB (which is payable regardless of the actual volume of water supplied) and a variable monthly payment ("**SingSpring Output Payment**") depending on the actual volume of water supplied to PUB.

Capacity Payments are payable for the fixed costs in making available the full water capacity of the SingSpring Plant to PUB. They are payable throughout the term of the Water Purchase Agreement, regardless of whether the SingSpring Plant supplies any water to PUB, and do not vary with the volume of water supplied by the SingSpring Plant. Capacity Payments comprise a fixed capital component, a fixed O&M component and a fixed energy component, computed based on the SingSpring Plant's last-tested capacity. The fixed capital component of the Capacity Payments will total S\$473 million over the 20-year term of the Water Purchase Agreement. This equates to payment of S\$23.6 million per annum. The fixed O&M component of the Capacity Payments covers the fixed O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator under the SingSpring O&M Agreement referred to below.

SingSpring Output Payments are payable for the variable costs in supplying water to PUB from the SingSpring Plant and they vary depending on the volume of water supplied by the SingSpring Plant to PUB. PUB does not have an "offtake" obligation under the Water Purchase Agreement, i.e. PUB is not obliged to require the SingSpring Plant to supply any water to it. SingSpring Output Payments comprise a variable O&M component and a variable energy component, computed based on the volume of water supplied by the SingSpring Plant to PUB. The variable O&M component of the SingSpring Output Payments covers the variable O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator under the SingSpring O&M Agreement.

SingSpring O&M Agreement

In October 2003, SingSpring appointed Hyflux Engineering, a wholly-owned subsidiary of Hyflux Ltd, as O&M operator in respect of the SingSpring Plant under an O&M agreement ("**SingSpring O&M Agreement**"). The SingSpring O&M Agreement and the Water Purchase Agreement run concurrently for the same 20-year term. The fixed and variable O&M components of the Capacity Payments and SingSpring Output Payments under the Water Purchase Agreement cover the fixed and variable O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator under the SingSpring O&M Agreement. Further, adjustments for inflation and foreign exchange

fluctuations to the fixed and variable O&M components of the Capacity Payments and SingSpring Output Payments under the Water Purchase Agreement will lead to corresponding adjustments to the fixed and variable O&M payments under the SingSpring O&M Agreement.

BASSLINK

Overview

Basslink owns and operates the Basslink Interconnector, which is a 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. Basslink derives most of its cashflow from a 25-year term Basslink Services Agreement with Hydro Tasmania, an entity owned by the State of Tasmania.

As part of the original construction of the Basslink Interconnector, a 12-core fibre optic telecommunications cable was incorporated in the electricity interconnector. On 3 July 2009, the Basslink telecoms network commenced commercial operation, carrying customers' traffic between Hobart and Melbourne in Australia. This was followed by an official launch of the Basslink telecoms network by the Premier of Tasmania, David Bartlett and Federal Minister for Broadband, Communications and the Digital Economy, Senator Stephen Conroy on 16 July 2009.

Key Information

Basslink Services Agreement

The primary revenue-generating agreement in relation to Basslink is the Basslink Services Agreement between BPL and Hydro Tasmania. Under the Basslink Services Agreement, BPL is required to make Basslink available exclusively to Hydro Tasmania and to pass through to Hydro Tasmania all revenue received by BPL from Australian Energy Market Operator for participating in the NEM in return for certain fees.

Under the Basslink Services Agreement, BPL's principal source of revenue from the operations of Basslink is a facility fee ("**Basslink Facility Fee**"), payable monthly by Hydro Tasmania. The Basslink Facility Fee is based on availability – it is payable in full if Basslink's cumulative availability is equal to or greater than 97%. If Basslink's cumulative availability is less than 97%, the Basslink Facility Fee is reduced with increasingly greater deductions the greater the shortfall from 97%. The Basslink Facility Fee is equal to a base fee, as determined prior to the date on which Basslink commenced commercial operations based on the final construction costs of Basslink, subject to a quarterly escalator to reflect 65% of changes in CPI.

The Basslink Services Agreement provides a commercial risk sharing mechanism ("**CRSM**") to share the market risk associated with participating in the NEM between Hydro Tasmania and BPL. Under the CRSM, for every month in a calendar year during the term of the Basslink Services Agreement, an adjustment ("**CRSM Adjustment**") will be applied to a portion of the unadjusted Basslink Facility Fee (as adjusted for CPI changes), subject to certain limits, to reflect the difference between the average high and low Victorian electricity pool prices. The CRSM Adjustments are calculated on a cumulative basis from the beginning of that calendar year to the end of that month, subject to reset at the beginning of the following calendar year. If the adjusted Basslink Facility Fee for any month: (a) exceeds the unadjusted Basslink Facility Fee for that month, this will result in a **positive** CRSM Adjustment from Hydro Tasmania to BPL; and (b) conversely, is less than the unadjusted Basslink Facility Fee for that month, this will result in a **negative** CRSM Adjustment from BPL to Hydro Tasmania, in each case payable on a monthly basis. Under the Basslink Services Agreement, CRSM Adjustments to the Basslink Facility Fee payments are subject to the following limits: (i) the aggregate CRSM adjusted Basslink Facility Fees cannot be more than 125% or less than 80% of the unadjusted Basslink Facility Fees; and (ii) the aggregate cumulative CRSM Adjustments in any five-year period during the term of the

Basslink Services Agreement must not be less than 83% of the aggregate cumulative unadjusted Basslink Facility Fees for that five-year period. There are also provisions relating to the review of CRSM Adjustments.

BPL is entitled to revenues under the Basslink Services Agreement from 28 April 2006 for an initial period of 25 years expiring in 2031. Under the Basslink Services Agreement, Hydro Tasmania has an option, exercisable not later than two years prior to the expiry of the initial period, to extend the Basslink Services Agreement for a further period of 15 years. For this extension period, the Basslink Services Agreement will apply on the same terms as those applicable to the initial period, except that the FIRD Payments will cease to be payable and the Basslink Facility Fee will be adjusted to 90% of the fee that would otherwise be payable. The Basslink Services Agreement may also be further extended at the expiry of the first extension period subject to the mutual agreement of BPL and Hydro Tasmania.

Basslink Operations Agreement

Under the operations agreement dated 28 February 2000 made between the State of Tasmania and BPL, BPL is responsible for operating and maintaining Basslink to meet certain minimum technical specifications and requirements from the date it is commissioned for a 40-year period.

Connection Agreements and Use of System Agreements

BPL has entered into separate 40-year connection agreements with Transend Networks Pty Ltd (“**Transend**”) and AusNet Services (formerly known as AusNet Services Limited) (“**AusNet Services**”) in order to connect Basslink to the Tasmanian and Victorian transmission systems, respectively. BPL pays a monthly network connection charge under these connection agreements. CityLink and CIT had provided certain guarantees for the obligations of BPL under its connection agreement with AusNet Services in replacement of the guarantee previously given by the seller group.

Under its agreement with the Victorian Energy Networks Corporation, BPL acquires access for Basslink to the Victorian electricity grid. Under this agreement, BPL may be charged use of system charges in accordance with the National Electricity Rules.

Insurance

BPL is required to take out and maintain during the initial 25-year term of the Basslink Services Agreement operational insurances in respect of property damage/all-risk insurance, third party liability insurance, business interruption insurance and workers’ compensation insurance.

EPC Contract

The EPC Contract dated 28 January 2000 made between BPL and the EPC contractors (the Tas-Vic consortium, comprising Siemens and Prysmian, among others) was for the construction of Basslink. The EPC Contract provides for, among others, certain construction warranties in respect of Basslink and obliges the EPC contractors to supply significant spares required for the operation, maintenance and overhaul of Basslink for up to 40 years.

CITYNET INFRASTRUCTURE MANAGEMENT

Overview

CityNet was awarded a mandate to act as the trustee-manager of NetLink Trust (“**NetLink Trust**”) on 22 July 2011. Singapore Telecommunications Limited (“**SingTel**”) undertook to the IDA to transfer certain telecommunications infrastructure assets to a separate wholly-owned entity, as

part of the IDA's effective open access requirements. NetLink Trust was established to comply with this undertaking. The transfer was funded by the issue of new units in NetLink Trust to SingTel, which is the initial and sole unitholder of NetLink Trust, and a loan from SingTel. The transfer was completed in November 2011.

CityNet (in its capacity as trustee-manager of NetLink Trust) carries on the business of owning, installing, operating and maintaining the assets for the purpose of facilitating telecommunication activities. NetLink Trust's revenue consists primarily of fees and charges from granting access to and use of the assets and providing related operation and maintenance services. Such revenue is earned by NetLink Trust (and not CityNet).

Key Information

SingTel had appointed CityNet on 22 July 2011 to act as the trustee-manager of NetLink Trust. For acting as the trustee-manager of NetLink Trust, CityNet received an annual management fee of approximately S\$2.1 million. Additionally, CityNet may receive an incentive fee if it secures new customers for access and use of the assets. Such fees will be earned by CityNet (and not NetLink Trust).

On 28 November 2013, CityNet (in its capacity as trustee-manager of NetLink Trust) completed the acquisition of OpenNet Pte. Ltd. ("**OpenNet**") for an aggregate cash consideration of S\$126 million (the "**OpenNet Acquisition**"). The principal activities of OpenNet are to design, build and operate the fibre network for Singapore's Next Generation Nationwide Broadband Network.

Following the completion of the OpenNet Acquisition, CityNet will receive an additional S\$2 million to its existing annual management fee of approximately S\$2.1 million. SingTel's appointment of CityNet as trustee-manager of NetLink Trust has also been extended for a three-year period starting from the completion of the OpenNet Acquisition. This appointment may be extended or terminated in accordance with the terms of the trust deed constituting NetLink Trust.

DATACENTRE ONE PTE. LTD.

Overview

In June 2014, City DC Pte. Ltd. ("**CityDC**"), a wholly-owned subsidiary of CIT, together with WDC Development Pte. Ltd. ("**WDC**"), a wholly-owned subsidiary of Shimizu Corporation, established a new joint venture company, DataCentre One Pte. Ltd. ("**DC One**"), to develop and lease a data centre. CityDC holds a 51% share of DC One, with the remaining 49% share held by WDC.

A data centre is a building which houses information technology and telecommunication systems. There is requirement for very high reliability and network availability and the building typically provides back-up power sources, redundant telecommunication connections, strict building ambience controls and stringent security configuration.

The data centre will be located at 2 Marsiling Lane on a land area of about 8,538 square metres. The building will have four floors of data centre halls and one floor of office and ancillary space. DSCO Group Pte Ltd is the designer of the data centre. Shimizu Corporation (Singapore branch) undertakes the construction. Construction commenced in fourth quarter of 2014 and is expected to be completed by first quarter of 2016.

Key Information

Development Agreement

DC One had, on 30 June 2014, entered into a development agreement with 1-Net Singapore Pte. Ltd. ("**1-Net**"), a wholly-owned subsidiary of MediaCorp Pte Ltd, pursuant to which DC One will procure the design and construction of a five-storey data centre building together with water apparatus, lightings and other appliances and fixtures ("**Shell**") and procure the design and installation of all plant, mechanical and electrical equipment installed or to be installed by DC One on, at or in the Shell and/or the data centre ("**Shell M&E**") and all mechanical and electrical equipment installed or to be installed by DC One on, at or in the Shell and/or the data centre ("**Core M&E**") in accordance with and as set out in a design brief and detailed plans and specifications which has been agreed, accepted and approved by 1-Net.

Lease Agreement

DC One and 1-Net had, on 30 June 2014, signed a lease agreement ("**Lease Agreement**"), pursuant to which DC One will lease the five-storey data centre building together with the Shell, Shell M&E and the Core M&E ("**Data Centre**") to 1-Net for a period of 20 years (which may be renewed for approximately 8 years at 1-Net's option) on the terms and conditions contained in the Lease Agreement, to be effective upon *inter alia* completion of the development works and the Data Centre being ready for use and operation by 1-Net for use as a data centre. The fees payable by 1-Net to DC One in relation to the Lease Agreement is between a range of S\$11 million and S\$21 million yearly.

This page has been intentionally left blank.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW OF
PAST PERFORMANCE OF THE KIT GROUP FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2012, 2013 AND 2014**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31 DECEMBER**

	2014	2013	2012
	S\$'000	S\$'000	S\$'000
Revenue	65,451	67,113	76,248
Other income	832	869	781
Operation and maintenance costs	(36,674)	(35,703)	(35,180)
Electricity costs	(5,551)	(6,829)	(8,313)
Construction costs	–	–	(7,725)
Depreciation	(289)	(350)	(240)
Trustee-Manager's fees	(4,769)	(4,698)	(4,588)
Trust expenses	(1,853)	(1,414)	(1,310)
Other operating expenses	(4,044)	(4,279)	(4,185)
Operating profit	13,103	14,709	15,488
Interest income	100	77	95
Interest expense	(8)	–	–
Profit before income tax	13,195	14,786	15,583
Income tax expense	(486)	(603)	(806)
Profit for the year, representing total comprehensive income for the year	12,709	14,183	14,777

PROFIT AND LOSS ANALYSIS

FY2014 compared to FY2013

KIT Group revenue for 2014 was S\$65.5 million. Finance income, representing the accretion on the service concession receivables in respect of the fixed capital cost and recovery components, decreased by 5.5% to S\$16.2 million in 2014, in line with lower service concession receivables. Revenue from operation and maintenance (“**O&M**”) was S\$49.3 million for 2014, which was 1.4% lower than 2013. This was mainly due to lower production of NEWater and lower power tariff arising from changes in fuel price, partially offset by higher output from the waste-to-energy plants and higher O&M tariffs due to changes in consumer price index (“**Singapore CPI**”).

O&M costs of S\$36.7 million for 2014 was S\$1.0 million higher than 2013 as a result of higher output from the waste-to-energy plants and higher O&M tariffs due to changes in Singapore CPI, partially offset by lower production of NEWater. Electricity cost of S\$5.6 million for 2014 was 18.7% lower than prior year due to lower production of NEWater, lower electricity prices and savings from the solar photovoltaic (“**PV**”) system which generates electricity for internal consumption.

Trustee-Manager's fee for 2014 was S\$4.8 million comprising a fixed management fee and a performance fee of 4.5% per annum of all cash inflow received by KIT from the sub-trusts. Trust expenses were higher compared to previous year as higher project evaluation and due diligence expenses were incurred in connection with the Proposed Transactions. Profit before and after income tax was S\$13.2 million and S\$12.7 million respectively for 2014.

FY2013 compared to FY2012

Revenue from O&M was S\$50.0 million for 2013, which was S\$0.3 million lower than 2012, due to lower output from the waste-to-energy plants and NEWater plant, partly offset by annual adjustment of O&M and power tariffs arising from changes in Singapore CPI and fuel price. Finance income was S\$17.1 million for 2013, representing the accretion on the service concession receivables in respect of the fixed capital cost and recovery components.

The O&M costs of S\$35.7 million for 2013 was 1.5% higher than last year due to annual adjustment of O&M tariffs arising from changes in Singapore CPI, partly offset by lower output from the waste-to-energy plants and NEWater plant. Electricity cost was S\$6.8 million for 2013, which was 17.9% lower as compared to 2012. This was mainly attributable to lower output of NEWater and, lower electricity price from measures taken to mitigate the volatility of electricity cost by fixing the price, and savings from the solar PV system which generates electricity for plant consumption.

Trustee-Manager's fee for 2013 was S\$4.7 million comprising a fixed management fee and performance fee of 4.5% per annum of all cash inflow received by KIT from the sub-trusts. Trust expense was higher compared to 2012, mainly due to bank commitment fee incurred by the Trust, partly offset by lower statutory expenses and professional fee.

Profit before tax was S\$14.8 million for 2013. After taking into account income tax expense, net profit was S\$14.2 million for 2013. Overall, the effective tax rate is lower than the statutory tax rate of 17% as the qualifying project debt securities ("QPDS") interest income received by KIT from the sub-trusts qualifies for tax exemption, while the interest expenses paid by the sub-trusts to KIT is tax deductible.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	2014	2013	2012
	S\$'000	S\$'000	S\$'000
Non-Current Assets			
Plant and equipment	1,587	1,876	1,658
Service concession receivables	471,047	509,805	547,616
Total Non-Current Assets	472,634	511,681	549,274
Current Assets			
Inventories	11,411	13,491	15,359
Service concession receivables	54,956	54,956	54,956
Trade and other receivables	22,281	19,258	19,048
Cash, bank and deposit balances	49,744	43,143	42,795
Total Current Assets	138,392	130,848	132,158

	2014 S\$'000	2013 S\$'000	2012 S\$'000
Current Liabilities			
Trade and other payables	15,940	14,217	17,799
Loan from a related party	3,479	–	–
Income tax payable	511	666	864
Total Current Liabilities	19,930	14,883	18,663
Net Current Assets	118,462	115,965	113,495
Non-Current Liability			
Deferred tax liability	–	10	67
Net Assets	591,096	627,636	662,702
<i>Represented by:</i>			
Unitholders' Funds			
Units in issue	719,307	719,307	719,307
Revenue reserves	(128,211)	(91,671)	(56,605)
	591,096	627,636	662,702

FINANCIAL POSITION ANALYSIS

FY2014 compared to FY2013

KIT Group unitholders' funds decreased from S\$627.6 million at 31 December 2013 to S\$591.1 million at 31 December 2014. The decrease was mainly attributable to the distribution of S\$49.2 million paid to unitholders, partially offset by increase in total comprehensive income of S\$12.7 million for the year.

Total assets of KIT Group decreased by S\$31.5 million to S\$611.0 million as at 31 December 2014. KIT Group total liabilities increased by S\$5.0 million to S\$19.9 million as compared to the previous year-end due to higher O&M fees payable to O&M operators, higher professional fees payable as a result of the Proposed Transactions and S\$3.5 million loan payable. The loan was drawn down to fund the capacity expansion project at the Senoko waste-to-energy plant.

FY2013 compared to FY2012

KIT Group unitholders' funds decreased from S\$662.7 million at 31 December 2012 to S\$627.6 million at 31 December 2013. The decrease was mainly attributable to the distribution of S\$49.2 million paid to unitholders, partially offset by increase in comprehensive income of S\$14.2 million for the year.

Correspondingly, total assets of KIT Group decreased by S\$38.9 million to S\$642.5 million as at 31 December 2013. Trade and other receivables of S\$19.3 million were S\$0.2 million higher primarily due to grant receivable in relation to the installation of solar PV system. KIT Group total liabilities decreased by S\$3.8 million to S\$14.9 million as compared to S\$18.7 million in the previous year end, mainly due to payments made to O&M operators.

As at 31 December 2013, KIT Group had no external borrowing.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

CASH FLOWS FROM OPERATING ACTIVITIES	2014 S\$'000	2013 S\$'000	2012 S\$'000
Operating activities			
Profit before income tax	13,195	14,786	15,583
<u>Adjustments for:</u>			
Depreciation	289	350	240
Interest income	(100)	(77)	(95)
Interest expense	8	–	–
Operating cash flows before movements in working capital	13,392	15,059	15,728
Decrease in inventories	2,080	1,868	52
Decrease in service concession receivables	38,758	37,811	36,691
Decrease in trade and other receivables	456	109	2,940
Increase/(Decrease) in trade and other payables	1,716	(2,523)	(2,089)
Cash generated from operations	56,402	52,324	53,322
Income tax paid	(651)	(858)	(1,148)
Interest received	99	77	95
Net cash from operating activities	55,850	51,543	52,269
CASH FLOWS FROM INVESTING ACTIVITY			
Construction of assets, representing net cash used in investing activity	–	(1,946)	(7,851)
CASH FLOWS FROM FINANCING ACTIVITY			
Distribution paid, representing net cash used in financing activity	(49,249)	(49,249)	(49,249)
Net increase/(decrease) in cash and cash equivalents	6,601	348	(4,831)
Cash and cash equivalents at beginning of year	43,143	42,795	47,626
Cash and cash equivalents at end of year	49,744	43,143	42,795

CASHFLOW ANALYSIS

FY2014 compared to FY2013

Cash generated from operations of S\$56.4 million for 2014 was derived from KIT Group's pre-tax profit of S\$13.2 million, after adjusting for non-cash items and changes in working capital of S\$43.2 million. Decrease in inventories by S\$2.1 million was due to spare parts utilised by the O&M operator for maintenance and repair of the waste-to-energy plants. Taking into account income taxes paid, net cash flow from operating activities was S\$55.9 million for 2014 as

compared to S\$51.5 million in prior year. The net increase in cash and cash equivalents was S\$6.6 million for 2014, after making 2 semi-annual distribution payments totalling S\$49.2 million during the year.

KIT, being a business trust, is allowed to pay distributions to unitholders out of its residual cash flows, which is largely derived from the operating cash flow generated from operations of the sub-trusts. For 2H 2014, KIT Group will be distributing 4.69 cents per unit to its unitholders. Together with the 3.13 cents paid earlier in 2014, the full year distribution will be maintained at 7.82 cents, the same rate as the previous year.

FY2013 compared to FY2012

Cash generated from operations of S\$52.3 million for 2013 was derived from KIT Group's pre-tax profit of S\$14.8 million, after adjusting for non-cash items and changes in working capital of S\$37.5 million. Decrease in inventories by S\$1.9 million for 2013 was mainly due to inventories utilised by the O&M operator for maintenance and repair of the plants. Taking into account income taxes paid, cash flow from operating activities was S\$51.5 million for 2013 as compared to S\$52.3 million in 2012.

Net cash used in investing activity of S\$1.9 million was for the payment of the installation of solar PV system at Ulu Pandan Plant, compared to S\$7.9 million made for the Flue Gas Treatment upgrading contract in 2012. The net increase in cash and cash equivalents was S\$0.3 million for 2013, after making 2 semi-annual distribution payments totalling S\$49.2 million during the year.

For 2H 2013, KIT Group distributed 4.69 cents per unit to its unitholders. Together with the 3.13 cents paid earlier in 2013, the full year distribution was maintained at 7.82 cents, the same rate as the previous year.

This page has been intentionally left blank.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE KIT GROUP FOLLOWING THE COMPLETION OF THE KMC ACQUISITION FOR THE YEAR ENDED 31 DECEMBER 2014

Basis of Preparation

- (a) The unaudited pro forma consolidated financial information of the KIT Group following the KMC Acquisition has been prepared for illustrative purposes only, and is based on certain assumptions, after making certain adjustments, to show:
- (i) The unaudited pro forma consolidated financial position of the KIT Group as at 31 December 2014 if the KMC Acquisition and Restructuring had occurred on 31 December 2014;
 - (ii) The unaudited pro forma consolidated financial results of the KIT Group for the year ended 31 December 2014 if the KMC Acquisition and Restructuring had occurred on 1 January 2014; and
 - (iii) The unaudited pro forma consolidated cash flows of the KIT Group for the year ended 31 December 2014 if the KMC Acquisition and Restructuring had occurred on 1 January 2014.

The unaudited pro forma consolidated financial information, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of the KIT Group following the completion of the KMC Acquisition.

- (b) The unaudited pro forma consolidated financial information of the KIT Group following the completion of the KMC Acquisition for the year ended 31 December 2014 have been compiled based on the following:
- (i) The audited consolidated financial statements of the KIT Group for the year ended 31 December 2014, which were prepared in accordance with the Business Trusts Act (Chapter 31A) and Singapore Financial Reporting Standards ("SFRS"), and audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered with the Accounting and Corporate Regulatory Authority in Singapore;
 - (ii) The audited financial statements of KMC for the year ended 31 December 2014, which were prepared in accordance with the Singapore Companies Act and SFRS, and audited by Deloitte & Touche LLP; and
 - (iii) Without taking into account, among other things, the allocation of the consideration for the KMC Acquisition to the identifiable assets of KMC and goodwill, which exercise will be carried out upon completion of the KMC Acquisition.

The auditors' reports on the consolidated financial statements of the KIT Group and KMC do not contain any qualification.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	S\$'000
Revenue	198,751
Other income	832
Operation and maintenance costs	(50,174)
Fuel and electricity costs	(11,051)
Depreciation/Amortisation	(68,505)
Trustee-Manager's fees	(10,997)
Trust expenses	(3,618)
Other operating expenses	(10,344)
Operating profit	44,894
Interest income	100
Interest expense	(61,433)
Loss before income tax	(16,439)
Income tax expense	7,898
Loss for the year, representing total comprehensive income for the year	(8,541)
Profit/(Loss) attributable to:	
– Unitholders	18,571
– Non-controlling interest	(27,112)
	(8,541)

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2014**

	S\$'000
Non-Current Assets	
Plant and equipment	1,169,809
Goodwill/Intangibles	716,000
Service concession receivables	471,047
Other receivables and prepayments	56
Total Non-Current Assets	2,356,912
Current Assets	
Inventories	38,848
Service concession receivables	54,956
Trade and other receivables	66,457
Cash, bank and deposit balances	226,561
Total Current Assets	386,822
Current Liabilities	
Trade and other payables	83,018
Loan from a related party	3,479
Income tax payable	511
Total Current Liabilities	87,008
Net Current Assets	299,814
Non-Current Liabilities	
Borrowings	697,900
Notes payable to non-controlling interest	245,000
Other payables	201,600
Deferred tax liability	165,230
Total Non-Current Liabilities	1,309,730
Net Assets	1,346,996
<i>Represented by:</i>	
Unitholders' Funds	
Units in issue	1,236,307
Revenue reserves	(134,311)
	1,101,996
Non-controlling interest	245,000
	1,346,996

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014

	S\$'000
Operating Activities	
Loss before income tax	(16,439)
Adjustments for:	
Depreciation/Amortisation	68,505
Interest income	(100)
Interest expense	61,433
Transaction costs	7,000
Operating cash flows before movements in working capital changes	120,399
Decrease in inventories	2,080
Decrease in service concession receivables	38,758
Decrease in trade and other receivables	457
Increase in trade and other payables	815
Cash generated from operations	162,509
Income tax paid	(651)
Interest paid	(61,425)
Interest received	99
Net cash from operating activities	100,532
Investing Activities	
Purchase of property, plant and equipment	(14,039)
Proceeds from sale of property, plant and equipment	1,214
Acquisition of subsidiary	(255,000)
Transaction costs	(7,000)
Net cash used in investing activities	(274,825)
Financing Activities	
Proceeds from borrowings	700,000
Payment of related party loans	(1,200,000)
Payment of loan upfront fee	(2,100)
Proceeds from issuance of notes to non-controlling interest	245,000
Issuance of units, net of costs	517,000
Distribution paid	(89,431)
Net cash used in financing activities	170,469
Net decrease in cash and cash equivalents	(3,824)
Cash and cash equivalents at beginning of year	99,487
Cash and cash equivalents at end of year	95,663

**REPORTING ACCOUNTANT'S REPORT OF DELOITTE AND TOUCHE LLP
ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE KIT GROUP FOLLOWING THE COMPLETION OF
THE KMC ACQUISITION FOR THE YEAR ENDED 31 DECEMBER 2014**

2 April 2015

The Board of Directors
Keppel Infrastructure Fund Management Pte. Ltd.
(in its capacity as Trustee-Manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Dear Sirs

Report on the compilation of Unaudited Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Keppel Infrastructure Trust ("KIT") and its subsidiaries (the "KIT Group") following the completion of the acquisition of a 51% equity stake in Keppel Merlimau Cogen Pte Ltd ("KMC") (the "KMC Acquisition") by Keppel Infrastructure Fund Management Pte. Ltd. ("KIFM") (the "Trustee-Manager"), in its capacity as trustee-manager of KIT. The unaudited pro forma financial information of the KIT Group consists of the unaudited pro forma statement of comprehensive income for the year ended 31 December 2014, the unaudited pro forma statement of financial position as at 31 December 2014 and the unaudited pro forma statement of cash flows for the year ended 31 December 2014 (collectively, the "Unaudited Pro Forma Financial Information") as set out in Appendix C of the circular (the "Circular") to be issued in connection with the:

- (1) KMC acquisition and the proposed KIT equity fund raising;
- (2) proposed disposal of the business undertaking and assets of KIT to Cityspring Infrastructure Trust ("CIT") in consideration for 1,326,319,374 new units in CIT;
- (3) proposed distribution-in-specie of 1,326,319,374 new units in CIT to entitled unitholders of KIT; and
- (4) proposed winding up of KIT.

The basis and assumptions (the "Criteria") which the Trustee-Manager has used to compile the Unaudited Pro Forma Financial Information are described in Appendix C of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Trustee-Manager to illustrate the impact of what:

- (a) the unaudited pro forma financial results of the KIT Group for the year ended 31 December 2014 would have been if the KMC Acquisition had been completed on 1 January 2014;
- (b) the unaudited pro forma financial position of the KIT Group as at 31 December 2014 would have been if the KMC Acquisition had been completed on 31 December 2014; and

- (c) the unaudited pro forma cash flows of the KIT Group for the year ended 31 December 2014 would have been if the KMC Acquisition had been completed on 1 January 2014.

The Unaudited Pro Forma Financial Information has been compiled based on the following:

- (a) the audited financial statements of the KIT Group for the year ended 31 December 2014, on which audit report has been published on 21 January 2015; and
- (b) the audited financial statements of KMC for the year ended 31 December 2014, on which audit report has been issued on 23 January 2015, but not publicly available.

The Trustee-Manager's responsibility for the Unaudited Pro Forma Financial Information

The Trustee-Manager is responsible for compiling the Unaudited Pro Forma Financial Information based on the Criteria.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Trustee-Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (SSAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants. This standard requires that the Reporting Accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Trustee-Manager has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the Criteria used by the Trustee-Manager in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those Criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountant's judgment, having regard to his understanding of the nature of the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Unaudited Pro Forma Financial Information has been compiled in all material respects, on the basis of the Criteria.

Restriction of Use and Distribution

This report has been prepared for inclusion in the Circular and for no other purposes.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Patrick Tan Hak Pheng
Partner

This page has been intentionally left blank.

Unitholders should take note that information in this Appendix E has been extracted from SGXNet announcements made by CIT and the sole responsibility of the directors of Keppel Infrastructure Fund Management Pte. Ltd. has been to ensure that such information has been accurately and correctly extracted from the sources and reproduced in this Appendix E in its proper form and context.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE CIT GROUP
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2012, 2013 AND 2014
AND UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF
THE CIT GROUP FOR THE NINE MONTHS ENDED 31 DECEMBER 2014**

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD/YEAR ENDED

	31 Dec 2014 S\$'000	31 Mar 2014 S\$'000	31 Mar 2013 S\$'000	31 Mar 2012 S\$'000
Revenue	380,439	521,052	523,888	481,407
Other income	2,473	2,809	3,352	4,471
Other (losses)/gains – net	(3,594)	(1,933)	(7,323)	11,827
Expenses				
Fuel and electricity costs	(152,547)	(215,405)	(197,980)	(195,847)
Gas transportation costs	(63,496)	(85,128)	(81,691)	(81,259)
Depreciation/Amortisation	(35,397)	(52,294)	(54,813)	(55,621)
Staff costs	(19,555)	(25,239)	(23,971)	(22,776)
Operation and maintenance costs	(16,663)	(25,752)	(25,328)	(24,980)
Finance costs	(53,478)	(65,272)	(68,864)	(88,592)
Management fees	(5,740)	(7,069)	(6,480)	(5,453)
Other operating expenses	(36,169)	(43,878)	(35,140)	(35,548)
Total expenses	(383,045)	(520,037)	(494,267)	(510,076)
(Loss)/profit before joint venture	(3,727)	1,891	25,650	(12,371)
Share of results of joint venture	(43)	–	–	–
Operating (loss)/profit before tax	(3,770)	1,891	25,650	(12,371)
Income tax expense	(3,607)	(1,549)	(6,071)	(22,615)
Net (loss)/profit after tax	(7,377)	342	19,579	(34,986)
(Loss)/Profit attributable to:				
Unitholders	(9,786)	(2,103)	18,240	(36,183)
Non-controlling interests	2,409	2,445	1,339	1,197
	(7,377)	342	19,579	(34,986)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT:

	31 Dec 2014 S\$'000	31 Mar 2014 S\$'000	31 Mar 2013 S\$'000	31 Mar 2012 S\$'000
Current Assets				
Cash and bank deposits	226,904	304,327	202,364	160,533
Derivative financial instruments	1,568	—	—	—
Trade and other receivables	63,367	68,554	64,924	64,477
Finance lease receivables	8,638	8,382	8,067	7,763
Inventories	21,241	20,040	18,096	15,208
Other current assets	4,648	3,878	3,059	2,438
Total Current Assets	326,366	405,181	296,510	250,419
Non-Current Assets				
Derivative financial instruments	—	3,859	—	8,736
Finance lease receivables	133,137	139,708	148,040	156,100
Other assets	1,680	2,137	2,865	3,434
Investment in joint venture	10,866	—	—	—
Property, plant and equipment	916,219	1,008,471	1,160,928	1,205,091
Intangibles	377,169	388,486	404,463	416,462
Total Non-Current Assets	1,439,071	1,542,661	1,716,296	1,789,823
Current Liabilities				
Derivative financial instruments	16,342	15,039	13,820	6,557
Trade and other payables	99,189	105,574	99,433	90,302
Current tax liabilities	11,517	9,061	5,189	373
Borrowings	17,992	152,450	137,547	9,332
Total Current Liabilities	145,040	282,124	255,989	106,564
Non-Current Liabilities				
Derivative financial instruments	85,704	7,169	36,270	12,537
Borrowings	1,153,697	1,145,278	1,206,776	1,343,505
Notes payable to non-controlling interest	15,000	15,000	15,000	15,000
Deferred tax liabilities	23,098	23,756	24,204	24,462
Provisions	22,465	24,044	28,541	20,245
Other payables	87,479	84,137	80,873	84,093
Total Non-Current Liabilities	1,387,443	1,299,384	1,391,664	1,499,842
Net Assets	232,954	366,334	365,153	433,836
Represented by:				
Unitholders' Funds				
Units in issue	886,731	886,731	886,731	886,731
Hedging reserve	(205,888)	(121,597)	(143,465)	(109,048)
Translation reserve	(26,332)	(24,144)	(14,394)	(11,983)
Capital reserve	38,710	38,710	—	—
Accumulated losses	(471,911)	(424,760)	(372,837)	(341,257)
	221,310	354,940	356,035	424,443
Non-controlling interests	11,644	11,394	9,118	9,393
Total Unitholders' Funds	232,954	366,334	365,153	433,836

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED TRUST FOR THE 12-MONTH PERIODS ENDED
31 DECEMBER 2012, 2013 AND 2014**

Basis of Preparation for the Enlarged Trust

- (a) The unaudited pro forma consolidated financial information for the Enlarged Trust has been prepared for illustrative purposes only, and based on certain assumptions after making certain adjustments, to show:
- (i) The unaudited pro forma consolidated financial position of the Enlarged Trust as at 31 December 2014 if the Disposal and the KMC Acquisition and Restructuring had occurred on 31 December 2014;
 - (ii) The unaudited pro forma consolidated financial results of the Enlarged Trust for the years ended 31 December 2012, 2013 and 2014 if the Disposal and the KMC Acquisition and Restructuring had occurred on 1 January 2012; and
 - (iii) The unaudited pro forma consolidated cash flows of the Enlarged Trust for the year ended 31 December 2014 if the Disposal and the KMC Acquisition and Restructuring had occurred on 1 January 2014.

The unaudited pro forma consolidated financial information, because of their nature, may not give a true picture of the actual financial position, financial results and cash flows of the Enlarged Trust.

- (b) The unaudited pro forma consolidated financial information of the Enlarged Trust for the years ended 31 December 2012, 2013 and 2014 have been compiled based on the following:
- (i) The audited consolidated financial statements of the KIT Group for FY 2012, 2013 and 2014, which were prepared in accordance with the Business Trusts Act (Chapter 31A) (“**BTA**”) and Singapore Financial Reporting Standards (“**SFRS**”), and audited by Deloitte & Touche LLP, a firm of Public Accountants and Chartered Accountants registered with the Accounting and Corporate Regulatory Authority in Singapore (“**ACRA**”);
 - (ii) The audited consolidated financial statements of the CIT Group for FY 2012, 2013 and 2014, which were prepared in accordance with the BTA and SFRS, and audited by Ernst & Young LLP, a firm of Public Accountants and Chartered Accountants registered with the ACRA;
 - (iii) The unaudited consolidated financial statements of the CIT Group for the nine months ended 31 December 2014, which were prepared in accordance with the BTA and SFRS; and
 - (iv) The audited financial statements of KMC for FY 2012, 2013 and 2014 which were prepared in accordance with the Singapore Companies Act and SFRS and audited by Deloitte & Touche LLP.

The auditors’ reports on the consolidated financial statements of the KIT Group, the CIT Group and KMC do not contain any qualification.

- (c) The unaudited pro forma consolidated financial information of the Enlarged Trust has been prepared on the following key bases and assumptions:
- (i) For the purposes of the consolidated balance sheet and consolidated cash flow statement, after taking into account the Pre-Completion Distribution and the Post-Completion Distribution;
 - (ii) Assuming that (A) the revised fee structure for the Replacement Trustee-Manager had been adopted with effect from 1 January 2012, (B) KIFM had waived its divestment fee in respect of the disposal of KIT's assets to CIT pursuant to the Disposal, (C) the once-off cash inflow from a sub-trust to CIT of S\$89.2 million in 2014 was excluded for purposes of calculating the performance fees; and (D) there were no other fees payable for acquisitions or divestments for the financial years ended 31 December 2012, 2013 and 2014;
 - (iii) Assuming that:
 - (A) Under the KMC CTA, the maximum capacity fee of S\$108 million per annum is realised for 15 years, less the estimated cash balance of S\$216 million in KMC on completion of the KMC Acquisition, and KMC's total debtors less total creditors, including all amounts (trade or non-trade related, prepayments and deposits) due from or to related companies, shall not be negative;
 - (B) The KMC Acquisition is funded with a S\$700 million senior secured loan at an "all-in" finance cost of 3.0% per annum, which includes upfront fee of 0.3%, and S\$500 million principal amount of KMC Notes issued by KMC at the interest rate of 16.5% per annum; and
 - (C) The new CIT Units to be issued pursuant to the Enlarged Trust Equity Fund Raising are issued by way of a non-renounceable preferential offering at an illustrative price of S\$0.485 per unit and a placement at an illustrative price of S\$0.49 per unit;
 - (iv) After taking into account the fees, expenses and taxes incurred by both CIT and KIT in connection with the Disposal and the KMC Acquisition, including that for the Enlarged Trust Equity Fund Raising; and
 - (v) Without taking into account, among other things, (A) the allocation of the consideration for the Disposal and the KMC Acquisition to the identifiable assets of KIT and KMC and goodwill, which exercise will be carried out upon completion of the Disposal and the KMC Acquisition and, (B) the differences in the accounting policies used in the preparation of the audited consolidated financial statements of CIT, KIT and KMC.
- (d) For comparability and for the purposes of preparation of the unaudited pro forma financial information of the Enlarged Trust for inclusion in this Circular, the CIT Group has prepared financial statements under SFRS on a 31 December financial year end basis for the years ended 31 December 2012, 2013 and 2014. The analyses set out in this Appendix are based on the unaudited consolidated financial statements of the CIT Group prepared on a 31 December financial year end basis as set out above.

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

	2014	2013	2012
	S\$'000	S\$'000	S\$'000
Revenue	715,954	715,572	734,220
Other income	4,110	3,789	4,463
Other (losses)/gains – net	(4,342)	1,255	(8,743)
Expenses			
Fuel and electricity costs	(220,425)	(219,386)	(215,138)
Gas transportation costs	(84,866)	(84,077)	(81,639)
Depreciation and Amortisation	(116,671)	(121,812)	(123,453)
Staff costs	(26,505)	(25,384)	(23,462)
Operation and maintenance costs	(75,965)	(75,193)	(72,073)
Finance costs	(131,413)	(128,958)	(130,224)
Construction expense	–	–	(7,725)
Management fees	(8,868)	(10,019)	(14,529)
Other operating expenses	(57,605)	(52,983)	(63,771)
Total expenses	(722,318)	(717,812)	(732,014)
(Loss)/profit before joint venture	(6,596)	2,804	(2,074)
Share of results of joint venture	(43)	–	–
Operating (loss)/profit before tax	(6,639)	2,804	(2,074)
Income tax (expense)/credit	(708)	11,404	4,892
Net (loss)/profit after tax	(7,347)	14,208	2,818
Profit/(loss) attributable to:			
Unitholders	16,696	39,240	28,562
Non-controlling interests	(24,043)	(25,032)	(25,744)
	(7,347)	14,208	2,818

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL POSITION AS AT 31 DECEMBER 2014

	As at 31 Dec 2014 S\$'000
ASSETS	
Current assets	
Cash and bank deposits	381,465
Trade and other receivables	129,824
Service concession receivables	54,956
Derivative financial instruments	1,568
Finance lease receivables	8,638
Inventories	60,089
Other current assets	4,648
Total current assets	641,188
Non-current assets	
Service concession receivables	471,047
Finance lease receivables	133,137
Other assets	1,736
Investment in joint venture	10,866
Property, plant and equipment	2,086,028
Intangibles	1,159,027
Total non-current assets	3,861,841
Total assets	4,503,029
LIABILITIES	
Current liabilities	
Derivative financial instruments	16,342
Trade and other payables	182,207
Loan from a related party	3,479
Current tax liabilities	12,028
Borrowings	17,992
Total current liabilities	232,048
Non-current liabilities	
Derivative financial instruments	85,704
Borrowings	1,851,597
Notes payable to non-controlling interest	260,000
Deferred tax liabilities	188,328
Provisions	22,465
Other payables	289,079
Total non-current liabilities	2,697,173
Total liabilities	2,929,221
Net assets	1,573,808
UNITHOLDERS' FUNDS	
Units in issue	2,061,585
Hedging reserve	(205,888)
Translation reserve	(26,332)
Capital reserve	38,710
Accumulated losses	(550,911)
	1,317,164
Non-controlling interests	256,644
Total unitholders' funds	1,573,808

**UNAUDITED PRO FORMA CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2014**

	2014 S\$'000
Operating activities	
Loss before tax	(25,638)
Adjustments for:	
Depreciation and amortisation	116,671
Finance costs	131,413
Interest income	(2,294)
Fair value loss on derivative financial instruments	3,467
Property, plant and equipment written off	33
Gain associated with purchase and cancellation of Basslink bonds	(1,852)
Gain on disposal of property, plant and equipment	(14)
Transaction costs related to acquisition of subsidiaries	19,000
Share of results of joint venture	43
Unrealised translation loss	153
	<hr/>
Operating cash flow before working capital changes	240,982
Changes in working capital:	
Inventories	677
Service concession receivables	38,758
Trade and other receivables	11,579
Trade and other payables	20,093
	<hr/>
Cash generated from operations	312,089
Interest received	2,245
Interest paid	(120,540)
Income tax paid	(1,466)
	<hr/>
Net cash generated from operating activities	192,328
	<hr/>
Investing activities	
Investment in and advance to joint venture	(10,909)
Purchase of property, plant and equipment	(17,331)
Proceeds from sale of property, plant and equipment	1,282
Acquisition of a subsidiary [^]	(255,000)
Transaction costs related to acquisition of subsidiaries	(19,000)
	<hr/>
Net cash used in investing activities	(300,958)
	<hr/>
Financing activities	
Increase in restricted cash	(7,318)
Proceeds from notes issued by subsidiary to non-controlling interests	245,000
Proceeds from borrowings	1,796,846
Repayment of borrowings	(1,112,405)
Repayment of related party loan	(1,200,000)
Payment of loan upfront fees	(20,526)
Issuance of units, net of costs	517,000
Distributions paid to unitholders of the Trust ^{^^}	(174,527)
Distributions paid by subsidiaries to non-controlling interests	(3,061)
	<hr/>
Net cash generated from financing activities	41,009
	<hr/>
Net decrease in cash and cash equivalents	(67,621)
Cash and cash equivalents at beginning of the period	271,937
Effect of currency translation on cash and cash equivalents	(557)
	<hr/>
Cash and cash equivalents at end of the period (Note a)	203,759
	<hr/>

Note a:

	As at 31 Dec 2014 S\$'000
Cash and bank deposits	250,567
Less: Restricted cash	(46,808)
Cash and cash equivalents	203,759

[^] This does not include the acquisition of KIT's assets for S\$657.9 million which was paid for by way of issuance of the CIT Consideration Units.

^{^^} Includes the Post-Completion Distribution of S\$30.0 million

MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF THE ENLARGED TRUST

The following discussion of the business, financial condition and results of operations of the Enlarged Trust was jointly prepared by the management teams of CIT and KIT, with assistance from their respective advisers, and should be read in conjunction with the following which can be accessed from the SGX-ST website at www.sgx.com (save for item (c)):

- (a) The “Audited Consolidated Financial Statements and review of past performance of the KIT Group for the financial years ended 31 December 2012, 2013 and 2014” as set out in Appendix B to this Circular;
- (b) The “Audited Consolidated Financial Statements of the CIT Group for the financial years ended 31 March 2012, 2013 and 2014 and Unaudited Consolidated Financial Statements of the CIT Group for the nine months ended 31 December 2014” as set out in Appendix E to this Circular; and
- (c) The “Unaudited Pro Forma Financial Information of the Enlarged Trust for the 12-Month Periods ended 31 December 2012, 2013 and 2014” as set out in Appendix F1 to this Circular.

For the purposes of this Appendices F1 and F2, “FY” refers to:

- (i) In the case of the KIT Group and KMC, the financial year ended 31 December; and
- (ii) In the case of the CIT Group, the financial year ended 31 March.

1. Overview

The Enlarged Trust comprises:

- (a) The KIT Group, whose principal businesses are Senoko Waste-To-Energy (“**WTE**”), Keppel Seghers Tuas WTE and Keppel Seghers Ulu Pandan NEWater;
- (b) The CIT Group, whose principal businesses are City Gas, City-OG Gas, SingSpring, Basslink, Basslink Telecoms, CityNet and CityDC; and
- (c) KMC.

2. Review of Past Operating Performance of the Enlarged Trust

2.1 Year ended 31 December 2014 (“YE2014”) compared to Year ended 31 December 2013 (“YE2013”)

(a) Revenue

Revenue for YE2014 was S\$716.0 million which was S\$0.4 million higher than revenue for YE2013.

For the KIT Group, revenue comprises operation and maintenance (“O&M”) and finance income. O&M income was S\$49.3 million for YE2014, which was S\$0.7 million lower than YE2013. This was mainly due to lower production of NEWater and lower power tariff arising from changes in fuel price, partially offset by higher output from the waste-to-energy plants

and higher O&M tariffs due to changes in consumer price index ("Singapore CPI"). Finance income, representing the accretion on the service concession receivables in respect of the fixed capital cost and recovery components, decreased by S\$0.9 million to S\$16.2 million in YE2014, in line with lower service concession receivables.

City Gas' revenue comprises mainly the sale of town gas and natural gas. At City Gas, revenue of S\$389.8 million in YE2014 was S\$3.4 million higher than its revenue of S\$386.4 million in YE2013. This was mainly due to the higher volume of gas sold. City Gas attained 100% production availability throughout YE2014.

SingSpring's revenue comprises capacity and output payments from PUB under the Water Purchase Agreement. SingSpring's revenue of S\$40.2 million in YE2014 was S\$1.3 million higher than its revenue of S\$38.9 million in YE2013 due to higher despatch in YE2014. SingSpring's plant achieved 99.9% availability in YE2014.

Basslink's revenue comprises facility fees from HT under the BSA. Basslink's revenue was A\$71.1 million for YE2014 and YE2013 (YE2014: approximately S\$81.4 million, YE2013: approximately S\$86.3 million). The Commercial Risk Sharing Mechanism ("CRSM")¹ was negative A\$10.6 million (approximately S\$12.1 million) in YE2014 compared to negative A\$14.5 million (approximately S\$17.5 million) in YE2013. This was offset by lower contribution from Basslink Telecoms and lower non-cash unearned revenue in YE2014 due to the absence of the adjustment from the release of deferred income of A\$4.0 million (approximately S\$5.0 million) in YE2013. Basslink achieved cumulative availability of 98.1% and 97.5% for YE2014 and YE2013 respectively, which was above the 97% threshold required to earn 100% of the facility fee under the BSA.

CityNet receives management fees for being the trustee-manager of NetLink Trust. CityNet contributed revenue of S\$4.1 million in YE2014 which was higher than its revenue of S\$2.3 million in YE2013. This was mainly due to the additional management fee from an expanded role.

KMC's pro forma revenue in YE2014 was S\$135.1 million, which comprised a capacity fee and a fixed O&M fee. This was S\$0.6 million higher than YE2013 due to Singapore CPI indexation on the fixed O&M fee.

(b) Other Income and Other Losses

Other income was S\$4.1 million in YE2014 compared to S\$3.8 million in YE2013 due mainly to higher interest income.

Other losses (net) of S\$4.3 million in YE2014 compared to a net gain of S\$1.3 million in YE2013 were due mainly to fair value movements on derivative instrument, offset by non-cash gain associated with purchase and cancellation of Basslink bonds of S\$1.8 million. Basslink had on 28 November 2014 completed the refinancing of Basslink bonds.

(c) Expenses

Fuel and electricity costs of S\$220.4 million in YE2014 were higher than S\$219.4 million in YE2013. This was due to higher fuel costs incurred.

¹ The CRSM is a mechanism provided under the BSA between Basslink and 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 of +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. In accordance with paragraph (b) of schedule 4 of the BSA, the rolling 5-year cumulative CRSM shall be capped at -17% if it exceeds -17%.

Gas transportation costs of S\$84.9 million in YE2014 were marginally higher than S\$84.1 million in YE2013 due mainly to the higher volume of town gas sold.

Depreciation and amortisation costs were S\$116.7 million in YE2014 which were lower than S\$121.8 million in YE2013. Basslink changed its estimated useful life of the interconnector asset from 40 years to 65 years in October 2014. This had contributed to lower depreciation charge during the financial period.

Staff costs amounted to S\$26.5 million in YE2014 which was higher than S\$25.4 million in YE2013. This was due mainly to increase in staff strength and annual increments.

Operation and maintenance costs amounted to S\$76.0 million in YE2014 which was higher than S\$75.2 million in YE2013. This was due mainly to higher output from the waste-to-energy plants and higher O&M tariffs due to changes in Singapore CPI.

Finance costs of S\$131.4 million in YE2014 were marginally higher than S\$129.0 million in YE2013. This was due mainly to higher finance cost in Basslink arising from the payment of early redemption guarantee fee and write-off of debt transaction costs associated with the Basslink bonds which were refinanced in November 2014. This was partially offset by lower finance cost in SingSpring.

Management fees were based on the proposed fee structure of the Replacement Trustee-Manager. Management fees of S\$8.9 million in YE2014 were lower than S\$10.0 million in YE2013. This was due mainly to the exclusion of one-off cash flows received from a sub-trust in FY2014, in calculating the pro forma management fee for the Enlarged Trust.

Other operating expenses of S\$57.6 million in YE2014 were higher than S\$53.0 million in YE2013. This was due mainly to HT dispute settlement amount of A\$6 million (approximately S\$6.8 million) which was partially offset by the absence of legal fees incurred for Basslink dispute with HT.

(d) Share of Results of Joint Venture

This relates to the share of operating loss of the joint venture at DC One.

(e) Operating (Loss)/Profit before Tax and Income Tax Expense

Operating loss before tax for YE2014 was S\$6.6 million, as compared to operating profit of S\$2.8 million for YE2013.

Income tax expense was S\$0.7 million in YE2014 compared to an income tax credit of S\$11.4 million in YE2013. YE2014 income tax expense comprised mainly current income tax expense and deferred tax expense. YE2013 income tax credit comprised mainly deferred tax credit offset by current income tax expense.

2.2 Year ended 31 December 2013 compared to Year ended 31 December 2012 ("YE2012")

(a) Revenue

Revenue for YE2013 was S\$715.6 million which was S\$18.6 million lower than revenue for YE2012 of \$734.2 million.

For the KIT Group, revenue comprises O&M and finance income. O&M income was S\$50.0 million for YE2013, which was S\$0.3 million lower than YE2012, due to lower output from the WTE plants and NEWater plant, partly offset by annual adjustment of the O&M and power

tariffs arising from changes in Singapore CPI and fuel price. Finance income, representing the accretion on the service concession receivables, was S\$17.1 million for YE2013, S\$0.8 million lower compared to YE2012. The flue gas treatment upgrade was completed in YE2012 and total construction revenue recognised in YE2012 was S\$8.1 million.

City Gas' revenue comprises mainly the sale of town gas and natural gas. Revenue in YE2013 of S\$386.4 million was S\$2.2 million lower than its revenue of S\$388.6 million in YE2012. Although the volume of town gas sold during this period was higher, revenue was lower due to the time lag in adjustment of City Gas' tariffs to reflect actual fuel costs. City Gas attained 100% production availability throughout YE2013.

Demand for town gas in Singapore continued to grow with the expansion of the food & beverage industry, the opening of shopping malls and office buildings, and the installation of gas water heaters in new Housing Development Board apartments and private condominiums. Demand for natural gas grew with the increase in economic activities, particularly in the food processing sector.

SingSpring's revenue comprises capacity and output payments from PUB under the Water Purchase Agreement. Revenue in YE2013 of S\$38.9 million was S\$4.5 million lower than its revenue of S\$43.4 million in YE2012. This was due to lower average dispatch in YE2013 compared to YE2012. SingSpring's plant achieved 99.4% and 100% availability in YE2013 and YE2012 respectively.

Basslink's revenue comprises facility fees from HT under the BSA. Revenue for YE2013 of A\$71.1 million (approximately S\$86.3 million) was higher than A\$70.0 million (approximately S\$90.5 million) in YE2012. The increase in A\$ revenue was mainly non-cash in nature as a result of the adjustment from the release of deferred income of A\$4.0 million (approximately S\$5.0 million) in YE2013, partially offset by higher negative CRSM payments of A\$14.5 million (approximately S\$17.5 million) in YE2013 compared to negative A\$11.0 million (approximately S\$14.2 million) in YE2012 and lower contribution from Basslink Telecoms. Due to the weakening of the Australian dollar, the average exchange rate for YE2013 was lower compared to YE2012. This contributed to lower revenue on translation. Basslink achieved cumulative availability of 97.5% and 99.9% for YE2013 and YE2012 respectively, which was above the 97% threshold required to earn 100% of the facility fee under the BSA.

CityNet receives management fees for being the trustee-manager of NetLink Trust. In YE2013, CityNet contributed revenue of S\$2.3 million which was higher than its revenue of S\$2.1 million in YE2012. This was due mainly to higher management fees from an expanded scope from November 2013.

KMC's pro forma revenue in YE2013 was S\$134.5 million, which comprised a capacity fee and a fixed O&M fee. This was S\$1.2 million higher than YE2012 due to the Singapore CPI indexation on the fixed O&M fee.

(b) Other Income and Other Losses

Other income for YE2013 was S\$3.8 million compared to S\$4.5 million in YE2012 due mainly to lower interest income earned.

In YE2013, other gains – net was S\$1.3 million compared to other losses – net of S\$8.7 million in YE2012. These were due mainly to fair value movements on derivative financial instruments.

(c) Expenses

Fuel and electricity costs of S\$219.4 million in YE2013 were higher than S\$215.1 million in YE2012. This was due to higher fuel costs incurred.

Gas transportation costs of S\$84.1 million in YE2013 were higher than S\$81.6 million in YE2012 due mainly to the higher volume of town gas sold.

Depreciation and amortisation costs were S\$121.8 million in YE2013 which were lower than S\$123.5 million in YE2012. Due to the weakening of the Australian dollar, the average exchange rate for YE2013 was lower compared to YE2012. This had contributed to lower depreciation and amortisation costs for the year.

Staff costs amounted to S\$25.4 million in YE2013, higher than S\$23.5 million in YE2012. This was due mainly to increase in staff strength and annual increments.

Operation and maintenance costs also increased from S\$72.1 million in YE2012 to S\$75.2 million in YE2013. This was due mainly to higher maintenance costs incurred at City Gas.

Finance costs of S\$129.0 million in YE2013 were lower than S\$130.2 million in YE2012. The reduction in finance costs was due to the effect of translation of Basslink results arising from the weakening of the Australian dollar.

Construction expense of S\$7.7 million in YE2012 relates to capital expenditure incurred on the flue gas treatment upgrade for Senoko WTE plant.

Management fees were based on the proposed fee structure of the Replacement Trustee-Manager. Management fees of S\$10.0 million in YE2013 were lower than S\$14.5 million in YE2012 due to the acquisition fee incurred for the KMC acquisition in YE2012.

Other operating expenses of S\$53.0 million in YE2013 were lower than S\$63.8 million in YE2012. This was due mainly to the estimated transaction cost of S\$12.0 million assumed for the Disposal and the provision for CRSM dispute of A\$2.95 million (approximately S\$3.8 million) in YE2012, partly offset by higher legal and professional fees incurred by Basslink and higher property tax for City Gas in YE2013.

(d) Operating Profit/(Loss) before Tax and Income Tax Credit

Operating profit before tax of S\$2.8 million in YE2013 was higher by S\$4.9 million than the operating loss of S\$2.1 million recorded in YE2012.

There was an income tax credit of S\$11.4 million and S\$4.9 million in YE2013 and YE2012 respectively. The income tax credit comprised mainly deferred tax credit offset by current income tax expense.

3. Capitalisation and Indebtedness

	As at 31 December 2014 S\$'000
Cash and cash equivalents	(381,465)
Indebtedness	
Loan from a related party	3,479
Short term borrowings	17,992
Long term borrowings	1,851,597
	<hr/>
Total net indebtedness	1,491,603
Equity attributable to unitholders of Enlarged Trust	1,317,164
	<hr/>
Total capitalisation and indebtedness	2,808,767
	<hr/> <hr/>

As at 31 December 2014, the Enlarged Trust has a short term loan from a related party of S\$3.5 million due in 2015 and a 3-year term loan of S\$142 million due in 2017.

City Gas has a 5-year term loan of S\$178 million due in 2019.

SingSpring has a limited recourse long term project financing loan of S\$92 million. The loan is amortising and will expire in 2024.

Basslink has a 5-year term loan of A\$717 million due in 2019.

Pursuant to the Restructuring, KMC will have a 5-year term loan of S\$700 million.

4. Distributions

	Year ended 31 Dec 2014 S\$'000
Total distributions declared	144,527 ¹
Distribution per unit (cents)	3.69 ²

¹ After taking into account the reduction in trustee-manager fees of approximately S\$5.3 million due to the adoption of the proposed Replacement Trustee-Manager fee structure, calculated on a pro forma basis.

² Based on number of CIT units of 3,918,297,855.

Annex

Details of various components of revenue and expense items in Income Statement

1. Revenue

The Enlarged Trust's revenue is generated mainly from:

- (a) Payments from NEA under the Incineration Service Agreement in respect of Senoko WTE and Keppel Seghers Tuas WTE;
- (b) Payments from PUB under the Water Purchase Agreement and NEWater Agreement in respect of SingSpring and Keppel Seghers Ulu Pandan NEWater respectively;
- (c) The sale of town gas by City Gas and natural gas by City-OG Gas;
- (d) Facility fees from HT under the BSA in respect of Basslink;
- (e) Wholesale telecoms transmission services by Basslink Telecoms between Hobart, Tasmania and Melbourne, Victoria in Australia;
- (f) Management fees earned by CityNet as trustee-manager of NetLink Trust; and
- (g) Tolling fee under the KMC CTA in respect of KMC.

Amounts disclosed as revenue are net of GST, rebates and discounts, and after eliminating sales within the Enlarged Trust.

2. Other Income

Other income comprises mainly interest income and other miscellaneous income.

3. Other Gains/Losses – Net

This comprises mainly fair value and realised gains or losses on derivative financial instruments.

The CIT Group uses derivative financial instruments such as interest rate swaps and interest rate options to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently carried at fair value.

The fair values of the interest rate swaps and options are determined by reference to market values quoted by banks at the balance sheet date. The fair value of interest rate swaps embedded in an operating contract is calculated as the present value of the estimated future cashflow discounted at actively quoted interest rates. Any gains or losses arising from changes in the fair values of interest rate swaps and options are recognised in the income statement and included in other gains/(losses) – net.

4. Expenses

a. Fuel and Electricity Costs

At City Gas, fuel costs consist mainly of the cost of natural gas. This is in turn recoverable from the fuel component of the town gas tariffs determined by the EMA. On a long term basis, changes in fuel costs are expected to have no impact on City Gas as fuel costs are passed through to the end-users. However, at any point in time, the actual tariff for town gas may not exactly match fuel costs as tariff changes are subject to a periodic regulatory process whereas fuel prices change daily. Short term impact may therefore be evident if there are changes in fuel prices.

At SingSpring, the energy cost is recovered from PUB in accordance with the principles set out in the Water Purchase Agreement.

Energy costs do not form a substantial portion of Basslink's operating expenses relative to its other operating costs.

Electricity costs are incurred by Keppel Seghers Ulu Pandan NEWater for the production of NEWater. This is recovered from PUB in accordance with the principles set out in the NEWater Agreement, which could fluctuate depending on changes in fuel costs.

Senoko WTE and Keppel Seghers Tuas WTE are net producers of electricity.

KMC's fuel costs are mainly passed through to the Toller, Keppel Electric in accordance with the KMC CTA.

b. Gas Transportation Costs

Gas transportation costs are payable to PowerGas Ltd, a member of the Singapore Power Group, for the transmission and distribution of town gas. PowerGas Ltd is the sole licensed gas transporter and gas system operator in Singapore, delivering both natural gas and town gas.

c. Depreciation and Amortisation

Depreciation on property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as disclosed in the audited financial statements.

Amortisation comprises mainly write down of the value of the intangible assets comprising customer contracts and customer relationships which were recognised at their fair values at acquisition over the estimated useful lives as disclosed in the audited financial statements. It also includes amortisation of the intangibles from the KMC Acquisition over the contract period.

d. Staff Costs

Staff costs comprise salaries and wages, employer's contribution to defined contribution plans including Central Provident Fund, and other short term benefits, less government grant under the Enhanced Special Employment Credit Scheme.

e. Operation and Maintenance Costs

This relates to the costs incurred for the operation and maintenance of the City Gas plant and Basslink interconnector, and also the costs of the long term outsourced operations and maintenance contracts for the SingSpring plant, Senoko WTE, Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater and KMC.

f. Finance Costs

Finance costs comprise interest expense on bank borrowings and bonds, unwinding of discounts, as well as cash flow hedges and transfer from hedging reserve.

g. Management Fees

This is based on the revised management fee for the Enlarged Trust. The management fee comprises a base fee of S\$2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010. The base fee for the financial year ended 31 December 2014 was approximately S\$2.25 million.

Performance fee is charged at 4.5% per annum of all the cash inflow received by the Enlarged Trust from its sub-trusts and subsidiary companies.

Acquisition fee is charged at 0.5% of the enterprise value (“EV”) of any investment acquired from Sponsor Group Entities and 1.0% of the EV of any investment acquired from non-Sponsor Group Entities. Divestment fee is charged at 0.5% of the EV of any investment sold by the Enlarged Trust.

h. Other Operating Expenses

This includes mainly insurance expense, property tax, marketing expenses, unitholder communication expenses, compliance expenses and other operating expenses.

i. Income Tax Expense

The major components of income tax expense are:

- (i) Current income tax expense, adjusted for any over or under provision in respect of previous years; and
- (ii) Deferred income tax credit or expense arising from the origination and reversal of temporary differences.

This page has been intentionally left blank.

**REPORTING ACCOUNTANT'S REPORT OF ERNST & YOUNG LLP ON
THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED TRUST FOR THE 12-MONTH PERIODS ENDED
31 DECEMBER 2012, 2013 AND 2014**

The Board of Directors
Keppel Infrastructure Fund Management Pte. Ltd.
(in its capacity as the trustee-manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue #18-01 Keppel Bay Tower
Singapore 098632

Report on the Compilation of Pro Forma Financial Information Included in the Keppel Infrastructure Trust circular dated 2 April 2015

We have completed our assurance engagement to report on the compilation of pro forma financial information of CitySpring Infrastructure Trust (the "Trust") and its subsidiaries (collectively, the "Group") following the completion of the proposed acquisition by the Trust of all assets and liabilities held by Keppel Infrastructure Trust in consideration for 1,326,319,374 new units in the Trust ("Proposed Acquisition") and the proposed issuance of new units by the Trust pursuant to the equity fund raising exercise to finance the acquisition of Keppel Merlimau Cogen Pte Ltd (collectively with the Proposed Acquisition, the "Proposed Transaction") by CitySpring Infrastructure Management Pte Ltd (in its capacity as the trustee-manager of CitySpring Infrastructure Trust) ("Trustee Manager"). The pro forma consolidated financial information of the Group consists of the pro forma consolidated statement of financial position as at 31 December 2014, the pro forma consolidated income statement for the years ended 31 December 2012, 2013 and 2014, the pro forma consolidated statement of cash flow for the year ended 31 December 2014, and related notes (the "Unaudited Pro forma Consolidated Financial Information") as set out in Appendix F1. The applicable criteria (the "Criteria") on the basis of which the Trustee Manager has compiled the pro forma financial information are described in Appendix F1.

The Unaudited Pro forma Consolidated Financial Information has been compiled by the Trustee Manager to illustrate the impact of the Proposed Transaction on the Group's financial position as at 31 December 2014 as if the Proposed Transaction had taken place on 31 December 2014, and on its financial performance for the years ended 31 December 2012, 2013 and 2014 and on its cash flows for the year ended 31 December 2014 as if the Proposed Transaction had taken place on 1 January 2012 and 1 January 2014 respectively. As part of this process, information about the Unaudited Pro forma Consolidated Financial Information has been compiled by the Trustee Manager based on the following:

- (a) The audited consolidated financial statements of CitySpring Infrastructure Trust and its subsidiaries for the years ended 31 March 2012, 2013 and 2014 which were prepared in accordance with Singapore Financial Reporting Standards;
- (b) The audited consolidated financial statements of Keppel Infrastructure Trust and its subsidiaries for the years ended 31 December 2012, 2013 and 2014 which were prepared in accordance with Singapore Financial Reporting Standards;
- (c) The audited financial statements of Keppel Merlimau Cogen Pte Ltd for the years ended 31 December 2012, 2013 and 2014 which were prepared in accordance with Singapore Financial Reporting Standards; and

- (d) The unaudited consolidated financial statements of CitySpring Infrastructure Trust as at and for the nine months ended 31 December 2014 which were prepared in accordance with Singapore Financial Reporting Standards.

Trustee Manager's Responsibility for the Pro Forma Financial Information

The Trustee Manager is responsible for compiling the Unaudited Pro forma Consolidated Financial Information on the basis of the Criteria.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion about whether the Unaudited Pro forma Consolidated Financial Information has been compiled, in all material respects, by the Trustee Manager on the basis of the Criteria.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants ("ISCA"). This standard requires that the Reporting Accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Trustee Manager has compiled, in all material respects, the Unaudited Pro forma Consolidated Financial Information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro forma Consolidated Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro forma Consolidated Financial Information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro forma Consolidated Financial Information has been compiled, in all material respects, on the basis of the Criteria involves performing procedures to assess whether the applicable criteria used by the Trustee Manager in the compilation of the Unaudited Pro forma Consolidated Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The Unaudited Pro forma Consolidated Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the Reporting Accountant's judgment, having regard to the Reporting Accountant's understanding of the nature of the entity, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro forma Consolidated Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The Unaudited Pro forma Consolidated Financial Information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by CitySpring Infrastructure Trust and its subsidiaries in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards ("FRS"); and
 - (ii) on the basis of the Criteria stated in Appendix F1 of the Unaudited Pro forma Consolidated Financial Information; and
- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro forma Consolidated Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This letter has been prepared for inclusion in the Keppel Infrastructure Trust Circular dated 2 April 2015 in connection with, among others, the proposed acquisition of a 51% equity interest in Keppel Merlimau Cogen Pte Ltd and the proposed disposal of the business undertaking and assets of Keppel Infrastructure Trust to CitySpring Infrastructure Trust.

Ernst & Young LLP
Public Accountant and
Chartered Accountants
Singapore

Low Yen Mei
Partner-in-charge
2 April 2015

This page has been intentionally left blank.

SUMMARY LETTER OF THE VALUATION ON KMC**INDEPENDENT VALUATION SUMMARY LETTER**

8 January 2015

The Board of Directors

Keppel Infrastructure Fund Management Pte Ltd

(as Trustee-Manager of Keppel Infrastructure Trust)

108 Pasir Panjang Road

#03-01 Golden Agri Plaza

Singapore 118535

Dear Sirs

1. INTRODUCTION

Stone Forest Corporate Advisory Pte Ltd ("SFCA") has been appointed by the Board of Directors ("Directors") of Keppel Infrastructure Fund Management Pte. Ltd. ("KIFM") in its capacity as trustee-manager ("Trustee-Manager") of Keppel Infrastructure Trust ("KIT", formerly known as K-Green Trust) to conduct an independent valuation of 51% of the share capital of Keppel Merlimau Cogen Pte Ltd ("KMC") and 51% of the KMC Notes, which KIT intends to subscribe to with reference to the projected operating cash flows of KMC on a stand-alone basis. The 51% of the share capital represent 102 ordinary shares in the capital of KMC as per the Sale and Purchase Agreement dated 18 November 2014 and the KMC Notes represent S\$500 million in principal amount of notes to be issued by KMC as per the draft Subscription Deed.

This letter has been prepared for the purpose of incorporation in the circular to be issued in relation to KIT's acquisition of 51% share capital of KMC and KIT's subscription of 51% of the KMC Notes ("Proposed Acquisition"). This letter is a summary of the information contained in our full valuation report ("Valuation Report") dated 8 January 2015. Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

This letter and the Valuation Report are addressed strictly to the Directors and for the intended purpose as set out above and accordingly neither the Valuation Report nor this letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective unit-holders of KIT).

Unless otherwise stated, words and expressions defined in the circular in connection with the Proposed Acquisition have the same meaning in this letter.

2. TERMS OF REFERENCE

SFCA has been appointed by the Directors to undertake an independent valuation of 51% of the share capital of KMC and 51% of the KMC Notes, which KIT intends to subscribe to as at 30 November 2014 ("Valuation Date").

Our valuation range is determined with reference to the projected operating cash flows of KMC on a stand-alone basis as per the Management's operating and financial assumptions. In estimating the value, we have:

- (a) included the cash flows from the expected KMC Completion Date, i.e. 15 March 2015 to the 25th anniversary of the Completion Date based on a 10-year extension of the CTA; and
- (b) assumed that all the cash flows as generated from KMC are free for and will not be restricted from distribution or otherwise being returned to the shareholders or the subscribers of the KMC Notes.

Our valuation range is based on various management assumptions with respect to KMC Plant including the present and future financial condition, business strategies and the environment in which the KMC Plant will operate in the future and the financial support and guarantees provided by Keppel Infrastructure Holdings Pte Ltd ("KI"). These assumptions are based on the information provided by and discussions with or on behalf of the management of the Trustee-Manager and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties.

Neither the Valuation Report nor the Independent Valuation Summary Letter is an opinion on the commercial merits and structure of the Proposed Acquisition, nor is it an opinion, express or implied, as to the future trading price of KIT.

The Valuation Report is also not intended to be and is not included in the circular, and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Acquisition. We did not conduct a comprehensive review of the business, operational or financial condition of KIT or KMC and accordingly make no representation or warranty, expressed or implied, in this regard. We were not required to and have not visited the KMC Plant.

Furthermore, we do not provide any assurance that the valuation prepared by us reflects the true value of KMC or that other independent valuers will arrive at the same valuation.

Our valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as of the date of the Valuation Report. Such conditions may change significantly over a relative short period of time and we assume no responsibility and are not required to update, revise or reaffirm our valuation conclusion to reflect events or developments subsequent to the date of the Independent Valuation Summary Letter and the issuance of our final Valuation Report.

In conducting our review and for the purpose of preparing our valuation range and the Valuation Report, we have held discussions with Management and we have read the information provided by them and other publicly available information, upon which our valuation analysis is based.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

The management of KIFM (“the Management”) is solely responsible for the accuracy and fair statement of the information provided to us for use in performing the valuation exercise. The basis and assumptions of the future performance of KMC are solely the responsibility of the Management and Board of Directors.

SFCA’s compensation is not contingent upon the reporting of a pre-determined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

3. CONCLUSION

In summary and as detailed in the Valuation Report, which should be read in conjunction with this letter to the Directors, as instructed, SFCA has arrived at a valuation range of **S\$480 million to S\$515 million** for 51% of the share capital of KMC and 51% of the KMC Notes as at 30 November 2014.

Our valuation range is based on 25 years of the operating cash flows for KMC until FY2039. The Management has represented that there could be additional value that KMC can realise beyond FY2039 either by selling the KMC Plant or by investing to re-power the KMC Plant. However, we have not factored this in our valuation due to uncertainty in the future cash flows beyond FY2039.

Yours faithfully,

For and on behalf of
Stone Forest Corporate Advisory Pte Ltd

Lars Barslev
Director

This page has been intentionally left blank.

INDEPENDENT FINANCIAL ADVISER'S LETTER

The Independent Directors and Audit Committee of
Keppel Infrastructure Fund Management Pte. Ltd.
(in its capacity as trustee-manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue #18-01 Keppel Bay Tower
Singapore 098632

Dear Sirs,

- (1) **PROPOSED ACQUISITION OF 51% INTEREST IN KEPPEL MERLIMAU COGEN PTE LTD ("KMC") (THE "KMC ACQUISITION") AND THE PROPOSED KIT EQUITY FUND RAISING; AND**
- (2) **PROPOSED DISPOSAL OF THE BUSINESS UNDERTAKING AND ASSETS OF KEPPEL INFRASTRUCTURE TRUST ("KIT") (INCLUDING ALL RIGHTS AND OBLIGATIONS OF KIT IN RESPECT OF THE KMC ACQUISITION (THE "KIT ASSETS") BY KIT TO CITYSPRING INFRASTRUCTURE TRUST ("CIT") IN CONSIDERATION FOR 1,326,319,374 NEW UNITS IN CIT (THE "CIT CONSIDERATION UNITS") (THE "DISPOSAL")**

(COLLECTIVELY, THE "PROPOSED TRANSACTIONS")

For the purpose of this letter, capitalised terms not otherwise defined in this letter shall have the same meanings given to them in the circular issued by Keppel Infrastructure Fund Management ("KIFM" or "Trustee-Manager") to its unitholders dated 2 April 2015 in relation to the Proposed Transactions (the "Circular")

1 INTRODUCTION

On 18 November 2014 (the "**Transaction Announcement Date**"), the Trustee-Manager announced the entry into two separate transactions.

KMC Acquisition

The first transaction, the KMC Acquisition, is the acquisition of a 51% stake in KMC which owns the Keppel Merlimau Cogen Plant, a 1,300 MW combined cycle gas turbine power plant located at 201 Jurong Island Highway, Singapore 627805 ("**KMC Plant**"), pursuant to a conditional sale and purchase agreement (the "**KMC SPA**") to acquire 102 ordinary shares (the "**KMC Sale Shares**"), representing 51% of the issued and paid-up share capital of KMC, from Keppel Energy Pte. Ltd. ("**Keppel Energy**"), an indirectly wholly-owned subsidiary of Keppel Corporation Limited ("**KCL**"). The purchase consideration is S\$510 million (for 51% of the equity stake in KMC and 51% of the KMC Notes (as defined below in Paragraph 3.1)) which will be financed by an equity fund raising to be undertaken by KIT ("**KIT Equity Fund Raising**"), as further described in Paragraph 5 of the Circular.

If the Disposal (further details of which are provided below) is approved by the unitholders of KIT ("**Unitholders**") and unitholders of CIT, CIT will become the surviving entity and will be renamed Keppel Infrastructure Trust (the "**Enlarged Trust**") and will assume all rights and obligations of KIT for the KMC Acquisition and undertake an equity fund raising on the capital markets and issue new units in the Enlarged Trust by a combination of (i) a placement to institutional and other investors (the "**Enlarged Trust Placement**") and (ii) a non-renounceable preferential offering ("**Enlarged Trust Preferential Offering**") held after

the Distribution-In-Specie (defined below) to all eligible unitholders¹ of the Enlarged Trust (the Enlarged Trust Preferential Offering, collectively with the Enlarged Trust Placement, the **“Enlarged Trust Equity Fund Raising”**) at an issue price to be subsequently determined so as to raise gross proceeds of up to S\$525 million to fund the KMC Acquisition and related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition. In the event that Unitholders’ approval for any of the Disposal or Distribution-In-Specie is not obtained, the Trustee-Manager, will, subject to approval for the KMC Acquisition being obtained from Unitholders, proceed with the KMC Acquisition and the KIT Equity Fund Raising, the latter of which will comprise of a Placement and Preferential Offering of New KIT Units at an issue price to be subsequently determined so as to raise gross proceeds of S\$525 million to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions.

Under Chapter 9 of the Listing Manual (**“Listing Manual”**) of the Singapore Exchange Securities Trading Limited (**“SGX-ST”**), where KIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of KIT’s latest audited net tangible asset (**“NTA”**), Unitholders’ approval is required in respect of the transaction. Based on the KIT Audited Financial Statements, the NTA of KIT was S\$591.1 million as at 31 December 2014. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by KIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$29.6 million, such a transaction would be subject to Unitholders’ approval. Given the estimated aggregate consideration for the KMC Acquisition is S\$510 million, the value of the KMC Acquisition exceeds the said threshold.

As at 18 March 2015 (**“Latest Practicable Date”**), Keppel Infrastructure Holdings Pte Ltd (**“KI”**), a wholly-owned subsidiary of KCL and sponsor of KIT, held an aggregate indirect interest in 309,683,005 KIT Units, which is equivalent to approximately 49.17% of the total number of KIT Units in issue, and is therefore regarded as a “controlling unitholder” of KIT under the Listing Manual. In addition, as the Trustee-Manager is a wholly-owned subsidiary of KI, KI is therefore regarded as a “controlling shareholder” of the Trustee-Manager under the Listing Manual.

KCL is also regarded as a “controlling unitholder” under the Listing Manual. As at the Latest Practicable Date, through KI, KCL has an aggregate indirect interest in 309,683,005 KIT Units, which comprises approximately 49.17% of the total number of KIT Units in issue. KI is a wholly-owned subsidiary of KCL and KCL is therefore also regarded as a “controlling shareholder” of the Trustee-Manager under the Listing Manual.

As Keppel Energy is a wholly-owned subsidiary of KI, for the purposes of Chapter 9 of the Listing Manual, it (being a wholly-owned subsidiary of a “controlling unitholder” and a “controlling shareholder” of the Trustee-Manager) is (for the purposes of the Listing Manual) an “interested person” of KIT. Therefore, the KMC Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Disposal

The second transaction, the Disposal, is the disposal of the KIT Assets by KIT to CIT in consideration for 1,326,319,374 new units in CIT. The swap ratio has been arrived at based on the respective market capitalisations of S\$658 million and S\$753 million for KIT and CIT, based on their respective volume weighted average price (**“VWAP”**) for the 180-day period

¹ Includes Unitholders in possession of the CIT Units.

ended on 13 November 2014 (“**Last Trading Day**”)¹, being the last full trading day of both KIT and CIT prior to the Transaction Announcement Date. The swap ratio is fixed and is not subject to any adjustment. The Trustee-Manager will then distribute in specie the CIT Consideration Units to Unitholders (the “**Distribution-In-Specie**”). Each Unitholder will receive 2.106 CIT Consideration Units for every unit of KIT (“**KIT Unit**”) held as at the Disposal Books Closure Date (“**Swap Ratio**”). Subject to the Disposal being approved by Unitholders and unitholders of CIT, CIT shall undertake a one-time pre-completion distribution of S\$30 million to unitholders of CIT.

Under Chapter 9 of the Listing Manual, where KIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of KIT’s latest audited NTA, Unitholders’ approval is required in respect of the transaction. Based on the KIT Audited Financial Statements, the NTA of KIT was S\$591.1 million as at 31 December 2014. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by KIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$29.6 million, such a transaction would be subject to Unitholders’ approval. Given that the aggregate consideration for the transfer of the KIT Assets is S\$657.9 million, the value of the Disposal exceeds the said threshold.

As at the Latest Practicable Date, Temasek Holdings (Private) Limited (“**Temasek**”) held an aggregate indirect interest in 309,683,081 KIT Units, which is equivalent to approximately 49.17% of the total number of KIT Units in issue, and is therefore regarded as a “controlling unitholder” of KIT under the Listing Manual.

Based on publicly available information, Temasek, through certain of its wholly-owned subsidiaries² held an aggregate indirect interest in 568,234,112 units of CIT, which is equivalent to approximately 37.41% of the total number of units of CIT in issue, and is therefore regarded as a “controlling unitholder” of CIT under the Listing Manual. As CIT is an “associate” of Temasek, for the purposes of Chapter 9 of the Listing Manual, it (being an associate of a “controlling unitholder”) is (for the purposes of the Listing Manual) an “interested person” of KIT. Therefore, the Disposal will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Resolution 1, which is the KMC Acquisition and KIT Equity Fund Raising, is a condition precedent to the completion of the Disposal. However, the KMC Acquisition and the KIT Equity Fund raising are not conditional upon the Unitholders’ approval for the Disposal and Distribution-In-Specie being obtained. In the event that Unitholders’ approval for any of the Disposal and Distribution-In-Specie is not obtained, the Trustee-Manager will, subject to approval for Resolution 1 being obtained from Unitholders, proceed with the KMC Acquisition and the KIT Equity Fund Raising.

1 180-day VWAP for KIT = S\$1.0446; 180-day VWAP for CIT = S\$0.4960.

2 Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

Deutsche Bank AG, Singapore Branch ("**Deutsche Bank**") has been appointed by the Trustee-Manager as the independent financial adviser (the "**IFA**") to the Directors who are considered independent (the "**Independent Directors**") and the audit committee of the Trustee-Manager (the "**Audit Committee**") to advise them on whether the KMC Acquisition and the Disposal are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. Details on our terms of reference are set out in Paragraph 2 below.

Detailed information on the KMC Acquisition and the Disposal is set out in Paragraphs 4 and 6 of the Circular.

2 TERMS OF REFERENCE

Deutsche Bank has been appointed to advise the Independent Directors and Audit Committee on whether the KMC Acquisition and the Disposal are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, pursuant to Chapter 9 of the Listing Manual. We make no representations or warranties in relation to the merits or risks (if any) of the Proposed Transactions other than to form an opinion for the purposes of Chapter 9 of the Listing Manual. Our terms of reference do not require us to evaluate or comment on the strategic or long-term commercial merits or risks of the Proposed Transactions or on the prospects of KIT (i.e. KIT, its subsidiaries and associated companies) or any of its respective related companies (as defined in the Companies Act). Such evaluations or comments remain the responsibility of the Directors and management of the Trustee-Manager. However, we have drawn upon the views of the Directors and management of KIT in arriving at our opinion. We do not address the relative merits of the Proposed Transactions as compared to any alternative transaction(s) previously considered by the Trustee-Manager, or that otherwise may become available to KIT currently or in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Trustee-Manager.

We have held discussions with certain Directors and the management of the Trustee-Manager and have examined information provided by the Trustee-Manager, information set out in the Circular and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and have assumed its truth, accuracy, completeness and adequacy. Accordingly, we cannot and do not make any representation or warranty (express or implied) in respect of, and do not accept any responsibility for, the truth, accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and used our judgement as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have not made an independent valuation of KMC. We have, however, been furnished with the independent valuation summary letter ("**KMC Independent Valuation Summary Letter**") with regards to the valuation of KMC as at 30 November 2014 issued by Stone Forest Corporate Advisory Pte Ltd ("**SFCA**") which we have considered in our analysis. We have also reviewed the Capacity Tolling Agreement ("**CTA**"), Operations and Maintenance Service Agreement ("**OMSA**"), Agreements with Pipenet Pte Ltd dated 23 March 2005 and 16 September 2014 ("**Pipenet Agreements**"), Gas Management Agreement and Master Settlement Agreement as described in 4.3(d), 4.4 and 4.5 of the Circular in the context of our analysis. The KMC Independent Valuation Summary Letter prepared by SFCA is set out in Appendix H of the Circular.

We have relied upon the assurances of the Directors (including those who may have delegated detailed supervision of the Circular) that they collectively and individually accept full responsibility for the accuracy of the information given in the Circular (other than this

letter) and confirm after making all reasonable enquiries that to the best of their respective knowledge and belief, the facts stated and all opinions expressed in the Circular are true, complete, fair and accurate in all material aspects and that no material facts have been omitted from the Circular, such omission of which would make any statement in the Circular misleading. The foregoing is as set out in the "Directors' Responsibility Statement" in Paragraph 18 of the Circular. Accordingly, no representation or warranty, expressed or implied, is made by us, and no responsibility is accepted by us, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described above.

Furthermore, our terms of reference do not require us to conduct a comprehensive independent review of the business, operations or financial condition of KIT or any of its respective related or associated companies, or express, and we do not express, an opinion on the future growth prospects of KIT, or any of its respective related or associated companies. We are therefore not expressing any opinion herein as to the future financial or other performance of those companies.

Our opinion, as set out in this letter, is based upon the market, economic, industry, monetary, regulatory and other prevailing conditions on, and the information made available to us, as of the Latest Practicable Date. As conditions may change significantly over a short period of time, accordingly, we assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may in any way affect our opinion, factors or assumptions contained herein. Unitholders should take note of any announcement relevant to their consideration of the Proposed Transactions which may be released by or on behalf of the Trustee-Manager or CSIM and other relevant sources after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or individual circumstances of any Unitholder. As different Unitholders would have different investment objectives and risk profiles, we would advise the Independent Directors and Audit Committee to recommend that any individual Unitholder who may require specific advice in relation to his KIT Units should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

This letter and our opinion are addressed to and for the use and benefit of the Independent Directors and Audit Committee in connection with and for the purpose of their consideration of the Proposed Transaction, and the recommendation made by them to Unitholders shall remain the responsibility of the Independent Directors and Audit Committee.

The Trustee-Manager has been separately advised by its own professional advisors in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter).

Accordingly, we take no responsibility for, and express no views, express or implied, on the contents of the Circular (other than this letter).

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this letter and the Circular.

A copy of this letter will be reproduced in the Circular. This letter may be reproduced, disseminated or quoted in the form and context in which it appears in the Circular or with the prior written consent of Deutsche Bank.

3 DETAILS OF THE KMC ACQUISITION

Please refer to Paragraph 4 of the Circular for details of the KMC Acquisition, Paragraph 5 of the Circular for details of the KIT Equity Fund Raising and Risk Factors Paragraph 1 of the Circular for Risks relating to the KMC Acquisition. Summarised extracts are provided in this letter. Unitholders are advised to read the relevant paragraphs of the Circular carefully.

3.1 KMC Purchase Consideration

The purchase consideration (the “**KMC Purchase Consideration**”) for the 51% interest in KMC is S\$510 million, comprising S\$255 million for the KMC Sale Shares and S\$255 million for 51% of the KMC Notes (as defined below) to be issued by KMC to KIT (or the Enlarged Trust, in the event that completion of the Disposal takes place) on the Completion Date. The notes to be issued by KMC (having a total principal amount of S\$500 million) (the “**KMC Notes**”), which are unsecured with no fixed terms of repayment, will be issued with fixed interest rates in the region of 16.5% to 20% per annum throughout their tenure. The KMC Notes have been approved by MAS on 11 November 2014 to qualify as qualifying project debt securities (“**QPDS**”) under the MAS Circular (FDD Circular 15/2006) on Tax Incentives for Project Finance dated 1 November 2006, as extended and enhanced by the MAS Circular (FDD Circular 02/2008) dated 12 May 2008 and the MAS Circular (FDD Circular 01/2011) dated 28 April 2011 on Tax Incentives for Project and Infrastructure Finance and represents a more tax efficient method of capitalisation.

The KMC Purchase Consideration is payable wholly in cash on the KMC Completion Date and was negotiated on a willing-buyer and willing-seller basis between Keppel Energy and the Trustee-Manager, based on an enterprise value of S\$1.7 billion for KMC, less a S\$700 million loan to replace existing loans from KMC’s related corporations, having regard to the future cash-flows to be generated by KMC after the Restructuring and the risk profile of KMC as an entity post-Restructuring.

3.2 Conditions precedent

The completion of the KMC Acquisition is subject to and conditional upon, among others:

- (i) the approval of Unitholders for the KMC Acquisition and the KIT Equity Fund Raising;
- (ii) the receipt by Keppel Energy and/or KIT of all necessary consents and approvals required under any and all applicable laws for the sale of the KMC Sale Shares and the issuance of the KMC Notes by KMC, and to give effect to the transactions contemplated in the KMC SPA;
- (iii) the Restructuring (further details of which are set out in Paragraph 4.3(d) of the Circular) having been duly completed prior to, or on, the KMC Completion Date;
- (iv) the successful completion of the KIT Equity Fund Raising or successful drawdown of an equity bridge loan agreement, in order to fund the KMC Purchase Consideration; and
- (v) the successful drawdown of the Facility Agreement (as defined in Paragraph 4.3(d)(v) of the Circular) of S\$700 million by KMC on the KMC Completion Date.

If any of the conditions precedent to the completion of the KMC Acquisition has not been satisfied or (where applicable), has not been waived by 30 September 2015 (or a date mutually agreed by the parties to the KMC Acquisition), the KMC SPA will be terminated.

As at the Latest Practicable Date, the condition in Paragraph 3.2(ii) has been fulfilled and the condition in Paragraph 3.2(iii) is in the process of being fulfilled.

3.3 Capacity tolling agreement

The principal terms of the CTA will include, among others, the following:

- (a) Keppel Electric (also known as the “**Toller**”) will pay an availability-based capacity fee and a fixed O&M fee indexed to the Singapore CPI (collectively, the “**Tolling Fees**”) to KMC, in return for KMC making available the KMC Plant's electricity generation capacity. Under the CTA, the maximum capacity fee that KMC will receive is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. The capacity fee for achieving 100% availability factor is \$108 million a year, and this represents the level of fees that the Toller is willing to commit to pay for the initial contract term of 15 years for the CTA, as well as for the 10-year extension option. Other than costs arising from unexpected plant outages/equipment failure, KMC's operating costs for maintenance, consumables, fuel are all passed through to the Toller, through a combination of the fixed O&M fee and costs to be directly reimbursed in accordance with the CTA. The capacity fee does not have any indexation mechanisms. The availability target is set annually and takes 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. As long as actual availability is higher than the target, availability factor is 100%. The annual availability targets are agreed between the Toller and KMC. (See also “Risk Factors – Risks relating to the KMC Acquisition – Changes to the Tolling Fee in the event of material adverse change and no right to recover change of law costs in the CTA”);
- (b) the terms of the CTA are designed to ensure that the costs of planned maintenance of the KMC Plant, fuel costs and fuel availability risk to run the KMC Plant are ‘effectively passed’ through and borne by the Toller. In addition, using the fixed O&M fee received from the Toller, KMC will bear the economic costs of paying KMC O&M as the operator of the KMC Plant, insurance premiums and property taxes associated with owning the KMC Plant and costs of maintaining its property leases. The initial fixed O&M fee is approximately S\$25.24 million (inclusive of O&M fees payable to KMC O&M under the OMSA, land charges, Pipenet charges, property tax, costs of statutory inspections and administrative costs) and is indexed to Singapore CPI (See also “Risk Factors – Risks relating to the KMC Acquisition – Singapore CPU adjustments to fixed O&M fees under the CTA may not fully cover increase in the underlying expenses”);
- (c) the duration of the CTA shall be for an initial term of 15 years from the Completion Date. The Toller is given certain rights to give a matching offer if KMC proposes to source for a third party to enter into a new capacity tolling agreement after the CTA expires. If KMC cannot find such a third party within a prescribed time period (which is the 1-year period between the 4th year and 3rd year prior to the expiry

of the CTA), the Toller is given an option (but has no obligation) to extend the duration of the CTA by a 10-year period from the expiry of the CTA at the same terms; and

- (d) during the contract period of the CTA, the Toller may make a proposal to KMC to incur major capital expenditure to upgrade the KMC Plant (“**Required Modification**”). Major capital expenditure means capital expenditure to upgrade and enhance the KMC Plant (as part of a “repowering” proposal). Repowering of a power plant is a major modification to the power generating equipment of the power plant (including the turbines) and will likely involve substantial periods (of up to a year or longer) of planning lead time and downtime, thereby requiring prior coordination with EMA in order to mitigate the impact on the power generation capacity in Singapore.

If KMC elects not to participate in the Required Modification, the Toller has the right to undertake the upgrading works at the Toller’s sole costs without reducing the Tolling Fees payable to KMC. In the event the Toller exercises such a right, in order for it to recover its costs, the Toller has the option (but has no obligation) to extend the duration of the CTA by a period of up to 20 years commencing from the date of completion of the Required Modification. If the Toller’s performance of the Required Modification, or the Required Modification once completed, gives rise to additional operations and maintenance costs and expenses, then the Toller shall reimburse KMC monetarily for all such additional costs and expenses throughout the remaining term of the CTA. The risk of loss of the Required Modification and any affected areas of the KMC Plant shall be borne by the Toller. If KMC elects to participate in respect of any Required Modification, the Toller and KMC shall agree on the key details with respect to such Required Modification before commencing work on such Required Modification. Since the CTA will be a contract with an interested person, modifications to the CTA will be subject to interested person transactions review procedures pursuant to Chapter 9 of the Listing Manual.

3.4 The OMSA

The OMSA between KMC and KMC O&M will, when entered into, be deemed to take effect from 1 January 2015 for an initial term of 20 years with an operator extension option. KMC O&M will be responsible for maintaining the parts of the KMC Plant that are not under the purview of the ALSTOM group which is maintaining the gas turbine and steam turbine assemblies of the KMC Plant. KMC O&M is part of KIS, which houses the technical support and O&M capabilities within the KI group of companies.

KMC O&M shall be responsible for providing, among other things, day-to-day operations of the KMC Plant, managing of the KMC Plant’s operating budget, producing an annual operating plan, managing the various sub-contractors and overall site management, procuring inventory and consumables and calculating plant availability. KMC O&M will prepare an Annual Operations and Maintenance Plan (“**AOMP**”) which will set out the KMC Plant’s annual operating budget for KMC and Keppel Electric to approve.

In consideration of the due performance by KMC O&M of the aforesaid services, KMC shall pay to KMC O&M a fixed O&M fee which shall be indexed to the Singapore CPI. KMC has an initial 2 year period, during which all costs are reimbursed by the Toller to KMC, to achieve a better understanding of the budgeting and cost structures of the project such that it is better able to prevent cost overruns from the third year onwards. KMC will reimburse KMC O&M for the costs of planned maintenance and repair works

included in the AOMP and receive reimbursement for the same from Keppel Electric. KMC will also reimburse KMC O&M for costs of unplanned maintenance and repair works, which shall be subject to interested person transactions review procedures pursuant to Chapter 9 of the Listing Manual. (See also “Risk Factors – Risks relating to the KMC Acquisition – Fees payable to KMC O&M under the OMSA are not fixed”).

3.5 Interested Person Transaction

Certain KMC Transaction Documents entered or to be entered into by KMC as part of the KMC Acquisition would be interested person transactions of KIT once KIT acquires 51% interest in the shares of KMC. These KMC Transaction Documents are the CTA, the OMSA, the Pipenet Agreements, the Gas Management Agreement and the Master Settlement Agreement as described in Paragraphs 4.3(d), 4.4 and 4.5, and as elaborated in Appendix A, of the Circular. If KIT Unitholders approve the KMC Acquisition as an “interested person transaction” under Chapter 9 of the Listing Manual, such approval will be deemed to include these KMC Transaction Documents as they form an integral part of the contractual rights, entitlements and obligations of KMC once the Restructuring is completed. Modifications to the CTA, the OMSA, the Pipenet Agreements, the Gas Management Agreement and the Master Settlement Agreement will be subject to interested person transactions review procedures of KIT (or the Enlarged Trust, as the case may be), in accordance with Chapter 9 of the Listing Manual, following completion of the KMC Acquisition.

3.6 The Proposed KIT Equity Fund Raising

Pursuant to the proposed KIT Equity Fund Raising, the Trustee-Manager intends to issue New KIT Units at an issue price to be determined to raise gross proceeds of approximately S\$525 million to fund the KMC Acquisition and related expenses of the KIT Equity Fund Raising and the Proposed Transactions. Based on an illustrative issue price¹ of (i) S\$1.035 per KIT Placement Unit and (ii) S\$1.030 per New KIT Unit to be issued pursuant to the KIT Preferential Offering, approximately 507.6 million² New KIT Units (representing approximately 80.6% of the existing issued KIT Units as at the Latest Practicable Date) will be issued. Approximately S\$15 million (equivalent to 2.86% of the gross proceeds of the KIT Equity Fund Raising) will be used to pay the estimated fees and expenses incurred or to be incurred by KIT in connection with the KIT Equity Fund Raising and the Proposed Transactions. The Trustee-Manager intends to utilise S\$510 million of the proceeds of the KIT Equity Fund Raising to finance the KMC Purchase Consideration.

KI intends to subscribe for its pro-rata entitlement under the KIT Preferential Offering and does not intend to dispose of its interest in KIT from the date of completion of the KMC Acquisition to a date not earlier than 12 months following the completion of the KIT Equity Fund Raising.

4 DETAILS OF THE DISPOSAL

Please refer to Paragraph 6 of the Circular for details of the Disposal. Summarised extracts are provided in this letter. Unitholders are advised to read the relevant paragraph of the Circular carefully.

¹ The final issue price of the KIT Placement and KIT Preferential Offering will be determined by the Joint Financial Advisers with the agreement of the Trustee-Manager, after a book building process and will be announced by the Trustee-Manager thereafter.

² Assuming an issuance of 63,713,592 New KIT Units to raise \$65,625,000 for the Preferential Offering and an issuance of 443,840,580 KIT Placement Units to raise \$459,375,000 under the Placement.

The Disposal will be effected by CIT purchasing all of KIT's assets and related rights and liabilities, including the Senoko Waste-to-Energy Plant ("**Senoko Plant**"), the Keppel Seghers Tuas Waste-to-Energy Plant ("**Tuas DBOO Plant**") and the Keppel Seghers Ulu Pandan NEWater Plant ("**Ulu Pandan Plant**") and KIT's rights and obligations under the KMC SPA, in consideration for the issuance of the CIT Consideration Units to KIT. CIT will be the surviving trust and will be renamed "Keppel Infrastructure Trust".

4.1 Consideration receivable by Unitholders

Under the CitySpring Contract, the purchase consideration for the Disposal shall be the issuance of 2.106 CIT Units for every 1 KIT Unit that is validly issued and outstanding on the completion date of the CitySpring Contract.

As the Disposal is an acquisition by CIT of the entire assets and related rights and liabilities of KIT, the Trustee-Manager and CSIM had valued the KIT Assets using the market capitalisation of KIT as the benchmark. The swap ratio is derived using the 180-day VWAP of CIT Units (being approximately S\$0.4960 per CIT Unit) and KIT Units (being approximately S\$1.0446 per KIT Unit) on SGX-ST as at 13 November 2014¹ to determine the market capitalisations of CIT (approximately S\$753 million) and KIT (approximately S\$658 million) respectively and based on 1,518,893,062 total units issued by CIT and 629,781,279 total units issued by KIT respectively on the same date.

Subject to approvals of Resolutions 2 and 3 relating to the Disposal and the Distribution-In-Specie respectively, the Trustee-Manager shall make the Distribution-In-Specie to KIT after the completion of the Disposal. Unitholders can therefore expect to receive 2.106 CIT Units for every KIT Unit held by them as at the Disposal Books Closure Date, fractional entitlements to be disregarded. Please refer to Paragraph 6.9 of the Circular for further details.

The Trustee-Manager intends to aggregate the disregarded fractional entitlements of such CIT Consideration Units and distribute such aggregated amount of CIT Units to such person(s) as the Trustee-Manager or the Directors may appoint for the purposes of sale (on such terms and conditions as the Trustee-Manager or the Directors deem fit), with the aggregate amount of the proceeds (if any), after deducting all dealing and other expenses in connection therewith, to be paid to the Enlarged Trust, as it is proposed that KIT will be wound up following completion of the Disposal and Distribution-In-Specie.

4.2 Conditions precedent

The completion of the Disposal is subject to and conditional upon, among others:

- (i) the approvals of Unitholders and unitholders of CIT for the Disposal;
- (ii) the approval, consent or confirmation of no objection by the various regulatory authorities in Singapore and Australia for the Proposed Transactions, including (A) the PUB (with respect to SingSpring's seawater desalination plant and the Ulu Pandan Plant), (B) the National Environment Agency ("**NEA**") (with respect to the Senoko Plant and the Tuas DBOO Plant), and (C) the Infocomm Development Authority of Singapore ("**IDA**") (with respect to CityNet, the trustee-manager of NetLink Trust);

¹ Being the last full trading day of both KIT and CIT prior to the date of the SGXNET announcement made by KIT on 18 November 2014.

- (iii) the approval of the SGX-ST for (A) the CitySpring Contract as “a very substantial acquisition” for CIT and (B) the listing and quotation of the CIT Consideration Units on the Main Board of the SGX-ST;
- (iv) the confirmation by Hydro Tasmania, to the extent applicable, that it has no objection to the change of control of Basslink, a subsidiary of CIT which owns and operates the Basslink Interconnector; and
- (v) the Trustee-Manager successfully entering into either (A) a management and underwriting agreement for the Enlarged Trust Equity Fund Raising, or (B) an equity bridge loan facility agreement which will provide loan facilities to the Enlarged Trust to pay for the KMC Purchase Consideration. Such agreement to be entered into by the Trustee-Manager shall be novated to CIT upon completion of the Disposal.

If any of the conditions precedent to the completion of the Disposal has not been satisfied, or where applicable, has not been waived by 30 June 2015, the CitySpring Contract will terminate.

As at the Latest Practicable Date, the condition in Paragraph 4.2(iv) has been fulfilled and the conditions in Paragraphs 4.2(ii), (iii) and (v) are in the process of being fulfilled. The Trustee-Manager is still in discussions with the PUB, the NEA and the IDA to obtain their respective consent(s) for the Proposed Transactions to take effect.

4.3 Other Salient Terms of the CitySpring Contract

The principal terms of the CTA will include, among others, the following:

(i) Pre-Completion and Post-Completion Distribution

Under the terms of the CitySpring Contract, CIT shall undertake a one-time distribution of S\$30 million to unitholders of CIT prior to completion of the Disposal (the “**Pre-Completion Distribution**”), and subsequent to completion and before the Enlarged Trust Equity Fund Raising, another one-time distribution of S\$30 million to its expanded base of unitholders (the “**Post-Completion Distribution**”) (of which approximately S\$16 million will be distributed to unitholders of CIT with the balance of approximately S\$14 million distributed to Unitholders of KIT). Unitholders who receive CIT Consideration Units pursuant to the Distribution-In-Specie upon completion of the Disposal and who continue to hold units in the Enlarged Trust as at the relevant books closure date for determination of entitlements to the Post-Completion Distribution will be eligible to receive a share of the Post-Completion Distribution based on their then unitholdings in the Enlarged Trust.

(ii) Resignation of CSIM and Appointment of Replacement Trustee-Manager

CSIM, an indirect wholly-owned subsidiary of Temasek, has given notice of its resignation to unitholders of CIT on 3 February 2015 and a further notice on 1 April 2015, and has nominated KIFM as the replacement trustee-manager of CIT. KIFM will be appointed to replace CSIM and act as the Replacement Trustee-Manager of the Enlarged Trust on the completion date of the Disposal. Temasek, as sponsor of CIT and owner of CSIM, has agreed that CSIM will not receive any compensation for relinquishing its role as the trustee-manager of CIT. The Replacement Trustee-Manager has offered employment to substantially all of CSIM’s employees. The management team of the Enlarged Trust will be led by Mr Khor Un-Hun, the current Chief Executive Officer of KIFM, as Chief Executive Officer.

(iii) Fees

In support of the Proposed Transactions, KI, the sponsor of KIT, has agreed that the Trustee-Manager shall only charge its acquisition fee of S\$4,335,000 (being 0.5% of 51% of the enterprise value of the KMC Acquisition) and any applicable taxes for the KMC Acquisition and shall waive its divestment fee for the CitySpring Contract. It was agreed under the CitySpring Contract that such acquisition fee, which is determined in accordance with the Trust Deed, shall be paid to KIFM (in its personal capacity) as soon as practicable after the date of completion of the KMC Acquisition. For avoidance of doubt, the existing remuneration structure of CSIM does not provide for an acquisition fee and accordingly, CSIM will not be entitled to any acquisition fee arising from the Disposal.

Temasek, the sponsor of CIT and owner of CSIM, has agreed that CSIM, will not receive any compensation for relinquishing its role as trustee-manager of CIT.

Subject to the approval of unitholders of CIT, the remuneration structure of the Replacement Trustee-Manager will be amended to adopt the existing remuneration structure of the Trustee-Manager with effect from the completion date of the Disposal.

Further details of the proposed fee structure of the Replacement Trustee-Manager and CSIM's existing fee structure for CIT are set out below.

Type of Fees	Current Fee Structure of CSIM for CIT	Proposed Fee Structure of the Replacement Trustee-Manager for the Enlarged Trust
Base fee	1% per annum of CIT's market capitalisation subject to a minimum of S\$3.5 million per annum.	S\$2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010. The base fee for the Trustee-Manager for the financial year ended 31 December 2014 is approximately S\$2.25 million.

Type of Fees	Current Fee Structure of CSIM for CIT	Proposed Fee Structure of the Replacement Trustee-Manager for the Enlarged Trust
Performance fee	20% of outperformance measured by comparing the total return on CIT Units against the total return on the MSCI Asia Pacific ex-Japan Utilities Index, after taking into account the under-performance in prior periods.	4.5% per annum of all the cash inflow received by the Enlarged Trust from its subsidiaries, associates, sub-trusts and investments.
Mergers and acquisitions, and disposal, fees	Nil	Acquisition fee of 0.5% of the EV of any investment acquired from the Sponsor Group Entities, and 1.0% of the EV of any investment acquired from non-Sponsor Group Entities. Divestment fee of 0.5% of the EV of any investment sold by the Enlarged Trust.

(iv) KIT Cash Reserves

It was agreed under the CitySpring Contract that the Trustee-Manager may utilise a portion of the cash, cash equivalents and bank deposits of KIT (the “**KIT Cash Reserves**”) to pay, amongst others, regular distributions to Unitholders (including the Pre-Disposal Stub Distribution), the fees and expenses to be incurred by the Trustee-Manager in connection with the CitySpring Contract and the transfer of the KIT Assets and related rights and liabilities to CIT, the operating expenses of the Trustee-Manager in the ordinary course of business and the fees and expenses to be incurred in connection with the Winding Up or the court application to wind up KIT.

To the extent that the allocated KIT Cash Reserves have not been used to make the aforesaid payments or applied for the purposes set out above, the Trustee-Manager may retain such KIT Cash Reserves after completion of the Disposal to make such payments or use it for the aforesaid purposes. Any remaining KIT Cash Reserves retained by the Trustee-Manager shall be paid to the Replacement Trustee-Manager no later than ten Business Days after KIT is wound up.

4.4 Post-Disposal KMC Acquisition and Enlarged Trust Equity Fund Raising

In the event that Resolutions 2 and 3 are approved by Unitholders following which the Disposal and Distribution-In-Specie is completed, the Enlarged Trust will assume all rights and obligations of KIT in respect of the KMC Acquisition and accordingly undertake the KMC Acquisition. To fund the KMC Acquisition and related expenses of the Enlarged Trust Equity Fund Raising and the KMC Acquisition, the Enlarged Trust intends to undertake an equity fund raising on the capital markets and issue units in

the Enlarged Trust by way of a Enlarged Trust Placement and Enlarged Trust Preferential Offering, such issue price to be determined, so as to raise gross proceeds of up to S\$525 million. For further details, please refer to Paragraph 1.2 of the Circular.

5 INFORMATION ON KMC, KIT AND CIT

Please refer to Paragraph 4, Paragraph 6 and Appendix A of the Circular for information and further disclosures on KMC, KIT and CIT.

6 KEY VALUATION RATIOS

In evaluating both the KMC Acquisition and the Disposal, we have applied and used the following valuation ratios, where relevant, outlined below in Exhibit 1:

Exhibit 1: Description of valuation ratios

Valuation ratios	Description	Applicable entity
Distribution (or dividend) yield	<ul style="list-style-type: none"> – ‘Distribution (or dividend) yield’ is calculated as distribution (or dividend) per unit (or share) relative to price per unit (or share) – Important valuation ratio for a listed trust given its mandated distribution for investment return – Distribution in the case of a business trust are from cash flows, while dividends in the case of a company are from net profit/retained earnings, and are used interchangeably in our analysis as they are both similar metrics to an investor in determining the estimated investment return in the absence of capital gains 	KMC KIT CIT
EV/ EBITDA	<ul style="list-style-type: none"> – ‘EV/EBITDA’ illustrates the market value of a company’s business relative to its historical pre-tax operating financial performance, without regard to the company’s capital structure – ‘EV’ or ‘Enterprise Value’ is the sum of company’s market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents; EV can be significantly higher than market capitalisation if a company has significantly higher amount of debt compared to its cash and cash equivalents and significantly lower than market capitalisation if a company has significantly lower amount of debt compared to its cash and cash equivalents – ‘EBITDA’ is earnings before interest, tax, depreciation and amortisation expenses, excluding exceptional items; in our analysis we have considered the latest available EBITDA represented by the EBITDA reported over the last twelve months (“LTM”) unless otherwise stated 	KMC KIT CIT

Valuation ratios	Description	Applicable entity
	<ul style="list-style-type: none"> – We have adjusted EBITDA to reflect repayment of service concession receivables/finance lease receivables which are not accounted as an income statement item: – Service concession/finance lease receivable arises from a service concession arrangement whereby KIT or CIT has a right to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the concession infrastructure – Capacity payments received under assets accounted for as service concessions or leases are apportioned into the following: <ul style="list-style-type: none"> – 1) repayment of service concession receivables/finance lease receivables, which will be used to reduce the carrying amount of the finance receivable on its statement of financial position; – 2) interest income, which will be recognised as finance income in profit or loss statement; and – 3) revenue from operating and maintaining the infrastructure, which will be recognised in profit or loss statement 	
EV/ Capacity	<ul style="list-style-type: none"> – ‘EV/Capacity’ illustrates the market value of a IPP or a power plant relative to its generation capacity – Secondary metric for a IPP or a power plant, impacted by plant-specific economics 	KMC
P/B	<ul style="list-style-type: none"> – ‘P/B’ or ‘Price-to-Book’ ratio illustrates the market value of a company’s shares relative to its book value – Secondary valuation metric for KIT and CIT given book value may have little relation to the fundamental value of the underlying assets which is based on ability to maintain long-term sustainable distributions 	KIT CIT
P/E	<ul style="list-style-type: none"> – ‘P/E’ or ‘Price-to-Earnings’ ratio illustrates the ratio of the market price of a company’s shares relative to its earnings per share; in our analysis we have considered the latest available earnings represented by the earnings over LTM unless otherwise stated – Secondary valuation metric for KIT and CIT given significant differences in leverage of comparables 	KIT CIT
Net Debt/EBITDA	<ul style="list-style-type: none"> – ‘Net Debt/EBITDA’ is a measure of a company’s leverage or its ability to repay its debts if they were all due today and is the sum of short and long term debt less its cash and cash equivalents 	KMC Disposal

We further wish to highlight that the underlying financial data used to calculate the valuation ratios in our analysis have been extracted from the relevant companies' financials and filings, and FactSet¹ as at the Latest Practicable Date. Deutsche Bank makes no representations or warranties, express or implied, on the accuracy, completeness or sufficiency of such information.

7 EVALUATION OF THE KMC ACQUISITION

In evaluating whether the terms of the KMC Acquisition, as at the Latest Practicable Date, are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, we have considered the following factors:

- 7.1 the pro forma financial effects of the KMC Acquisition;
- 7.2 the valuation of KMC as at 30 November 2014 as appraised by SFCA and set out in the KMC Independent Valuation Summary Letter;
- 7.3 the implied distribution yield of the KMC Acquisition as compared to the distribution yields of Hong Kong Electric Investments Limited ("**HKEI**") and selected Singapore business trusts which are involved in infrastructure-related businesses considered to be broadly comparable to KMC, KIT and CIT ("**Singapore Infra-BTs**") (collectively, the "**Comparable Yield Companies**");
- 7.4 the implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of selected Southeast Asia listed independent power producers which are considered to be broadly comparable to KMC ("**KMC Comparable Companies**");
- 7.5 the implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of precedent comparable transactions involving Singapore independent power producers ("**KMC Precedent Transactions**");
- 7.6 the pro forma Net Debt/EBITDA ratio of the combined KIT and KMC as compared to the Net Debt/EBITDA ratios of the Comparable Yield Companies; and
- 7.7 the rationale and benefits for the KMC Acquisition.

7.1 Pro forma financial effects of the KMC Acquisition

Please refer to Paragraph 8 of the Circular for the pro forma financial effects of the KMC Acquisition. Summarised extracts are provided in this letter. Unitholders are advised to read the relevant paragraph of the Circular carefully.

¹ FactSet refers to FactSet Research Systems Inc., a multinational financial data and software company headquartered in Norwalk, Connecticut, United States, that, through its software platform also called FactSet, provides financial information and analytic software for investment professionals.

The pro forma financial effects of the KMC Acquisition and the KIT Equity Fund Raising (excluding the Disposal and Distribution-In-Specie) on the NAV per KIT Unit, NTA per KIT Unit and the distribution per unit (“DPU”) of KIT are as follows:

**Effects of the KMC Acquisition and
the KIT Equity Fund Raising**

	Before the KMC Acquisition and the KIT Equity Fund Raising	After the KMC Acquisition and the KIT Equity Fund Raising⁽¹⁾
NAV (S\$'000)	591,096	1,101,996 – 1,051,996
NAV per KIT Unit (S\$)	0.94	0.97
NAV/NTA (S\$'000)	591,096	385,996 – 335,996 ⁽²⁾
NAV/NTA per KIT Unit (S\$)	0.94	0.34 – 0.31 ⁽²⁾
Total Distribution (S\$'000)	49,249	89,431 – 87,998
DPU (cents)	7.82	7.86 – 8.08

Notes:

- (1) Based on the issuance of such number of new KIT Units pursuant to the KIT Equity Fund Raising, assuming a weighted average illustrative issue price of S\$1.0344 to raise between S\$475 million and S\$525 million in gross proceeds with the balance funded by debt at an interest rate of 3% per annum.
- (2) Net of estimated intangibles/goodwill of S\$716 million.

Based on the above, we note the following:

- i. The implied DPU after the KMC Acquisition and the KIT Equity Fund Raising is 7.86 – 8.08 cents, which is higher than the DPU of KIT of 7.82 cents before the KMC Acquisition and the KIT Equity Fund Raising.

7.2 KMC Independent Valuation Summary Letter

Please refer to Appendix H of the Circular for the KMC Independent Valuation Summary Letter. Summarised extracts are provided in this letter. Unitholders are advised to read the KMC Independent Valuation Summary Letter carefully.

SFCA has been appointed by the Directors of the Trustee-Manager of KIT to conduct an independent valuation of 51% of the share capital of KMC and 51% of the KMC Notes, which KIT intends to subscribe to with reference to the projected operating cash flows of KMC on a stand-alone basis. The 51% of the share capital represent 102 ordinary shares in the capital of KMC as per the Sale and Purchase Agreement dated 18 November 2014 and the KMC Notes represent S\$500 million in principal amount of notes to be issued by KMC as per the draft Subscription Deed.

SFCA's valuation range is determined with reference to the projected operating cash flows of KMC on a stand-alone basis as per the Management's operating and financial assumptions. In estimating the value, SFCA has:

- (a) included the cash flows from the expected Completion Date, i.e. 15 March 2015 to the 25th anniversary of the Completion Date based on a 10-year extension of the CTA; and

- (b) assumed that all the cash flows as generated from KMC are free for and will not be restricted from distribution or otherwise being returned to the shareholders or the subscribers of the KMC Notes.

SFCA's valuation range is based on various management assumptions with respect to KMC Plant including the present and future financial condition, business strategies and the environment in which the KMC Plant will operate in the future and the financial support and guarantees provided by KI. These assumptions are based on the information provided by and discussions with or on behalf of the management of the Trustee-Manager and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties.

In summary and as detailed in the Valuation Report (as defined in the KMC Independent Valuation Summary Letter), which should be read in conjunction with the KMC Independent Valuation Summary Letter to the Directors, as instructed, SFCA has arrived at a valuation range of S\$480 million to S\$515 million for 51% of the share capital of KMC and 51% of the KMC Notes as at 30 November 2014.

SFCA's valuation range is based on 25 years of the operating cash flows for KMC until FY2039. The Management has represented that there could be additional value that KMC can realise beyond FY2039 either by selling the KMC Plant or by investing to re-power the KMC Plant. However, SFCA has not factored this in its valuation due to uncertainty in the future cash flows beyond FY2039.

Based on the above, we note the following:

- i. The KMC Purchase Consideration for the 51% interest in KMC is S\$510 million, which is within the range of the estimated valuation range of between S\$480 million to S\$515 million stated in the KMC Independent Valuation Summary Letter.

7.3 Implied distribution yield of the KMC Acquisition as compared to the distribution yields of the Comparable Yield Companies

For the purpose of evaluating the financial terms of the KMC Acquisition, we have made reference to the distribution yields of the Comparable Yield Companies to get an indication of the current market expectations with regard to the perceived valuation of KMC. The Comparable Yield Companies are mandated to provide long term sustainable distributions to investors and have similar infrastructure-related businesses considered to be broadly comparable to KMC. While HKEL is listed on the Hong Kong Stock Exchange and not the SGX-ST, it is considered to be comparable to KMC given it is structured as a fixed single investment trust (which is similar to a Singapore business trust) and is involved in the regulated utilities business.

We wish to highlight that the Comparable Yield Companies are not exhaustive and we recognise that there is no company which we consider to be identical to KMC in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

Given the primary focus of a business trust is to pay distributions without any restrictions due to retained earnings and net profit, we have considered the distribution yield analysis as the primary valuation methodology.

The Independent Directors and Audit Committee should note that any comparison made with respect to the Comparable Yield Companies merely serve to provide an illustrative perceived market valuation of KMC as at the Latest Practicable Date.

Brief descriptions of the Comparable Yield Companies are set out below in Exhibit 2:

Exhibit 2: Brief descriptions of the Comparable Yield Companies

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
HKEI	5,923	11,498	<ul style="list-style-type: none"> – Spun off from Power Assets Holdings, Hong Kong Electric Investments Limited (“HKEI”) is the first fixed single investment trust in Hong Kong with a focus on the power industry – HKEI operates as a provider of electricity to over half a million commercial and domestic customers on Hong Kong Island and Lamma Island – HKEI’s operations cover power generation, transmission & distribution, supply & customer service under a Scheme of Control Agreement with the HKSAR Government – HKEI has total installed capacity of 3,737MW which generates over 10,000GWh of electricity per year
Hutchison Port Holdings Trust	6,011	11,812	<ul style="list-style-type: none"> – Hutchison Port Holdings Trust (“HPHT”) is the first publicly traded container port business trust – HPHT owns interests in four deep-water container port assets including Hongkong International Terminals in Kwai Tsing Port, Hong Kong; Yantian International Container Terminals in Shenzhen Port, PRC; 50% interest in COSCO-HIT Terminals and 40% effective interest in Asia Container Terminals in Kwai Tsing Port – HPHT’s terminals operate 32 container berths across 543 hectares of land, with combined throughput of circa 22.8 million TEUs in 2013

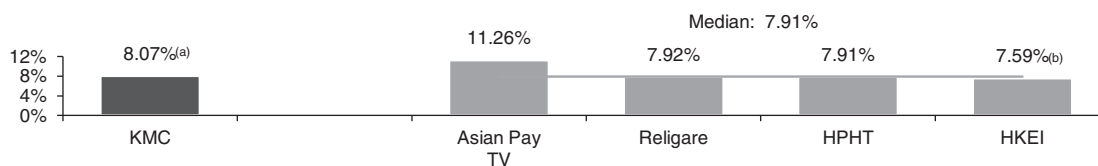
Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Asian Pay Television Trust	900	1,621	<ul style="list-style-type: none"> – Asian Pay Television Trust (“Asia Pay TV”) is the first listed business trust in Asia focused on pay-TV businesses – Asian Pay TV is focused on acquiring controlling interests and to own, operate & maintain mature, cash generative Pay-TV and Broadband Businesses in Taiwan, Hong Kong, Japan and Singapore – Asia Pay TV’s seed asset is Taiwan Broadband Communications Group, a leading, integrated cable operator in Taiwan
Religare Health Trust	609	648	<ul style="list-style-type: none"> – Religare Health Trust (“Religare”) is the first business trust listed on the SGX-ST with a portfolio comprising healthcare assets in India – Religare focuses to invest in medical and healthcare assets in Asia, Australasia and emerging markets in the rest of the world – Religare’s portfolio currently comprises 12 clinical establishment, four greenfield clinical establishments and two hospitals managed and operated by Religare – Operational capacity of 2,550 beds with installed capacity of 3,594 beds (as of 30 September 2014)

Note: Market statistics as of 18 March 2015

Source: Company data, FactSet

We set out in Exhibit 3 below the distribution yields of KMC and the Comparable Yield Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 3: Distribution yields of KMC and the Comparable Yield Companies



Notes: Market statistics as of 18 March 2015

- (a) PF KMC distribution yield is calculated as S\$42.37m/S\$525m. S\$42.37m is calculated based on the following: 51% of estimated EBITDA (S\$108m) – 51% of Interest Expense of S\$700m loan @ 3% (S\$21m) – Management fee @ 4.5% applied to 51% of estimated EBITDA less 51% of Interest Expense (S\$2.00m)
- (b) Based on annualised DPU from listing date (28 Jan 2014) to 31 December 2014 (2014 actual DPU: HK 36.42 cents; annualised DPU: HK 39.45 cents; assume exchange rate of US\$/HK\$: 7.75)

Source: FactSet

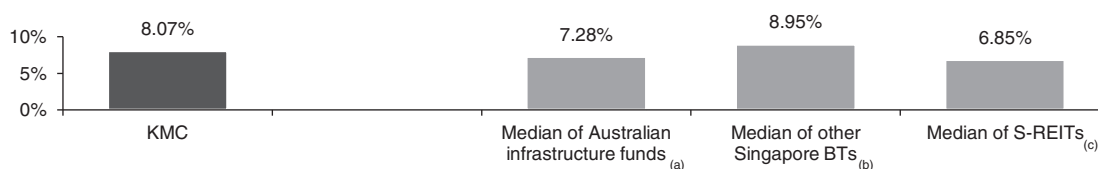
Based on the above, we note the following:

- i. The implied distribution yield of the KMC Acquisition is 8.07% based on the assumption of the KIT Equity Fund Raising of S\$525 million, which is within the range of the distribution yields of the Comparable Yield Companies and 2.0% higher than the median distribution yield of the Comparable Yield Companies of 7.91%.

For illustrative purposes, we have also reviewed the distribution yields of selected Australian infrastructure funds (“**Australian Infrastructure Funds**”), Singapore business trusts which are not involved in infrastructure-related businesses considered to be broadly comparable to KMC, KIT and CIT (“**Singapore Other-BTs**”) and Singapore real estate investment trusts (“**S-REITS**”) (collectively, the “**Additional Yield Companies**”). The Australian Infrastructure Funds are mandated to provide long term sustainable distributions to investors and have infrastructure-related businesses considered to be broadly comparable to KMC, but are not listed on SGX-ST. The Singapore Other-BTs and S-REITS are mandated to provide long term sustainable distributions to investors and listed on SGX-ST but do not have infrastructure-related businesses considered to be broadly comparable to KMC. We further note that S-REITS have fundamental differences from Singapore business trusts including (i) S-REITS can only hold real estate while Singapore business trusts can hold any asset (including real estate and under development properties); (ii) S-REITS are required to pay out at least 90% of their distributable income to unitholders while Singapore business trusts do not have similar requirements; (iii) S-REITS do not have to pay taxes on profits while Singapore business trusts do not have such benefits; and (iv) S-REITS have a borrowing cap (35% without a credit rating and 65% with a credit rating) which Singapore business trusts do not have. Accordingly, the Additional Yield Companies are not comparable to KMC, KIT or CIT and are not referred to for purpose of our evaluation of KMC Acquisition, but have been provided for illustrative purposes only.

We set out in Exhibit 4 below the distribution yields of KMC and the Additional Yield Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 4: Distribution yields of KMC and the Additional Yield Companies



Notes: Market statistics as of 18 March 2015

- (a) Comprises AusNet Services, Duet, and Spark Infrastructure
- (b) Comprises Accordia Golf Trust, Rickmers Maritime, and First Ship Lease Trust
- (c) Comprises CapitaMall Trust, Ascendas Real Estate Investment Trust, CapitaCommercial Trust, Suntec Real Estate Investment Trust, Keppel REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, SPH REIT, Mapletree Greater China Commercial Trust, Mapletree Industrial Trust, Fortune Real Estate Investment Trust, Ascott Residence Trust, Frasers Centrepoint Trust, Starhill Global Real Estate Investment Trust, CDL Hospitality Trusts, Far East Hospitality Trust, Parkway Life Real Estate Investment Trust, CapitaRetail China Trust, OUE Hospitality Trust, Frasers Hospitality Trust, Frasers Commercial Trust, Cache Logistics Trust, Lippo Malls Indonesia Retail Trust, AIMS AMP Capital Industrial REIT, First Real Estate Investment Trust Units, Cambridge Industrial Trust, Ascendas Hospitality Trust, Ascendas India Trust, OUE Commercial Real Estate Investment Trust, Sabana Shari'ah Compliant Industrial REIT, Soilbuild Business Space REIT, Croesus Retail Trust, Viva Industrial Trust, Indiabulls Properties Investment Trust, IREIT Global, and Saizen Real Estate Investment Trust

Source: Company filings, FactSet

7.4 Implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of the KMC Comparable Companies

For the purpose of evaluating the financial terms of the KMC Acquisition, we have made reference to selected valuation ratios of the KMC Comparable Companies which are considered to be broadly comparable to KMC in terms of having a primary focus on power producing assets and having similar geographic markets to KMC to get an indication of the current market expectations with regard to the perceived valuation of KMC.

We wish to highlight that the KMC Comparable Companies are not exhaustive and we recognise that there is no company which we consider to be identical to KMC in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

The Independent Directors and Audit Committee should note that any comparison made with respect to the KMC Comparable Companies merely serve to provide an illustrative perceived market valuation of KMC as at the Latest Practicable Date.

Brief descriptions of the KMC Comparable Companies are set out below in Exhibit 5:

Exhibit 5: Brief descriptions of the KMC Comparable Companies

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Aboitiz Power	7,572	8,977	<ul style="list-style-type: none"> – Aboitiz Power engages in power generation, distribution, retail and power services – Aboitiz Power has power generating facilities located in Luzon, Visayas and Mindanao, with total net capacity of 2,830MW – Aboitiz Power supplies electricity through seven distribution utilities to franchise areas covering a total of 18 cities with a total customer base of ~767,000 in 2012
Glow Energy Public Company	3,644	5,389	<ul style="list-style-type: none"> – Glow Energy Public Company (“Glow”) engages in production and supply of electricity to the Electricity Generating Authority of Thailand (“EGAT”) and other industrial Customers – Glow has interests in a series of IPPs and cogeneration facilities across Thailand and Laos – Glow has net power generation capacity of 2,871MW

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
YTL Power International	3,041	7,248	<ul style="list-style-type: none"> – YTL Power International (“YTL Power”) is a multi-utility group which engages in power generation and retail, electricity transmission, water supply and wastewater services and communications businesses – YTL Power’s assets includes power plants in Malaysia, Singapore, Indonesia and transmission lines in South Australia
Energy Development Corporation	3,490	4,668	<ul style="list-style-type: none"> – Energy Development Corporation (“EDC”) is the Philippines’ largest geothermal producer, operating 12 geothermal steam fields throughout the country – EDC has six concessions in Peru and seven in Chile – EDC has 1,150MW of geothermal power capacity and 132MW of hydropower capacity
Electricity Generating Public Company	2,399	4,492	<ul style="list-style-type: none"> – Electricity Generating Public Company (“EGCO”) is the first independent power producer in Thailand – EGCO’s portfolio comprises of 20 operating power plants, totaling contracted capacity 4,518.02MW – EGCO also has four under construction projects and four under development projects, totaling contracted capacity 1,613MW
Ratchaburi Electricity Generating Holdings	2,687	2,949	<ul style="list-style-type: none"> – Ratchaburi Electricity Generating Holdings (“Ratchaburi”) is the largest power company in Thailand, producing c.14% of the country’s total production capacity and is 45%-owned by EGAT – Ratchaburi portfolio includes (i) gas IPP plants in Thailand; (ii) 80% stake in Ratch-Australia Corporation, operating six plants in Australia including three natural gas plants; and (iii) associate stakes in two hydroelectric plants in Laos – Ratchaburi has total generation power capacity of 5,612MW and construction capacity of 966MW

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
First Generation Corporation	2,749	5,161	<ul style="list-style-type: none"> – First Generation Corporation (“First Gen”) is a clean and renewable energy company in the Philippines, generating electricity through geothermal, natural gas and hydro sources – First Gen operates 15 power plants located in Luzon, Mindanao and Visayas, with net capacity of 2,763MW – First Gen has 40% indirect interest in EDC – Apart from NPC contracts through EDC, First Gen also trades electricity through 25-year contracts with Manila Electric Company

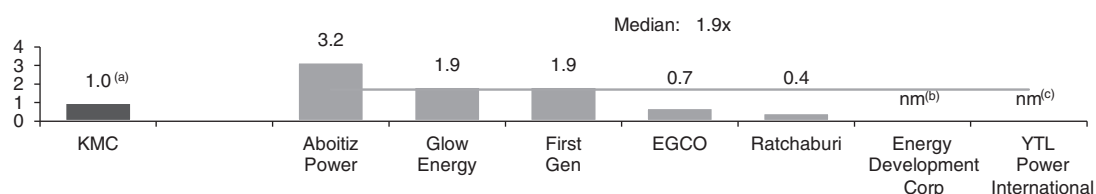
Note: Market statistics as of 18 March 2015

Source: Company data, FactSet

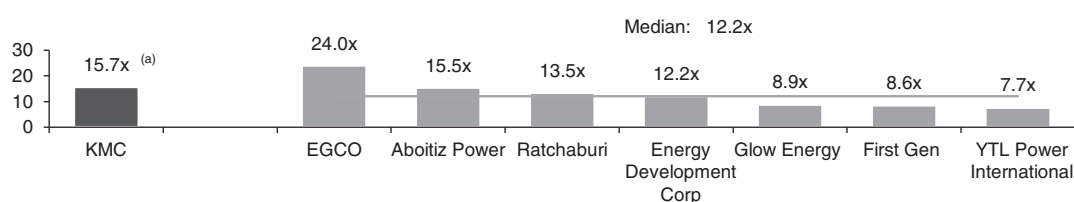
We set out in Exhibit 6 below the valuation ratios of KMC and the KMC Comparable Companies based on their latest traded price as at the Latest Practicable Date:

Exhibit 6: Valuation ratios of KMC and the KMC Comparable Companies

EV/Capacity (US\$/MW)



EV/LTM EBITDA



Notes: Market statistics as of 18 March 2015

LTM financials based on FY2014 financials, or LTM as of September 2014 or June 2014 if 2014 full year results are unavailable

(a) PF KMC EV/Capacity is calculated as S\$1,700m (c.US\$1,316m)/1,320MW; EV/2016E EBITDA is calculated as S\$1,700m/S\$108m

(b) EV/Capacity not comparable given Energy Development Corp is mainly involved in geothermal power

(c) EV/Capacity not comparable given YTL Power International has significant water transmission and distribution exposure

Source: Company filings, FactSet

Based on the above, we note the following:

- i. The implied EV/Capacity ratio of the KMC acquisition is 1.0x, which is within the range of the EV/Capacity ratios of the KMC Comparable Companies and 47.4% lower than the median EV/Capacity ratio of the KMC Comparable Companies of 1.9x; and
- ii. The implied EV/EBITDA ratio of KMC is 15.7x, which is within the range of the EV/EBITDA ratios of the KMC Comparable Companies and 28.7% higher than the median EV/EBITDA ratio of the KMC Comparable Companies of 12.2x.

The capacity and EBITDA based valuation ratios are not impacted by depreciation policy or financing strategies and are considered useful secondary valuation methodology to the distribution yield methodology. However, the KMC Comparable Companies are not under similar business trust structures as KMC and may have fundamentally different operating structures and objectives, which makes these valuation ratios less relevant than the distribution yield methodology.

7.5 Implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of the KMC Precedent Transactions

We have reviewed transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of Singapore independent power producers where the acquirer had majority control at the point of acquisition and for which information is publicly available. As the assets of the target companies considered in our analysis include less efficient non-gas-fired plants compared to KMC which is 100% gas-fired, we have considered both EV/Capacity and EV/Gas-fired capacity ratios.

The Independent Directors and Audit Committee should note that the price an acquirer would normally pay in an acquisition varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies (if any) to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in trading of the target company's shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors and Audit Committee should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the quality of earnings prior to the relevant announcements and the market conditions, sentiments and expectations when the announcements were made.

The KMC Precedent Transactions and the acquired companies may not be directly comparable with the KMC Acquisition and KMC and may vary with respect to, amongst others, the prevailing market conditions at the time of the transactions, as well as the nature of the underlying assets acquired, scale of operations, asset age and efficiency, financial leverage, accounting policies, risk profile, tax factors, track record and future prospects of the acquired companies. Accordingly, the KMC Precedent Transactions may not provide a meaningful basis for comparison.

Exhibit 7 below sets out the implied valuation ratios of the KMC Precedent Transactions:

Exhibit 7: Implied valuation ratios of the KMC Precedent Transactions

Date	Acquiror name	Target name	Fuel type	Stake acquired (%)	Gross capacity (MW)	Gas-fired capacity (MW)	Transaction value (US\$m)	Implied 100% EV (US\$m)	EV/ Capacity (US\$m/MW)	EV/Gas-fired capacity (US\$m/MW)	EV/LTM EBITDA (x)
5-Mar-13	FPM Power (joint venture between First Pacific and Manila Electric)	GMR Energy	Gas	70%	800	800	537	1,582	1.98	1.98	na
2-Dec-08	YTL Power International	PowerSeraya	Mix	100%	3,100	1,490 ^(a)	2,340	2,471	0.80	1.66	10.7x
5-Sep-08	Lion Power	Senoko Power	Mix	100%	3,300	2,050	2,570	2,797	0.85	1.36	16.2x
24-Mar-08	China Huaneng Group	Tuas Power	Mix	100%	2,670	1,470	3,056	3,108	1.16	2.11	13.0x
Mean									1.20	1.78	13.3x
Median									1.01	1.82	13.0x

(a) Including gas-fired capacity under construction of 758MW at the transaction announcement

Source: Company disclosure, SDC

Based on the above, we note the following:

- i. The implied EV/Capacity ratio of the KMC Acquisition is 1.0x which is within the range of the EV/Capacity ratios of the KMC Precedent Transactions and 1.0% lower than the median EV/Capacity ratio of the KMC Precedent Transactions of 1.01x;
- ii. The implied EV/Capacity ratio of the KMC Acquisition is 1.0x which is below the range of the EV/Gas-fired capacity of the KMC Precedent Transactions; and
- iii. The implied EV/EBITDA ratio of the KMC Acquisition is 15.7x which is within the range of the EV/EBITDA ratios of the KMC Precedent Transactions and 20.8% higher than the median EV/EBITDA ratio of the KMC Precedent Transactions of 13.0x.

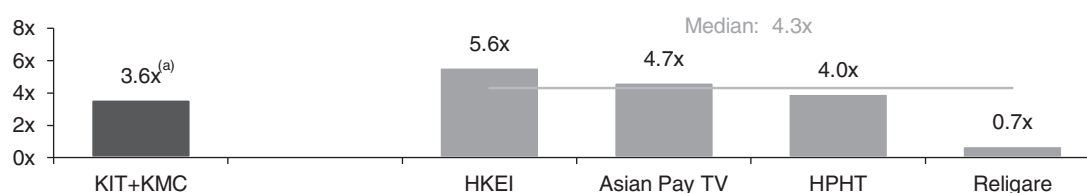
7.6 Pro forma Net Debt/EBITDA ratio of the combined KIT and KMC as compared to the Net Debt/EBITDA ratios of the Comparable Yield Companies

The Net Debt/EBITDA ratio is a measure of a company's leverage or its ability to repay its debts if they were all due today. We wish to highlight that there is no definitive measure of what is the optimal Net Debt/EBITDA ratio of a business trust as it depends on the its geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria.

The Independent Directors and Audit Committee should note that any comparison made with respect to the Comparable Yield Companies merely serve to illustrate whether the combined KIT and KMC has a high Net Debt/EBITDA ratio as compared to the Comparable Yield Companies which could result in a higher risk of defaulting on its debt payment or affect its ability to take on additional debt to support future acquisitions and is not an assessment of the optimal Net Debt/EBITDA ratio for the combined KIT and KMC.

Exhibit 8 below sets out the Net Debt/EBITDA ratio of the combined KIT and KMC and the Comparable Yield Companies

Exhibit 8: Net Debt/EBITDA ratio of the Combined KIT and KMC and the Comparable Yield Companies



Notes: Balance sheet figures based on latest information available

(a) Proforma net debt/adjusted EBITDA

Source: Company filings, FactSet

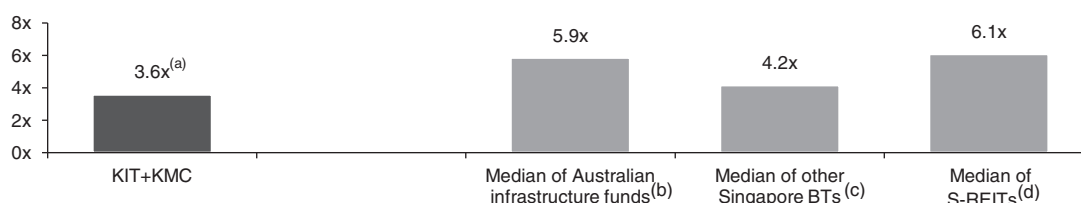
Based on the above, we note the following:

- i. The pro forma Net Debt/EBITDA ratio of the combined KIT and KMC is 3.6x, which is within the range of the Net Debt/EBITDA ratios of the Comparable Yield Companies and 16.3% lower than the median Net Debt/EBITDA ratios of the Comparable Yield Companies of 4.3x.

For illustrative purposes, we have also reviewed the Net Debt/EBITDA ratios of the Additional Yield Companies. As mentioned above, the Additional Yield Companies are not comparable to KMC, KIT or CIT and are not referred to for purpose of our evaluation of KMC Acquisition, but have been provided for illustrative purposes only.

We set out in Exhibit 9 below the Net Debt/EBITDA ratios of the combined KIT and KMC and the Additional Yield Companies:

Exhibit 9: Net Debt/EBITDA ratios of the combined KIT and KMC and the Additional Yield Companies



Note: Balance sheet figures based on latest information available

- (a) Proforma net debt / adjusted EBITDA
- (b) Comprises AusNet Services, Duet, and Spark Infrastructure
- (c) Comprises Accordia Golf Trust, Rickmers Maritime, and First Ship Lease Trust
- (d) Comprises CapitaMall Trust, Ascendas Real Estate Investment Trust, CapitaCommercial Trust, Suntec Real Estate Investment Trust, Keppel REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, SPH REIT, Mapletree Greater China Commercial Trust, Mapletree Industrial Trust, Fortune Real Estate Investment Trust, Ascott Residence Trust, Frasers Centrepoint Trust, Starhill Global Real Estate Investment Trust, CDL Hospitality Trusts, Far East Hospitality Trust, Parkway Life Real Estate Investment Trust, CapitaRetail China Trust, OUE Hospitality Trust, Frasers Hospitality Trust, Frasers Commercial Trust, Cache Logistics Trust, Lippo Malls Indonesia Retail Trust, AIMS AMP Capital Industrial REIT, First Real Estate Investment Trust Units, Cambridge Industrial Trust, Ascendas Hospitality Trust, Ascendas India Trust, OUE Commercial Real Estate Investment Trust, Sabana Shari'ah Compliant Industrial REIT, Soilbuild Business Space REIT, Croesus Retail Trust, Viva Industrial Trust, Indiabulls Properties Investment Trust, IREIT Global, and Saizen Real Estate Investment Trust

Source: Company filings, FactSet

7.7 Rationale and benefits for the KMC Acquisition

Please refer to Paragraph 3 of the Circular for rationale and benefits for the KMC Acquisition. Summarised extracts are provided in this letter.

The KMC Acquisition demonstrates KI's commitment to KIT as a sponsor, by creating a suitable investment that generates stable cashflows for KIT.

The Trustee-Manager believes that the KMC Acquisition will bring the following key benefits to KIT and Unitholders:

(a) Rare opportunity to acquire control in a substantial and strategic operational asset with long term and stable cash flows

The KMC Plant is a top-tier gas-fired power plant in Singapore. The Trustee-Manager believes that operational power plants, such as the KMC Plant, are strategic assets in Singapore because they cannot be easily replicated given land constraints.

As part of the KMC Acquisition, KMC will enter into a 15-year capacity tolling agreement with Keppel Electric, a wholly-owned subsidiary of KI. Under the capacity tolling agreement, KMC will contract its full capacity with Keppel Electric. The maximum capacity fee is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through.

With this arrangement, volatility caused by movements in electricity prices and demand in the Singapore merchant power market typically experienced by independent power producers will be mitigated for KMC. KI will guarantee Keppel Electric's payment obligations to KMC. To ensure continuity of operations, KMC will enter into a long-term service contract with KMC O&M, a wholly-owned subsidiary of KI, and will continue to be operated and maintained by the same team which has operated the plant since 2007.

(b) Enhance the sustainability and extend the duration of KIT's distributions

The current weighted average age of the KMC Plant is less than four years. The design life of power plants similar to the KMC Plant are approximately 25 years (although many power plants operate beyond their design lives), which could be extended with further capital expenditures.

In addition, the land on which the KMC Plant is located has remaining lease life of about 50 years. This ensures that KMC will continue to have significant value even after the initial 15-year tolling contract ends and even beyond the useful life of the plant.

Based on the pro forma financials for 1 January to 31 December 2013, the DPU following the KMC Acquisition and the KIT Equity Fund Raising is at least 7.86 cents.

(c) Transform KIT into the largest Singapore infrastructure-focused business trust listed on the SGX-ST

Following the completion of the KMC Acquisition, KIT's consolidated asset base is expected to increase to over S\$2 billion, transforming it into the largest Singapore infrastructure-focused business trust.

With a larger balance sheet, KIT will be in a better position to pursue bigger acquisitions and respond more nimbly in competitive sale situations, giving KIT further flexibility to execute its acquisition growth strategies.

KIT's increased scale would also strengthen its ability to access capital markets to fund its future growth. The Trustee-Manager believes that the KIT Equity Fund Raising offers KIT a strategic opportunity to raise its profile in the investment community and increase its free float to enhance the liquidity of the KIT Units, and build up its institutional investor base, which will further enhance its ability to raise capital for future acquisitions.

8 EVALUATION OF THE DISPOSAL

In evaluating whether the terms of the Disposal, as at the Latest Practicable Date, are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, we have evaluated whether the Swap Ratio is fair and reasonable and have considered the following factors:

Whether KIT is fairly valued:

- 8.1 historical unit price performance of KIT;
- 8.2 the distribution yield of KIT as compared to the distribution yields of the Comparable Yield Companies;

- 8.3 the valuation ratios of KIT as compared to the valuation ratios of comparable global waste-to-energy companies (“**Comparable Global WTEs**”) and comparable Southeast Asia wastewater and water treatment companies (“**Comparable SEA WWTs**”) (collectively, “**KIT Comparable Companies**”);
- 8.4 the valuation ratios of KIT as compared to the valuation ratios of precedent transactions involving comparable Southeast Asia waste-to-energy companies (“**Precedent SEA WTEs Transactions**”) and comparable Southeast Asia wastewater and water treatment companies (“**Precedent SEA WWTs Transactions**”) (collectively, “**KIT Precedent Transactions**”);

Whether CIT is fairly valued:

- 8.5 historical unit price performance of CIT;
- 8.6 the distribution yield of CIT as compared to the distribution yields of the Comparable Yield Companies;
- 8.7 the valuation ratios of CIT as compared to the valuation ratios of comparable Asia gas utilities companies (“**Comparable Asia Gas Utilities**”), Comparable SEA WWTs, and comparable Australia Infrastructure Funds (collectively, “**CIT Comparable Companies**”);
- 8.8 the valuation ratios of CIT as compared to the valuation ratios of precedent transactions involving comparable Asia gas utilities companies (“**Precedent Asia Gas Utilities Transactions**”), Precedent SEA WWTs Transactions and comparable Australia electricity transmission and distribution companies (“**Precedent Australia Electricity T&D Transactions**”) (collectively, “**CIT Precedent Transactions**”);

Other factors:

- 8.9 the relative historical unit price performance, distribution yields and valuation ratios of KIT and CIT;
- 8.10 the pro forma financial effects of the Proposed Transactions;
- 8.11 the pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC as compared to the Net/Debt/EBITDA ratios of the combined KIT and KMC and the Comparable Yield Companies;
- 8.12 the rationale and benefits for the Disposal; and
- 8.13 other relevant considerations which have a bearing on our assessment.

Please note that in our analysis of CIT, where applicable, we have reduced CIT’s market value by the one-time distribution of S\$30 million to unitholders of CIT prior to completion of the Disposal.

The Independent Directors and Audit Committee should also note that Unitholders have the option of voting for the KMC Acquisition without voting for the Disposal, and should consider carefully Paragraph 8.10 (pro forma financial effects) and Paragraph 8.11 (pro forma Net Debt/EBITDA ratio) which compares the combined KIT and KMC with the combined KIT, CIT and KMC. The other financial metrics are not considered relevant for this comparison as they are based on the market valuation of KIT and CIT, respectively, which has not factored in a Disposal of KIT and KMC on a standalone basis.

8.1 Historical unit price performance of KIT

We have compared the unit price of the KIT Units based on its volume weighted average price for the 180-day period ended on the Last Trading Day (“KIT Transaction Unit Price”) to the historical unit price performance of the KIT Units over different observation periods prior to the Transaction Announcement Date, and from the Transaction Announcement Date up to the Latest Practicable Date.

We set out in Exhibit 10 below, the daily last trade prices and daily trading volumes of the KIT Units from 29 June 2010 up to and including the Last Trading Day.

Exhibit 10: Unit price performance of the KIT Units from 29 June 2010 to Last Trading Day



Selected announcements

29 June 2010	Listed on SGX-ST
12 July 2011	Appointed Tay Lim Heng to KIT's Board
18 August 2011	Aranda Investments reduced its stake in KIT from 10.8% to 4.9%
25 January 2012	Newton Investment Management increased its stake in KIT from 4.8% to 9.5%
26 January 2012	Temasek reduced its stake in KIT from 54.1% to 49.2%
4 January 2013	Received a SG\$100m three year term loan facility and revolving credit facility
20 May 2013	Appointed Lionel Chua as the CFO of KIT
15 July 2013	Appointed Tan Boon Leng to KIT's Board, replacing Tay Lim Heng
15 May 2014	Appointed Khor Un-Hun as the CEO of KIT
28 May 2014	Appointed Ong Tiong Guan to KIT's Board, replacing Teo Soon Hoe
18 November 2014	KI agreed to divest its 51% stake in Keppel Merlimau Cogen to KIT for US\$510m in cash; KIT and CIT agreed to combine

We set out in Exhibit 11 below, the trading volume of the KIT Units over different observation periods prior to the Last Trading Day.

Exhibit 11: Trading volume of the KIT Units prior to the Last Trading Day

Period up to 13 November 2014 ^(a)	VWAP (S\$)	Lowest unit price (S\$)	Highest unit price (S\$)	Total volume traded (‘000)	ADTV ^(b) (S\$m)	ADTV ^(b) / free float (%) ^(c)
180-day	1.0446	1.025	1.070	26,702	0.15	0.05%
90-day	1.0425	1.035	1.055	11,295	0.13	0.04%
60-day	1.0417	1.035	1.050	7,886	0.14	0.04%
30-day	1.0419	1.035	1.050	5,174	0.18	0.05%
10-day	1.0419	1.040	1.050	2,706	0.28	0.08%
5-day	1.0413	1.040	1.050	1,227	0.26	0.08%

(a) Reflects the number of calendar days up to and including the last full day of trading day prior to the announcement on 18 November 2014

(b) Represents average daily traded value

(c) Based on free float of 51.7%

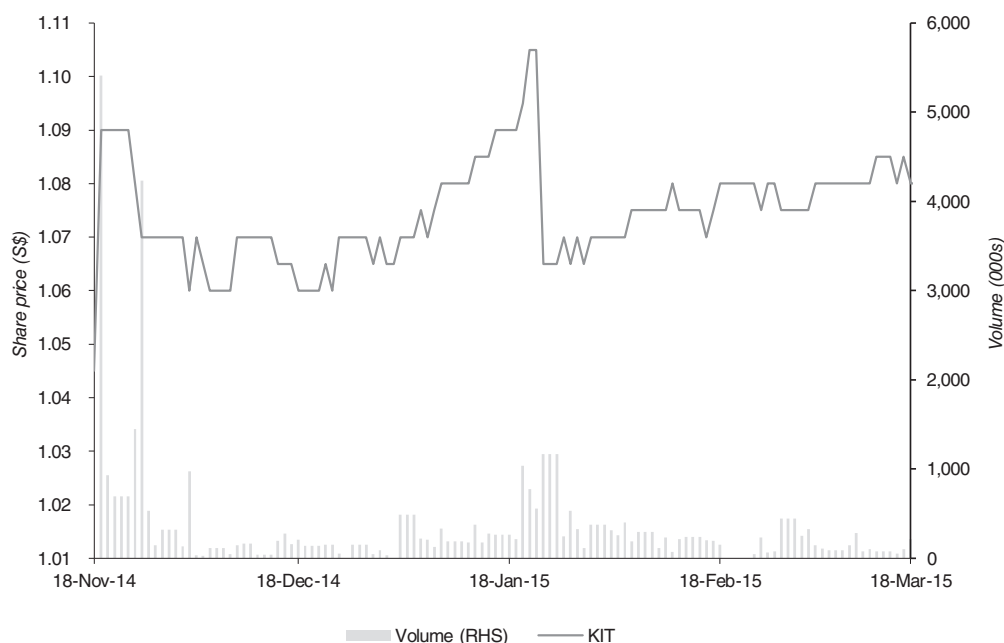
Source: FactSet

Based on the above, we note the following:

- i. Over the different observation periods prior to the Last Trading Day, the relevant VWAP of the KIT Units had been within a narrow band of between S\$1.0413 and S\$1.0446;
- ii. The KIT Transaction Unit Price of S\$1.0446 is 2.4% lower than highest traded price of the KIT Units in the 180-days preceding the Last Trading Day of S\$1.070;
- iii. The KIT Transaction Unit Price of S\$1.0446 is 1.9% higher than the lowest traded price of the KIT Units in the 180-days preceding the Last Trading Day of S\$1.025; and
- iv. The average daily traded value/free float of the KIT Units have been between a narrow band of 0.04% and 0.08% over the different observation periods prior to the Last Trading Day.

We set out in Exhibit 12 below, the daily last trade prices and daily trading volumes of KIT Units for the period after the Transaction Announcement Date up to and including the Latest Practicable Date:

Exhibit 12: Unit price performance of the KIT Units for the period after the Transaction Announcement Date up to and including the Latest Practicable Date



Source: FactSet

Based on the above, we note the following:

- i. The last traded price of the KIT Units on the Last Trading Day was S\$1.040. On 19 November 2014 (being the first market day after the Transaction Announcement Date and the lifting of the trading halt), the price of the KIT Units rose by 4.8% to close at S\$1.090; and
- ii. The price of the KIT Units is S\$1.080 as at the Latest Practicable Date, which is 3.4% higher than the KIT Transaction Unit Price of S\$1.0446.

Unitholders are advised that the past trading performance of the KIT Units should not, in any way, be relied upon as indication or a promise of its future trading performance.

8.2 Distribution yield of KIT as compared to the distribution yields of the Comparable Yield Companies

For the purpose of evaluating the financial terms of the Disposal, we have made reference to the distribution yields of the Comparable Yield Companies listed in Exhibit 2 to get an indication of the current market expectations with regard to the perceived valuation of KIT. The Comparable Yield Companies are mandated to provide long term sustainable distribution to investors and have similar infrastructure-related businesses considered to be broadly comparable to KIT. While HKEI is listed on the Hong Kong Stock Exchange and not the SGX-ST, it is considered to be comparable to KIT given it is structured as a fixed single investment trust (which is similar to a Singapore business trust) and is involved in the regulated utilities business.

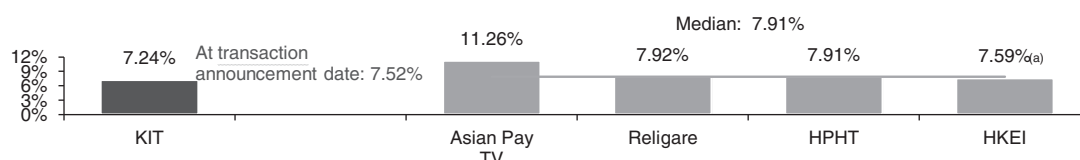
We wish to highlight that the Comparable Yield Companies are not exhaustive and we recognise that there is no company which we consider to be identical to KIT in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

Given the primary focus of a business trust is to pay distributions without any restrictions due to retained earnings and net profit, we have considered the distribution yield analysis as the primary valuation methodology.

The Independent Directors and Audit Committee should note that any comparison made with respect to the Comparable Yield Companies merely serve to provide an illustrative perceived market valuation of KIT as at the Latest Practicable Date.

We set out in Exhibit 13 below the distribution yields of KIT and the Comparable Yield Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 13: Distribution yields of KIT and the Comparable Yield Companies



Notes: Market statistics as of 18 March 2015

(a) Based on annualized DPU from listing date (28 Jan 2014) to 31 December 2014 (2014 actual DPU: HK 36.42 cents; annualised DPU: HK 39.45 cents; assume exchange rate of US\$/HK\$: 7.75)

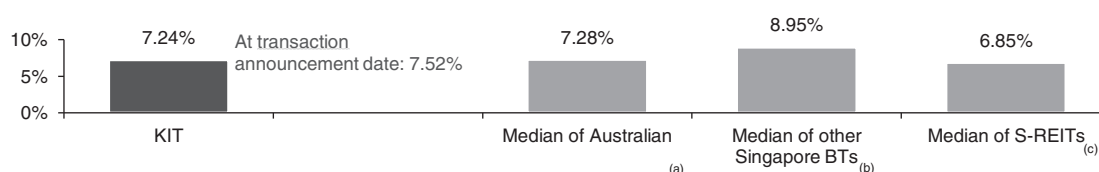
Source: Company fillings, FactSet

Based on the above, we note the following:

- i. The distribution yield of KIT based on the last traded price as at the Latest Practicable Date is 7.24%, which is within the range of the distribution yields of the Comparable Yield Companies and 8.5% lower than the median distribution yield of the Comparable Yield Companies of 7.91%.

For illustrative purposes, we have also reviewed the distribution yields of KIT and the Additional Yield Companies set out in Exhibit 14 below. As noted above, the Additional Yield Companies are not comparable to KMC, KIT or CIT and are not referred to for purpose of our evaluation of KIT, but have been provided for illustrative purposes only.

Exhibit 14: Distribution yields of KIT and the Additional Yield Companies



Notes: Market statistics as of 18 March 2015

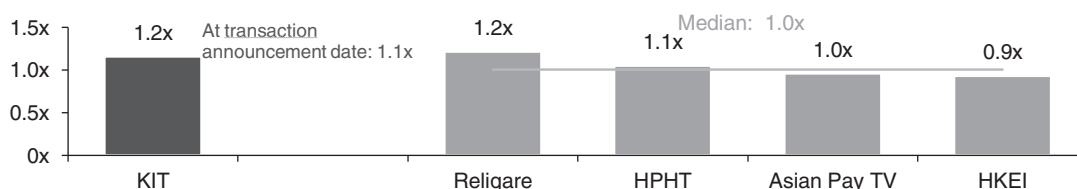
(a) Comprises AusNet Services, Duet, and Spark Infrastructure

- (b) Comprises Accordia Golf Trust, Rickmers Maritime, and First Ship Lease Trust
- (c) Comprises CapitaMall Trust, Ascendas Real Estate Investment Trust, CapitaCommercial Trust, Suntec Real Estate Investment Trust, Keppel REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, SPH REIT, Mapletree Greater China Commercial Trust, Mapletree Industrial Trust, Fortune Real Estate Investment Trust, Ascott Residence Trust, Frasers Centrepoint Trust, Starhill Global Real Estate Investment Trust, CDL Hospitality Trusts, Far East Hospitality Trust, Parkway Life Real Estate Investment Trust, CapitaRetail China Trust, OUE Hospitality Trust, Frasers Hospitality Trust, Frasers Commercial Trust, Cache Logistics Trust, Lippo Malls Indonesia Retail Trust, AIMS AMP Capital Industrial REIT, First Real Estate Investment Trust Units, Cambridge Industrial Trust, Ascendas Hospitality Trust, Ascendas India Trust, OUE Commercial Real Estate Investment Trust, Sabana Shari'ah Compliant Industrial REIT, Soilbuild Business Space REIT, Croesus Retail Trust, Viva Industrial Trust, Indiabulls Properties Investment Trust, IREIT Global, and Saizen Real Estate Investment Trust

Source: Company filings, FactSet

For illustrative purposes, we have further provided the P/B ratios of KIT and the Comparable Yield Companies in Exhibit 15 below. The P/B ratio is a commonly used financial metric in the analysis performed by many independent financial advisers. Based on KIT's unaudited financial statements as at 31 December 2014, KIT's aggregate book value is S\$591 million, implying a P/B ratio of 1.2x based on KIT's latest trading price as of the Latest Practicable Date.

Exhibit 15: P/B ratios of KIT and the Comparable Yield Companies



Note: Market statistics as of 18 March 2015; Book value based on latest available balance sheet

Source: Company filings, FactSet

We note that the book value of business trusts may be lower than ordinary companies due to high distribution payments, and may have little relation to the fundamental value of the underlying assets which is based on ability to maintain long-term sustainable distributions. Even between business trusts, the relative book values could vary significantly due to the structure of the business trust, nature of the underlying assets, age profile, financing strategy and distributions strategy. As such, book value based valuation ratios are generally less relevant for such analysis and have not been relied on for the basis of our analysis, but have been provided for illustrative purpose.

The Directors have confirmed to us that save as disclosed in the Circular and in the ordinary course of business, there have been no material acquisitions and disposals of assets by KIT since 31 December 2014 up to the Latest Practicable Date.

8.3 Valuation ratios of KIT relative to the valuation ratios of the KIT Comparable Companies

For the purpose of evaluating the financial terms of the Disposal, we have made reference to selected valuation ratios of the KIT Comparable Companies which are considered to be broadly comparable to KIT in terms of having a primary focus on waste-to-energy assets or waste water and water treatment assets, and having similar geographic markets to get an indication of the current market expectations with regard to the perceived valuation of KIT. KIT has amongst its waste-to-energy assets the Senoko Waste-to-Energy Plant and the Tuas Waste-to-Energy Plant, and among its waste water treatment assets the Ulu Pandan NEWater Plant.

We wish to highlight that the KIT Comparable Companies are not exhaustive and we recognise that there is no company which we consider to be identical to KIT in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

The Independent Directors and Audit Committee should note that any comparison made with respect to the KIT Comparable Companies merely serve to provide an illustrative perceived market valuation of KIT as at the Latest Practicable Date.

Brief descriptions of the KIT Comparable Companies are set out below in Exhibit 16:

Exhibit 16: Brief descriptions of the KIT Comparable Companies

Comparable Global WTEs

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Everbright International	6,854	7,181	<ul style="list-style-type: none"> – Everbright International (“Everbright”) engages in project investment, operational management, construction engineering, technology and development as well as environmental equipment manufacturing – Everbright operates through two business areas: <ul style="list-style-type: none"> – <i>Project Investment</i>: includes Project Investment Environmental Energy, Environmental Water and Alternative Energy – <i>Mainland Management Centre</i>: includes Operation Management, Engineering Management, Technological Development and Equipment Manufacturing – Through Environmental Energy unit, Everbright engages in waste to energy business and had a total of 24 WTE projects and 8 industrial solid waste and hazardous waste treatment projects as of 31 December 2013

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Dynagreen Environmental Protection Group	585	680	<ul style="list-style-type: none"> – Dynagreen Environmental Protection Group (“Dynagreen”) constructs, operates and maintains WTE plants in China – Dynagreen is focused on municipal solid waste – Dynagreen serves local government authorities and state-owned enterprises in small and midsize cities
Capital Environment Holdings Ltd	290	475	<ul style="list-style-type: none"> – Capital Environment Holdings Ltd (“CEHL”) is an investment holding company, providing environmental infrastructure services especially construction and operation of waste treatment projects for municipalities in China – CEHL, through its wholly owned subsidiary Capital Environment Investment, is engaged in investment, construction, operation and maintenance of WTE projects, usually under a build, operate and transfer mode <p>also engaged in provision of consultancy & advisory services on technology solution, engineering design, turn-key project design, key facilities & equipment procurement, system integration & related research and development for WTE business</p>
Waste Management	25,284	33,435	<ul style="list-style-type: none"> – Waste Management is the leading provider of comprehensive waste management services in North America – Waste Management develops, operates and owns WTE and landfill gas-to-energy facilities – In 2013, Waste Management processed 7.5 million tonnes of municipal solid waste into 5.2bn kWh of electricity

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Veolia Environnement	10,408	20,648	<ul style="list-style-type: none"> – Veolia Environnement (“Veolia”) operates a provider of environmental management services, which include the supply of water, the treatment and recovery of municipal or industrial effluent, waste collection, processing and recycling, the supply of heating and cooling services and the optimisation of industrial processes – Under its environmental services division, Veolia produces electricity or heat using waste in landfill sites – Veolia operates 61 WTE recovery and incineration plants, of which 58 process non-hazardous solid waste – Veolia also has 97 non-hazardous waste landfill sites
Covanta Holding Corporation	2,983	5,009	<ul style="list-style-type: none"> – Covanta Holding Corporation (“Covanta”) is one of the world’s largest owners and operators of infrastructure for the conversion of WTE – Covanta operates and/or have ownership in 45 WTE facilities, which are primarily located in North America and 11 other energy generation facilities, primarily consisting of renewable energy production facilities in North America – Covanta process circa 20 million tonnes of solid waste and produces 10bn kWh of baseload electricity (including renewable)
Transpacific Industries Group	943	1,043	<ul style="list-style-type: none"> – Transpacific Industries Group (“Transpacific”) is Australia’s leading waste management company, operating a national network of unique collection, processing, treatment and landfill assets from over 200 locations across Australia – Transpacific generates gas from green and food manufacturing waste, which is used for electricity generation – Transpacific also has a joint venture with Veolia Environmental Services, which engages in the conversion of waste to green energy and nutrient-rich fertiliser

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Seche Environnement	297	559	<ul style="list-style-type: none"> – Seche Environnement (“Seche”) specialises in the recovery and treatment of waste products, notably hazardous industrial waste – Seche engages in energy recovery of hazardous and non-hazardous waste – Seche is able to generate more than 1,014Gwh per year

Note: Market statistics as of 18 March 2015

Source: Company data, FactSet

Comparable SEA WWTs

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
SIIC Environment Holdings	1,077	1,403	<ul style="list-style-type: none"> – SIIC Environment Holdings (“SIIC Environment”) is an investment holding company engaged in waste water treatment and water supply business in the People’s Republic of China and Singapore – SIIC Environment operates through three segments including Construction, Water Treatment and Water Supply and Others – <i>Construction:</i> involved in the design, assembly, construction, installation and commissioning of water supply or waste water treatment systems/plants for industrials and municipals – <i>Water Treatment and Water Supply:</i> operates infrastructure under service and non-service concession agreements – SIIC Environment is also involved in the provision of reclaimed water treatment, waste incineration power generation and treatment and supply of potable water

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Manila Water	1,216	1,843	<ul style="list-style-type: none"> – Manila Water operates as a provider of water treatment, water distribution, sewerage and sanitation services to residential, commercial and industrial customers in the Philippines – Manila Water holds the exclusive right to provide water and used water services to the East Zone of Metro Manila
Puncak Niaga Holdings Bhd	289	225	<ul style="list-style-type: none"> – Puncak Niaga Holdings Bhd ("PNHB") is a leading regional integrated water, wastewater and environmental solutions provider – Malaysia's second largest water concessionaire that manages 29 water treatment plants with a capacity of 1,931 million litres per day – PNHB distributes treated water to 7.5m consumers per day including industrial and commercial users in Selangor and Putrajaya
HanKore Environment Tech Group	1,548	1,657	<ul style="list-style-type: none"> – On 12 December 2014, China Everbright International successfully completed a reverse takeover of HanKore Environment which was renamed as China Everbright Water ("CEW") – Post the transaction, CEW will be the sole platform for China Everbright International's water treatment business and estimated to be the 5th largest wastewater treatment company in the PRC with 36 plants with designed capacity of 3.5 metric tonnes per day <p>CEW have wastewater treatment operations in Beijing, Shanxi, Henan, Shandong and Jiangsu</p>
Cypark Resources Bhd	96	166	<ul style="list-style-type: none"> – Cypark Resources Bhd ("Cypark") operates as an integrated renewable energy developer and green technology solutions provider – Cypark specialises in renewable energy generation, integrated waste management solutions, wastewater treatment, environmental engineering and landfill restoration

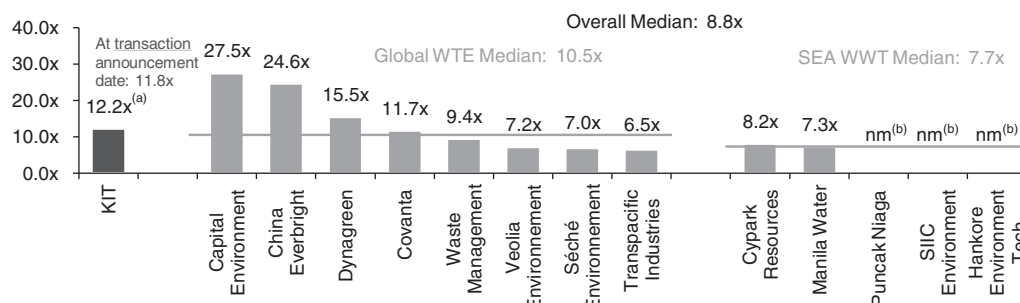
Note: Market statistics as of 18 March 2015

Source: Company data, FactSet

We set out in Exhibit 17 below the valuation ratios of KIT and the KIT Comparable Companies based on their latest traded price as at the Latest Practicable Date:

Exhibit 17: Valuation ratios of KIT and the KIT Comparable Companies

EV/LTM EBITDA



Notes: Market statistics as of 18 March 2015

LTM financials based on FY2014 financials, or LTM as of September 2014 or June 2014 if 2014 full year results are unavailable

- (a) EBITDA is adjusted to include repayment of service concession receivables which is not accounted as an income statement item
- (b) 'nm' denotes multiples which are negative or above 30x

Source: Company filings, FactSet

Based on the above, we note the following:

- i. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the KIT Comparable Companies and 38.6% higher than the median EV/EBITDA ratio of the KIT Comparable Companies of 8.8x;
- ii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Comparable Global WTEs and 16.2% higher than the median EV/EBITDA ratio of the Comparable Global WTEs of 10.5x; and
- iii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is 48.8% higher than the maximum EV/EBITDA ratio of the Comparable SEA WWTs of 8.2x.

For illustrative purposes, we have further provided the P/E ratios of the KIT Comparable Companies. The P/E ratio is a commonly used financial metric in the analysis performed by many independent financial advisers. Based on KIT's unaudited financial statements for the year ending 31 December 2014, KIT's earnings is S\$13 million, implying a P/E ratio of 53.5x based on KIT's latest trading price as of the Latest Practicable Date.

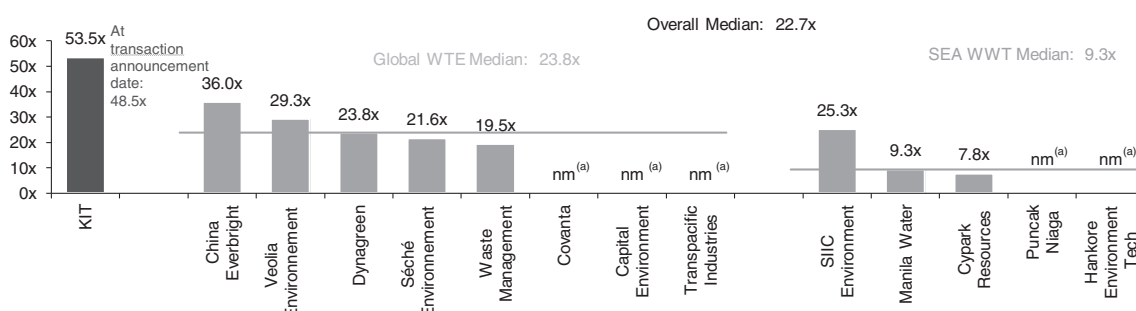
We note that the earnings of business trusts may be lower than ordinary companies due to high depreciation or financing expenses, and may have little relation to the fundamental value of the underlying assets which is based on ability to maintain long-term sustainable distributions. Even between business trusts, the relative earnings could vary significantly due to the structure of the business trust, nature of the underlying assets, age and

depreciation profile and financing strategy. As such, earnings based valuation ratios are generally less useful for such analysis and have not been relied on for the basis of our analysis, but have been provided for illustrative purpose.

We set out in Exhibit 18 below the P/E ratios of KIT and the KIT Comparable Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 18: P/E ratios of KIT and the KIT Comparable Companies

Price/LTM Earnings



Notes: Market statistics as of 18 March 2015 LTM financials based on FY2014 financials, or LTM as of September 2014 or June 2014 if 2014 full year results are unavailable

(a) 'nm' denotes multiples which are above 60x

Source: Company filings, FactSet

8.4 Valuation ratios of KIT as compared to the valuation ratios of KIT Precedent Transactions

We have reviewed transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of comparable Southeast Asia waste-to-energy companies and transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of comparable Southeast Asia wastewater and water treatment companies for which information is publicly available.

The Independent Directors and Audit Committee should note that the price an acquirer would normally pay in an acquisition varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies (if any) to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in trading of the target company's shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors and Audit Committee should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the quality of earnings prior to the relevant announcements and the market conditions, sentiments and expectations when the announcements were made.

The KIT Precedent Transactions and the acquired companies may not be directly comparable with KIT and may vary with respect to, amongst others, the prevailing market conditions at the time of the transactions, as well as the nature of the underlying assets acquired, scale of operations, asset age and efficiency, financial leverage, accounting

policies, risk profile, tax factors, track record and future prospects of the acquired companies. Accordingly, the KIT Precedent Transactions may not provide a meaningful basis for comparison.

Exhibit 19 below sets out the implied valuation ratios of the KIT Precedent Transactions:

Exhibit 19: Implied valuation ratios of the KIT Precedent Transactions

Date	Acquiror name	Target name	Country	Stake acquired (%)	Transaction value (US\$m)	Implied 100% EV (US\$m)	100% LTM EBITDA (US\$m)	EV/LTM EBITDA (x)
Precedent SEA WTEs Transactions								
9-Aug-11	Investor Group	Ranhill Energy and Resources	Malaysia	48%	86	410	851	7.9x
19-Jan-09	SMK Asia Ltd	Rojana Industrial Park ^(a)	Thailand	7%	5	32	455	9.5x
22-Apr-09	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	7%	6	33	453	10.8x
15-Oct-08	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	3%	5	18	538	10.1x
18-Sep-07	PKNS	Worldwide Holdings	Malaysia	49%	96	84	173	35.6x
Mean								14.8x
Median								10.1x
Precedent SEA WWTs Transactions								
12-Nov-14 ^(b)	CITIC and KKR	United Envirotech	Singapore	70%	866	1,429	52	27.3x
8-Jan-13	KKR	United Envirotech	Singapore	11%	40	486	34	14.4x
23-Aug-11	Ciena Enterprises	Asia Environment holdings	Singapore	79%	102	267	8	32.9x
22-Apr-09	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	7%	6	453	42	10.8x
15-Oct-08	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	3%	5	538	53	10.1x
Mean								19.1x
Median								14.4x
Overall Mean								16.9x
Overall Median								10.8x

(a) Rojana Industrial Park is involved into both WWT and WTE

(b) Pending completion

Source: Company disclosure, SDC

Based on the above, we note the following:

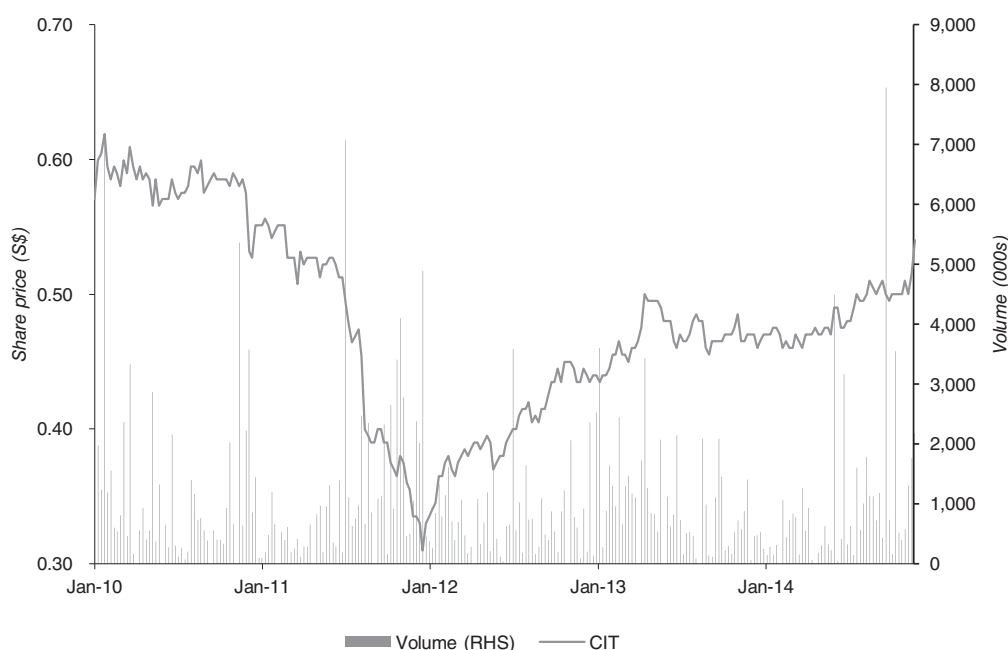
- i. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the KIT Precedent Transactions and 13.0% higher than the median EV/EBITDA ratio of the KIT Precedent Transactions of 10.8x;
- ii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WTEs Transactions and 20.8% higher than the median EV/EBITDA ratio of the Precedent SEA WTEs Transactions of 10.1x; and
- iii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WWTs Transactions and 15.3% lower than the median EV/EBITDA ratio of the Precedent SEA WWTs Transactions of 14.4x.

8.5 Historical unit price performance of CIT

We have compared the unit price of the CIT Units based on its volume weighted average price for the 180-day period ended on the Last Trading Day ("**CIT Transaction Unit Price**") to the historical unit price performance of the CIT Units over different observation periods prior to the Transaction Announcement Date, and from the Transaction Announcement Date up to the Latest Practicable Date.

We set out in Exhibit 20 below, the daily last trade prices and daily trading volumes of the CIT Units from 1 January 2010 up to and including the Last Trading Day.

Exhibit 20: Unit price performance of the CIT Units from 1 January 2010 to Last Trading Day



Source: FactSet

Selected announcements

26 April 2010	Announced management changes including appointment of Daniel Cuthbert Ee Hock Huat as the CIT's Chairman and Ong BengTeck as a Director to CIT's Board
4 April 2011	Appointed CIT's CFO Tong Yew Heng as Acting CEO
30 June 2011	Announced a renounceable rights issue to raise gross proceeds of ~SG\$210.2m from the issue of ~539m new ordinary units at SG\$0.39 per Rights Unit
26 July 2011	Appointed Tong Yew Heng as the CEO of CIT
11 October 2012	Established a wholly-owned subsidiary, CitySpring Capital, as well as established SG\$500m multicurrency medium term note program
21 June 2013	Appointed Susanna Cher Mui Sim as the CFO of CIT
22 August 2013	Announced that its wholly owned subsidiary, NetLink Trust, proposed acquisition of Opennet for SG\$126m in cash
30 June 2014	Established a joint venture, DataCentre One, with Shimizu to develop and lease a data centre in Singapore
18 November 2014	CIT and KIT agreed to combine
25 November 2014	Announced refinancing of all the outstanding bonds issued in connection with the acquisition of Basslink in 2007

We set out in Exhibit 21 below, the trading volume of the CIT Units over different observation periods prior to the Last Trading Day.

Exhibit 21: Trading volume of the CIT Units prior to the Last Trading Day

Period up to 13 November 2014 ^(a)	VWAP (S\$)	Lowest unit price (S\$)	Highest unit price (S\$)	Total volume traded ('000)	ADTV ^(b) (S\$m)	ADTV ^(b) / free float (%) ^(c)
180-day	0.4960	0.470	0.515	123,641	0.34	0.07%
90-day	0.5006	0.490	0.515	73,434	0.41	0.09%
60-day	0.4998	0.490	0.515	57,281	0.48	0.10%
30-day	0.5042	0.490	0.515	16,956	0.28	0.06%
10-day	0.5070	0.495	0.515	8,505	0.43	0.09%
5-day	0.5072	0.500	0.510	4,053	0.41	0.09%

(a) Reflects the number of calendar days up to and including the last full day of trading day prior to the announcement on 18 November 2014

(b) Represents average daily traded value

(c) Based on free float of 62.6%

Source: FactSet

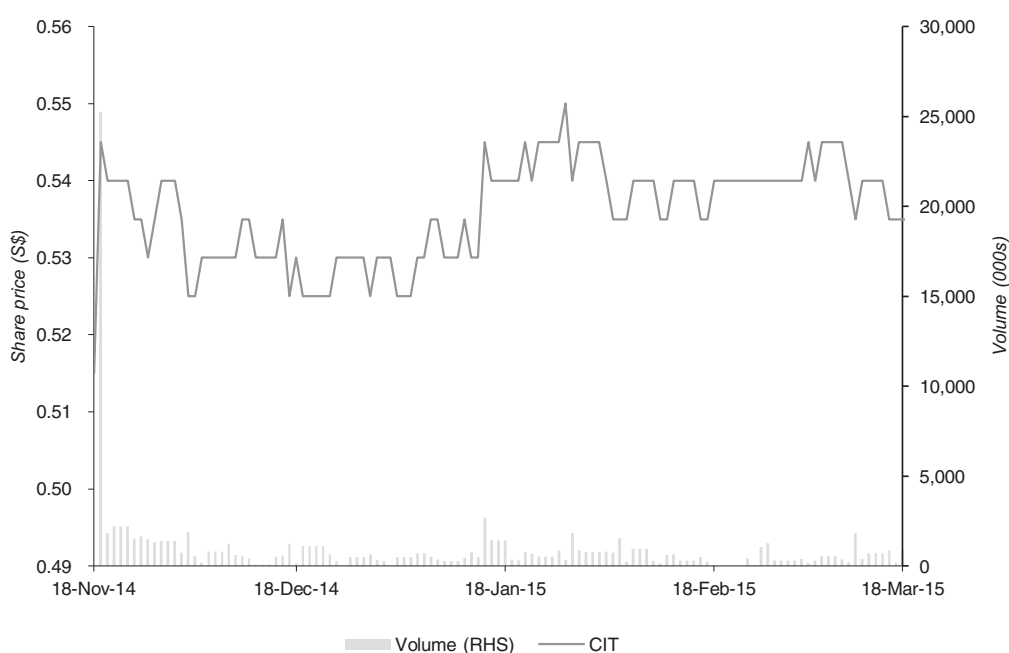
Based on the above, we note the following:

- i. Over the different observation periods prior to the Last Trading Day, the relevant VWAP of the CIT Units had been within a narrow band of between S\$0.4960 and S\$0.5072;

- ii. The CIT Transaction Unit Price of S\$0.4960 is 3.7% lower than highest traded price of the CIT Units in the 180-days preceding the Last Trading Day of S\$0.515;
- iii. The CIT Transaction Unit Price of S\$0.4960 is 5.5% higher than the lowest traded price of the CIT Units in the 180-days preceding the Last Trading Day of S\$0.470; and
- iv. The average daily traded value/free float of the CIT Units have been between a narrow band of 0.06% and 0.10% over the different observation periods prior to the Last Trading Day.

We set out in Exhibit 22 below, the daily last trade prices and daily trading volumes of CIT Units for the period after the Transaction Announcement Date up to and including the Latest Practicable Date:

Exhibit 22: Unit price performance of the CIT Units for the period after the Transaction Announcement Date up to and including the Latest Practicable Date



Source: FactSet

Based on the above, we note the following:

- i. The last traded price of the CIT Units on the Last Trading Day was S\$0.52. On 19 November 2014 (being the first market day after the Transaction Announcement Date and the lifting of the trading halt), the price of the CIT Units rose by 5.8% to close at S\$0.55; and
- ii. The price of the CIT Units is S\$0.535 as at the Latest Practicable Date, which is 7.9% higher than the CIT Transaction Unit Price of S\$0.4960.
- iii. The price of CIT Units post Transaction Announcement Date includes the effect of the Pre-Completion Distribution of S\$30 million or 1.98 Singapore cents per CIT Unit.

Unitholders are advised that the past trading performance of the CIT Units should not, in any way, be relied upon as indication or a promise of its future trading performance.

8.6 Distribution yield of CIT as compared to the distribution yields of the Comparable Yield Companies

For the purpose of evaluating the financial terms of the Disposal, we have made reference to the distribution yields of the Comparable Yield Companies listed in Exhibit 2 to get an indication of the current market expectations with regard to the perceived valuation of CIT. The Comparable Yield Companies are mandated to provide long term sustainable distributions to investors and have similar infrastructure-related businesses considered to be broadly comparable to CIT. While HKEI is listed on the Hong Kong Stock Exchange and not SGX-ST, it is considered to be comparable to CIT given it is structured as a fixed single investment trust (which is similar to a Singapore business trust) and is involved in the regulated utilities business.

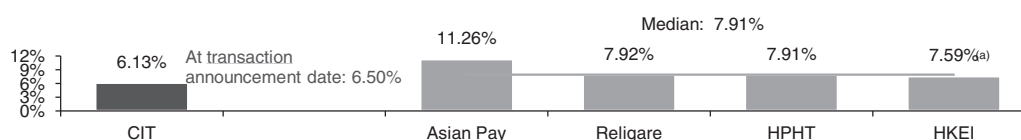
We wish to highlight that the Comparable Yield Companies are not exhaustive and we recognise that there is no company which we consider to be identical to CIT in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

Given the primary focus of a business trust is to pay distributions without any restrictions due to retained earnings and net profit, we have considered the distribution yield analysis as the primary valuation methodology.

The Independent Directors and Audit Committee should note that any comparison made with respect to the Comparable Yield Companies merely serve to provide an illustrative perceived market valuation of CIT as at the Latest Practicable Date.

We set out in Exhibit 23 below the distribution yields of CIT and the Comparable Yield Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 23: Distribution yields of CIT and the Comparable Yield Companies based on their last traded price as at the Latest Practicable Date



(a) Based on annualized DPU from listing date (28 Jan 2014) to 31 December 2014 (2014 actual DPU: HK 36.42 cents; annualised DPU: HK 39.45 cents; assume exchange rate of US\$/HK\$: 7.75)

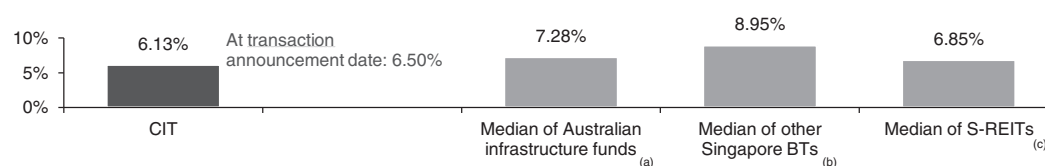
Source: Company fillings, FactSet

Based on the above, we note the following:

- i. The distribution yield of CIT based on the last traded price as at the Latest Practicable Date is 6.13%, which is 19.2% lower than the minimum distribution yield of the Comparable Yield Companies of 7.59%.

For illustrative purposes, we have also reviewed the distribution yields of CIT and the Additional Yield Companies set out in Exhibit 24 below. As noted above, the Additional Yield Companies are not comparable to KMC, KIT or CIT and are not referred to for purpose of our evaluation of CIT, but have been provided for illustrative purposes only.

Exhibit 24: Distribution yields of CIT and the Additional Yield Companies



(a) Comprises AusNet Services, Duet, and Spark Infrastructure

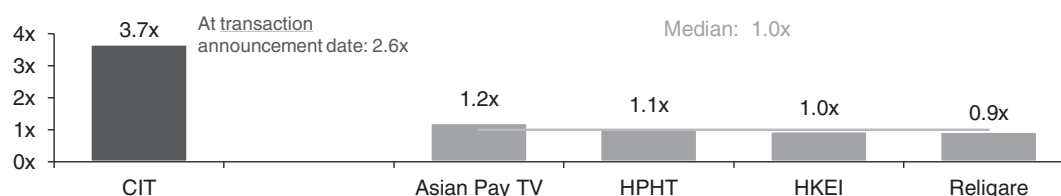
(b) Comprises Accordia Golf Trust, Rickmers Maritime, and First Ship Lease Trust

(c) Comprises CapitaMall Trust, Ascendas Real Estate Investment Trust, CapitaCommercial Trust, Suntec Real Estate Investment Trust, Keppel REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, SPH REIT, Mapletree Greater China Commercial Trust, Mapletree Industrial Trust, Fortune Real Estate Investment Trust, Ascott Residence Trust, Frasers Centrepoint Trust, Starhill Global Real Estate Investment Trust, CDL Hospitality Trusts, Far East Hospitality Trust, Parkway Life Real Estate Investment Trust, CapitaRetail China Trust, OUE Hospitality Trust, Frasers Hospitality Trust, Frasers Commercial Trust, Cache Logistics Trust, Lippo Malls Indonesia Retail Trust, AIMS AMP Capital Industrial REIT, First Real Estate Investment Trust Units, Cambridge Industrial Trust, Ascendas Hospitality Trust, Ascendas India Trust, OUE Commercial Real Estate Investment Trust, Sabana Shari'ah Compliant Industrial REIT, Soilbuild Business Space REIT, Croesus Retail Trust, Viva Industrial Trust, Indiabulls Properties Investment Trust, IREIT Global, and Saizen Real Estate Investment Trust

Source: Company Filings, FactSet

For illustrative purposes, we have further provided the P/B ratios of CIT and the Comparable Yield Companies in Exhibit 25 below. The P/B ratio is a commonly used financial metric in the analysis performed by many independent financial advisers. Based on CIT's reviewed financial statements as at 31 December 2014, CIT's aggregate book value is S\$221 million, implying a P/B ratio of 3.7x based on CIT's latest trading price as of the Latest Practicable Date.

Exhibit 25: P/B ratios of CIT and the Comparable Yield Companies



Note: Book value based on latest available balance sheet

Source: Company filings, FactSet

We note that the book value of business trusts may be lower than ordinary companies due to high distribution payments, and may have little relation to the fundamental value of the underlying assets which is based on ability to maintain long-term sustainable distributions. Even between business trusts, the relative book values could vary significantly due to the structure of the business trust, nature of the underlying assets, age profile, financing strategy and distributions strategy. As such, book value based valuation ratios are generally less useful for such analysis and have not been relied on for the basis of our analysis, but have been provided for illustrative purpose.

8.7 Valuation ratios of CIT relative to the valuation ratios of the CIT Comparable Companies

For the purpose of evaluating the financial terms of the Disposal, we have made reference to selected valuation ratios of the CIT Comparable Companies which are considered to be broadly comparable to CIT in terms of having a primary focus on gas utilities assets, water treatment assets or electricity transmission and distribution assets, and having similar geographic markets to get an indication of the current market expectations with regard to the perceived valuation of CIT. CIT has amongst its gas utilities assets City Gas Trust, amongst its water treatment assets SingSpring Trust, and amongst its electricity interconnector assets Basslink.

We wish to highlight that the CIT Comparable Companies are not exhaustive and we recognise that there is no company which we consider to be identical to CIT in terms of, *inter alia*, geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria and that such businesses may have fundamentally different annual profitability objectives.

The Independent Directors and Audit Committee should note that any comparison made with respect to the CIT Comparable Companies merely serve to provide an illustrative perceived market valuation of CIT as at the Latest Practicable Date.

Brief descriptions of the CIT Comparable Companies are set out below in Exhibit 26, except for Comparable SEA WWTs which are set out in Exhibit 16 above:

Exhibit 26: Brief descriptions of the CIT Comparable Companies

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Asia Gas Utilities			
The Hong Kong and China Gas Company Ltd	23,685	27,019	<ul style="list-style-type: none"> – The Hong Kong and China Gas Company Ltd (“HKCG”) engages in production, distribution and marketing of gas and water and related activities in Hong Kong and mainland China – HKCG’s core business is in Hong Kong; it serves 1.8 million customers through a 3,500km pipeline network and has Tai Po Plant with maximum supply capacity of 9.6m cubic metres of gas per day – HKCG’s mainland business invests in gas projects and develops energy projects through its wholly-owned subsidiary, ECO Environmental Investments Ltd; the portfolio includes a total of 195 projects in 24 provinces, municipalities and autonomous regions, serves 18.26m customers through 68,000km pipeline network, has annual gas sales of over 13.4bn cubic metres and is the largest city-gas enterprise on the mainland

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Beijing Enterprises Holdings Ltd	9,503	12,508	<ul style="list-style-type: none"> – Beijing Enterprises Holdings Ltd (“BEHL”) is an investment holding company, engaged in diversified businesses including city gas, water related services, and green industry & waste treatment – BEHL’s city gas business operates through two companies: <ul style="list-style-type: none"> – Beijing Gas Group Company Ltd: largest pipeline natural gas supplier and service provider in the PRC with 4.78m gas subscribers, 14,000 km of gas pipeline and an annual gas sales volume of more than 8 billion cubic metres – China Gas Holdings Ltd: engages in construction & operation of city gas pipelines, transmission of natural gas and sale of liquefied petroleum gas to residential, industrial and commercial users in the PRC – owns 184 city gas projects, representing one of the largest portfolio in the PRC and invests also in associated infrastructure such as gas terminals, storage & transportation facilities, gas logistics systems and vehicle refilling station – Kunlun Energy Co Ltd (“Kunlun”) engages in exploration & development and production & sale of crude oil and natural gas – Kunlun’s natural gas business engages in LNG processing, LNG terminal activities and natural gas transmission
Kunlun Energy Co Ltd	7,669	12,441	<ul style="list-style-type: none"> – In H1’14, Kunlun’s transmission volume of natural gas was 15,044 million cubic metres – Sales volume of natural gas was 3,354 million cubic metres – Kunlun has 12 LNG processing plants with total capacity of 7.18 million cubic metres per day – Kunlun operates as a subsidiary of PetroChina

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
China Gas Holdings Ltd	8,136	10,334	<ul style="list-style-type: none"> – China Gas Holdings Ltd (“China Gas”) primarily engages in investment, operation & management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, commercial and industrial users – China Gas’ portfolio includes 259 natural gas projects including piped gas development rights in 243 cities & regions, 13 natural gas pipeline transmission projects, 1 natural gas exploration project, 2 coal bed methane development projects, 98 LPG distribution projects, 957 retail stores and 8 LPG receiving terminals with 300,000 cubic meter of LPG storage capacity in PRC – China Gas serves to residential (11.2 million), industrial (3,014), commercial (64,163) and CNG stations (434) customers – ENN Energy engages in investment, operation & management of gas pipeline infrastructure, vehicle & ship gas refuelling stations, wholesale of gas and the sales & distribution of piped gas & LPG – As of 30 June 2014, ENN Energy had: <ul style="list-style-type: none"> – 140 project cities in China in 16 provinces, municipalities and autonomous region covering population of over 61.6 million
ENN Energy	6,450	7,607	<ul style="list-style-type: none"> – an offshore gas project in Vietnam located in Ho Chi Minh, Hanoi and Danang, covering population of over 9 million – 277 CNG refuelling stations and 208 LNG refuelling stations in operation – accumulated length of intermediate and main pipelines (constructed by ENN Energy) of 25,179km and 141 natural gas processing stations, allowing a daily natural gas supplying capacity of 59.3 million cubic metres

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
China Resources Gas	5,991	7,318	<ul style="list-style-type: none"> – China Resources Gas (“CR Gas”) engages in downstream city gas distribution business including piped natural gas distribution and natural gas filling stations operation – As of 30 June 2014, CR Gas had: <ul style="list-style-type: none"> – a portfolio of 191 city gas projects in 21 provinces in China covering population of 19.4 million residential customers and 140,240 commercial & industrial customers – 241 gas stations including 175 CNG, 48 LNG and 18 L-CNG stations – installed capacity of 47.4 million cubic metres per day for commercial & industrial customers with a utilisation rate of 49.1% – CR Gas operates as a subsidiary of China Resources Holding Co Ltd, which has 63.95% stake – Towngas China engages in the sale & distribution of piped gas including provision of piped gas, construction of gas pipelines, operation of city gas pipeline network & gas fuel automobile refilling stations and sale of gas household appliances
Towngas China	2,433	3,329	<ul style="list-style-type: none"> – As of 31 March 2014, Towngas China had a portfolio of 93 projects covering 17 provincial region – Towngas China sold 5.9 billion cubic metres gas in 2013 – Towngas China had 8.5 million customers as of 31 December 2013 – Towngas China operates as a subsidiary of Hong Kong & China Gas Co Ltd, which has 62.3% stake

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
PETRONAS Gas	12,179	12,257	<ul style="list-style-type: none"> – PETRONAS Gas engages in gas processing, gas transmission, utilities and regasification business – PETRONAS Gas processing division has two facilities with processing capacity of 2,000MSCF per day; gas transmission division has 2,500km of pipelines; utilities division supplies steam and industrial gases to two facilities in Pahang; and regasification division has a regasification plant in Sungai Udang, Melaka which regasifies LNG and injects into the PETRONAS Gas' Peninsular Gas Utilisation pipeline network
Perusahaan Gas Negara	9,295	10,042	<ul style="list-style-type: none"> – Perusahaan Gas Negara ("PGN") is engaged in transmission and distribution of natural gas primarily in Indonesia – PGN provides natural gas to power plants, industry, commercial businesses including restaurants, hotels and hospitals and households – PGN has natural gas distribution pipeline network over 3,750km and transmission pipeline network of ~2,160 km
Gas Malaysia	894	793	<ul style="list-style-type: none"> – Gas Malaysia operates as a supplier of natural gas and liquefied petroleum gas to residential, commercial and industries – Gas Malaysia serves to over 34,935 residential customers, 1,834 commercial customers and 740 industrial customers – Gas Malaysia has 2,000km network of gas pipeline

Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Australia Infrastructure Funds			
AusNet Services	3,662	8,230	<ul style="list-style-type: none"> – AusNet Services (“AusNet”) is Victoria’s largest energy delivery service, owning and operating c.US\$11bn of electricity and gas distribution assets – AusNet owns and operates Victoria’s electricity network for transporting electricity through 49 terminal stations, 13,000 towers and 6,500kms of high-voltage powerlines – AusNet also owns and operates an electricity distribution network with more than 49,816kms of powerlines and 380,000 powerpoles that feed lower-voltage electricity to 668,000 properties in Melbourne’s north east and across all of eastern Victoria – In addition, AusNet owns and operates a gas distribution network that supplies natural gas to more than 633,184 properties in western Victoria through 10,478kms of underground pipelines
DUET Group	2,847	6,990	<ul style="list-style-type: none"> – DUET Group (“DUET”) is an ASX-listed owner of energy utility assets in Australia – DUET’s portfolio includes <ul style="list-style-type: none"> – <i>Dampier Bunbury Pipeline</i> (80% interest): Western Australia’s principal gas transmission pipeline – <i>DBP Development Group</i> (100% interest): provides opportunities to build own and operate new pipelines and laterals – <i>United Energy Distribution</i> (66% interest): owns electricity distribution network which covers 1,472km² and includes 46 zone substations, c.215,000 poles, 12,600 distribution substations, c.10,200kms of overhead power lines and 2,600kms of underground cables – <i>Multinet Gas Group Holdings</i> (100% interest): distributes gas to its 660,000 customers through a network covering 1,860km² across eastern and south-eastern suburbs of Melbourne

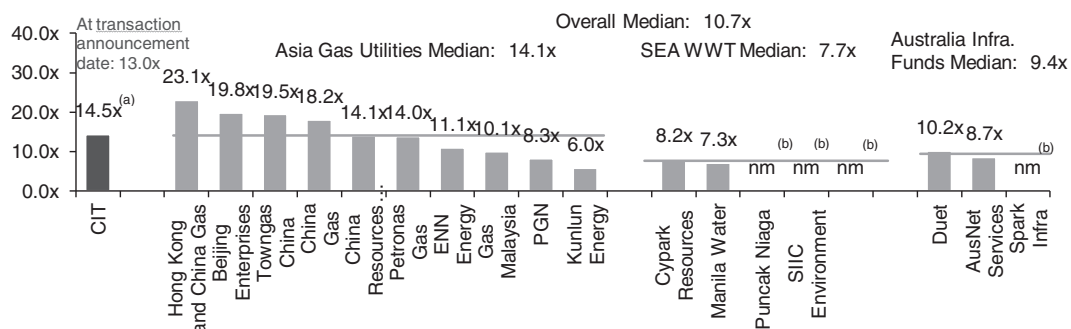
Company	Market cap (US\$m)	Enterprise value (US\$m)	Description
Spark Infrastructure	2,245	2,872	<ul style="list-style-type: none"> – Spark Infrastructure (“Spark”) is a specialist infrastructure fund which invests in regulated utility infrastructure, both within Australia and overseas – Spark invests in electricity and gas distribution & transmission and regulated water & sewerage assets – Spark’s portfolio includes a 49% interest in three regulated electricity distribution companies – <i>SA Power Networks</i>: delivers electricity to over 843,000 customers over an area of c.178,200km² – <i>CitiPower</i>: owns and manages electricity distribution network servicing Melbourne’s central business district and inner suburbs, delivering electricity to c.323,000 customers – <i>Powercor</i>: owns and manages largest electricity distribution network in Victoria, delivering electricity to c.754,000 customers across 65% of the State – Spark also holds a 14.0% interest in DUET Group

Note: Market statistics as of 18 March 2015

Source: Company data, FactSet

Exhibit 27: Valuation ratios of CIT and the CIT Comparable Companies

EV/LTM EBITDA



Notes: Market statistics as of 18 March 2015

LTM financials based on FY2014 financials, or LTM as of September 2014 or June 2014 if 2014 full year results are unavailable

- (a) EBITDA is adjusted to include repayment of finance lease receivables which is not accounted as an income statement item
- (b) 'nm' denotes multiples which are negative or above 30x

Source: Company filings, FactSet

Based on the above, we note the following:

- i. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the CIT Comparable Companies and 35.5% higher than the median EV/EBITDA ratio of the CIT Comparable Companies of 10.7x;
- ii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Comparable Asia Gas Utilities and 2.8% higher than the median EV/EBITDA ratio of the Comparable Asia Gas Utilities of 14.1x;
- iii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is 76.8% higher than the maximum EV/EBITDA ratio of the Comparable SEA WWTs of 8.2x; and
- iv. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is 42.2% higher than the maximum EV/EBITDA ratio of the comparable Australia Infrastructure Funds of 10.2x.

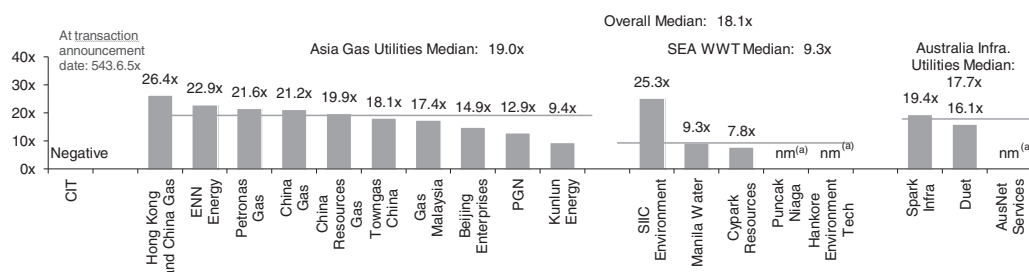
For illustrative purposes, we have further provided the P/E ratios of the CIT Comparable Companies. The P/E ratio is a commonly used financial metric in the analysis performed by many independent financial advisers. Based on CIT's unaudited financial statements for the year ending 31 December 2014, CIT's earnings is negative S\$14 million, implying a P/E ratio of negative 57.4x based on CIT's latest trading price as of the Latest Practicable Date.

We note that the earnings of business trusts may be lower than ordinary companies due to high depreciation or financing expenses, and may have little relation to the fundamental value of the underlying assets which is based on ability to maintain long-term sustainable distributions. Even between business trusts, the relative earnings could vary significantly due to the structure of the business trust, nature of the underlying assets, age and depreciation profile and financing strategy. As such, earnings based valuation ratios are generally less useful for such analysis and have not been relied on for the basis of our analysis, but have been provided for illustrative purpose.

We set out in Exhibit 28 below the P/E ratios of the CIT Comparable Companies based on their last traded price as at the Latest Practicable Date:

Exhibit 28: P/E ratios of the CIT Comparable Companies

Price/LTM Earnings



Notes: Market statistics as of 18 March 2015

LTM financials based on FY2014 financials, or LTM as of September 2014 or June 2014 if 2014 full year results are unavailable

(a) 'nm' denotes multiples which are above 60x

Source: Company filings, FactSet

8.8 Valuation ratios of CIT as compared to the valuation ratios of CIT Precedent Transactions

We have reviewed transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of comparable Asia gas utilities companies, transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of comparable Southeast Asia wastewater and water treatment companies, and transactions between 1 January 2007 and the Latest Practicable Date involving acquisitions of comparable Australia electricity transmission and distribution companies for which information is publicly available.

The Independent Directors and Audit Committee should note that the price an acquirer would normally pay in an acquisition varies in different circumstances depending on, *inter alia*, the attractiveness of the underlying business to be acquired, the synergies (if any) to be gained by the acquirer from integrating the target company's businesses with its existing business, the possibility of significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in trading of the target company's shares, the presence of competing bids for the target company, the form of consideration offered by an acquirer, the extent of control the acquirer already has in the target company and prevailing market conditions and expectations.

The Independent Directors and Audit Committee should also note that the comparison is made without taking into consideration the relative efficiency of information or the underlying liquidity of the shares of the relevant companies, the quality of earnings prior to the relevant announcements and the market conditions, sentiments and expectations when the announcements were made.

The CIT Precedent Transactions and the acquired companies may not be directly comparable with CIT and may vary with respect to, amongst others, the prevailing market conditions at the time of the transactions, as well as the nature of the underlying assets acquired, scale of operations, asset age and efficiency, financial leverage, accounting

policies, risk profile, tax factors, track record and future prospects of the acquired companies. Accordingly, the CIT Precedent Transactions may not provide a meaningful basis for comparison.

Exhibit 29 below sets out the implied valuation ratios of the CIT Precedent Transactions:

Exhibit 29: Implied valuation ratios of the CIT Precedent Transactions

Date	Acquiror name	Target name	Country	Stake acquired (%)	Implied 100% EV (US\$m)	100% LTM EBITDA (US\$m)	EV/LTM EBITDA (x)
Precedent Asia Gas Utilities Transactions							
21-Aug-14	Investor Group	Korea Gas Corp (KOGAS)	South Korea	5%	32,778	2,281	14.4x
20-Nov-13	SK E&S Co Ltd	Busan City Gas	South Korea	27%	697	64	10.9x
28-Jun-13	Hong Mao Developments	China Gas	Hong Kong	22%	5,869	478	12.3x
13-Nov-10	HK & CG (China)	Towngas China	Hong Kong	10%	1,484	61	24.2x
25-Sep-07	Morgan Stanley	Towngas China	Hong Kong	3%	1,265	33	37.8x
Mean							19.9x
Median							14.4x
Precedent SEA WWTs Transactions							
12-Nov-14	CITIC and KKR	United Envirotech	Singapore	70%	1,429	52	27.3x
8-Jan-13	KKR	United Envirotech	Singapore	11%	486	34	14.4x
23-Aug-11	Ciena Enterprises	Asia Environment holdings	Singapore	79%	267	8	32.9x
22-Apr-09	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	7%	453	42	10.8x
15-Oct-08	Direk Vinichbutr	Rojana Industrial Park ^(a)	Thailand	3%	18	538	10.1x
Mean							19.1x
Median							14.4x
Precedent Australia Electricity T&D Transactions							
4-Jul-13	AMP Capital	Powerco	Australia	42%	2,026	223	10.6x
May-13	State Grid	SPI (Australia) Assets	Australia	60%	6,960	796	8.7x
May-13	State Grid	SP Ausnet	Australia	20%	9,441	1,033	9.1x
12-Apr-13	QIC Global Infrastructure	Moomba Adelaide Pipeline System	Australia	100%	423	16	27.2x
30-Nov-12	State Grid	ElectraNet	Australia	41%	2,440	254	9.6x
Dec-11	APA Group	Hastings Diversified Utilities Fund	Australia	100%	1,789	69	26.0x
14-Dec-11	Marubeni Corporation and RREEF	Allgas	Australia	80%	526	35	15.0x
1-Jul-11	Acquisition by Palisade Diversified Infra. Fund	Tasmanian Gas Pipeline	Australia	100%	200	18	11.0x

Date	Acquiror name	Target name	Country	Stake acquired (%)	Implied 100% EV (US\$m)	100% LTM EBITDA (US\$m)	EV/LTM EBITDA (x)
29-Jul-11	DUET Group	Dampier Bunbury Pipeline	Australia	20%	2,393	249	9.6x
29-Jul-11	DUET Group	Multinet Gas Distribution	Australia	20%	825	107	7.7x
7-Jul-11	ATCO	WA Gas Networks	Australia	26%	460	37	12.3x
3-May-11	Mundra Port and Special Economic Zone	Abbot Point Coal Terminal	Australia	100%	1,829	59	31.0x
12-Nov-10	APA Group	SEA Gas Pipeline	Australia	16.7%	277	25	10.9x
26-Oct-10	Envestra	Country Energy Gas Networks	Australia	100%	107	10	11.3x
14-Jun-10	Marlborough Lines	Horizon Energy Distribution	Australia	10.1%	127	14	9.2x
15-Dec-08	APA/Marubeni/Osaka Gas	Energy Infrastructure Investments	Australia	100%	703	66	10.6x
4-Nov-08	QIC	Powerco's New Zealand operations	Australia	58%	1,688	220	8.8x
Jun-08	Victorian Funds Management Corporation (VFMC)	North Queensland Gas Pipeline	Australia	100%	205	7	28.1x
28-Apr-08	CKI	Wellington Electricity Network	Australia	100%	657	80	9.8x
20-Sep-07	SP AusNet	Alinta gas assets (Jemena)	Australia	Various (mostly 100%)	8,322	548	15.2x
1-Jul-07	CitySpring	Basslink	Australia	100%	1,175	80	14.6x
4-Apr-07	APA Group	Envestra	Australia	17%	2,942	246	12.0x
4-Apr-07	APA Group	SEA Gas	Australia	33%	825	57	14.5x
Mar-07	Babcock & Brown Infrastructure	Alinta Gas Networks	Australia	74%	1,109	86	12.9x
Mar-07	Babcock & Brown Infrastructure	Multinet Gas Networks	Australia	20%	1,400	134	10.5x
Mar-07	Babcock & Brown Infrastructure	Dampier to Bunbury gas pipeline	Australia	20%	4,148	163	25.5x
Mean							14.3x
Median							11.1x
Overall mean							15.7x
Overall median							12.2x

Source: Company disclosure, SDC

Based on the above, we note the following:

- i. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the CIT Precedent Transactions and 18.9% higher than the median EV/EBITDA ratio of the CIT Precedent Transactions of 12.2x;
- ii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent Asia Gas Utilities Transactions and 0.7% higher than the median EV/EBITDA ratio of the Precedent Asia Gas Utilities Transactions of 14.4x;
- iii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WWTs Transactions and 0.7% higher than the median EV/EBITDA ratio of the Precedent SEA WWTs Transactions of 14.4x; and
- iv. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent Australia Electricity T&D Transactions and 30.6% higher than the median EV/EBITDA ratio of the Precedent Australia Electricity T&D Transactions of 11.1x.

8.9 Relative historical unit price performance, distribution yields and valuation ratios of KIT and CIT

Given the relative similarities between both KIT and CIT, we have also considered the implied swap ratio based on the relative fair valuation of both KIT and CIT based on their respective historical unit price performance, distribution yields and valuation ratios.

Exhibit 30 below sets out the implied swap ratio based on the relative historical unit price performance, distribution yields and valuation ratios of KIT and CIT.

Exhibit 30: Implied swap ratio based on the relative historical unit price performance, distribution yields and valuation ratios of KIT and CIT

Methodology		Mid-point implied unit price (S\$/unit)		Implied swap ratio	
		KIT	CIT		
Historical unit price	Announced ^(a)	1.0726	0.5257	2.1060	Announced swap ratio: 2.1060
	Price as of 18-March-2015	1.0800	0.5350	2.0186	
	1M VWAP	1.0804	0.5406	1.9987	
	3M VWAP	1.0783	0.5381	2.0041	
	6M VWAP	1.0726	0.5257	2.0404	
	12M VWAP	1.0607	0.5100	2.0798	
Trading comps	LTM distribution yield	0.9926	0.3966	2.5029	7.4517
	P/B	0.9386	0.1260		
	EV/LTM EBITDA	0.9152	0.3269	2.7999	
	Price/LTM earnings	0.4453	Negative	nm	
Transaction comps	EV/LTM EBITDA	0.9523	0.4708	2.0226	

Note: Market statistics as of 18 March 2015

(a) Based on 6-month VWAP as of announcement date (13-Nov-2014)

Source: Company filings, FactSet, Deutsche Bank analysis

Based on the above, we note the following:

- The Swap Ratio of 2.1060 CIT Units for every KIT Unit does not deviate by more than 5.5% from the implied swap ratio based on various historical unit price as of Transaction Announcement Date, 1M VWAP, 3M VWAP, 6M VWAP, 12M VWAP and Latest Practicable Date;
- The Swap Ratio of 2.1060 CIT Units for every KIT Unit is 15.9% lower than the implied swap ratio of 2.5029 based on relative distribution yield; and
- The Swap Ratio of 2.1060 CIT Units for every KIT Unit is 24.8% lower than the implied swap ratio of 2.7999 based on relative EV/EBITDA.

8.10 Pro forma financial effects of the Proposed Transactions

Please refer to Paragraph 8 of the Circular for the pro forma financial effects of the Proposed Transactions. Summarised extracts are provided in this letter. Unitholders are advised to read the relevant paragraph of the Circular carefully.

The pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the NAV per unit and the distribution per unit of the Enlarged Trust based on the unaudited financial statements for CIT for the financial year-ended 31 December 2014 are as follows:

**Effects of the Proposed Transactions and
the Enlarged Trust Equity Fund Raising**

	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising⁽⁴⁾
NAV per CIT Unit (S\$)	0.15	0.29 ⁽¹⁾	0.34 ⁽³⁾
Distribution per CIT Unit (cents)	3.28	3.73 ⁽²⁾	3.73 – 3.79

Notes:

- (1) Assuming a Pre-Completion Distribution of S\$30 million.
- (2) After taking into account the savings in trustee-manager's fees of approximately S\$5.3 million due to the Enlarged Trust adopting KIFM's fee structure, and additional distribution of approximately S\$1.8 million.
- (3) Assuming a Post-Completion Distribution of S\$30 million.
- (4) Based on the Enlarged Trust issuing such number of new units, assuming a weighted average illustrative issue price of S\$0.4892 to raise gross proceeds of between S\$475 million and S\$525 million with the balance funded by debt at interest rate of 3% per annum.

Based on the above pro forma financial effects for the Enlarged Trust, and the swap ratio of 2.106 CIT Units for 1 KIT Unit, the pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Disposal) and the Enlarged Trust Equity Fund Raising on the DPU of KIT are as follows:

**Effects of the Proposed Transactions and
the Enlarged Trust Equity Fund Raising**

	Before the Proposed Transactions and the Enlarged Trust Equity Fund Raising	After the Disposal but before the KMC Acquisition and Enlarged Trust Equity Fund Raising	After the Proposed Transactions and the Enlarged Trust Equity Fund Raising
DPU (cents)	7.82 ⁽¹⁾	7.86 ⁽²⁾	7.86 – 7.98 ⁽²⁾

Notes:

- (1) Based on the total distribution for the period from 1 January 2014 to 31 December 2014.
- (2) The Enlarged Trust will follow CIT's existing policy of making distributions on a quarterly basis.

Based on the above, we note the following:

- i. The implied DPU after the Proposed Transactions and the Enlarged Trust Equity Fund Raising is 7.86 – 7.98 cents, which is higher than the DPU of KIT of 7.82 cents before the Proposed Transactions; and
- ii. The implied DPU after the Proposed Transactions and the Enlarged Trust Equity Fund Raising is 7.86 – 7.98 cents, which is in line with the DPU of KIT after the KMC Acquisition and the Enlarged Trust Equity Fund Raising which is 7.86 – 8.09 cents.

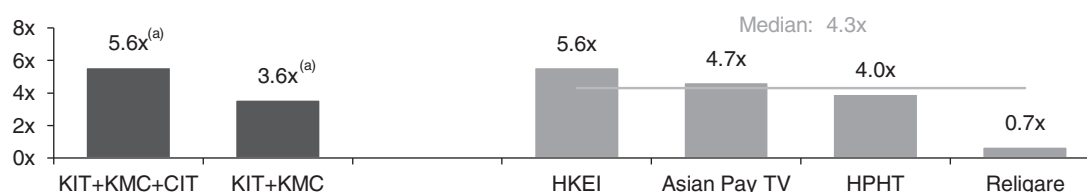
8.11 Pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC as compared to the Net Debt/EBITDA ratios of the combined KIT and KMC and the Comparable Yield Companies

The Net Debt/EBITDA ratio is a measure of a company's leverage or its ability to repay its debts if they were all due today. We wish to highlight that there is no definitive measure of what is the optimal Net Debt/EBITDA ratio of a business trust as it depends on the its geographical markets, composition of business activities, scale of business operations, risk profile, asset base, valuation methodologies adopted, accounting policies, track record, future prospects, market/industry size, political risk, competitive and regulatory environment, financial positions and other relevant criteria.

The Independent Directors and Audit Committee should note that any comparison made with respect to the Comparable Yield Companies merely serve to illustrate whether the combined KIT, CIT and KMC has a high Net Debt/EBITDA ratio as compared to the Comparable Yield Companies which could result in a higher risk of defaulting on its debt payment or affect its ability to take on additional debt to support future acquisitions and is not an assessment of the optimal Net Debt/EBITDA ratio for the combined KIT, CIT and KMC.

Exhibit 31 below sets out the Net Debt/EBITDA ratio of the combined KIT, CIT and KMC; Combined KIT and KMC; and the Comparable Yield Companies

Exhibit 31: Net Debt/EBITDA ratios of the Combined KIT, CIT and KMC; Combined KIT and KMC; and the Comparable Yield Companies



Notes: Balance sheet figures based on latest information available

(a) Proforma net debt / adjusted EBITDA

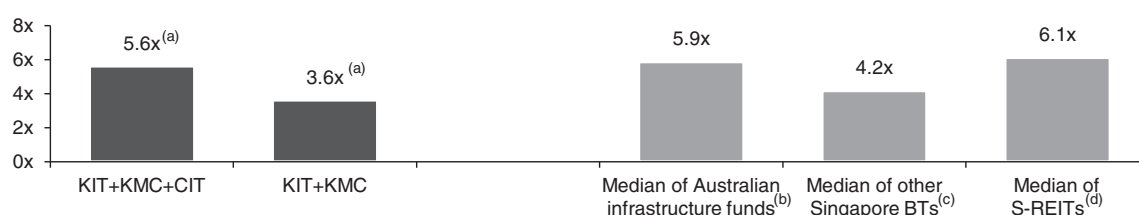
Source: Company filings, FactSet

Based on the above, we note the following:

- i. The pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC is 5.6x, which is higher than the pro forma Net Debt/EBITDA ratio of the combined KIT and KMC of 3.6x; and
- ii. The pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC combined is 5.6x, which is within the range of the Net Debt/EBITDA ratios of the Comparable Yield Companies and 30.2% higher than the median Net Debt/EBITDA ratio of the Comparable Yield Companies of 4.3x.

For illustrative purposes, we have also reviewed the Net Debt/EBITDA ratios of the Additional Yield Companies in Exhibit 32 below. As mentioned above, the Additional Yield Companies are not comparable to KMC, KIT or CIT and are not referred to for purpose of our evaluation of the Disposal, but have been provided for illustrative purposes only.

Exhibit 32: Net Debt/EBITDA ratios of the Combined KIT, CIT and KMC; Combined KIT and KMC; Combined KIT and KMC, and the Additional Yield Companies



Notes: Balance sheet figures based on latest information available

(a) Proforma net debt / adjusted EBITDA

(b) Comprises AusNet Services, Duet, and Spark Infrastructure

(c) Comprises Accordia Golf Trust, Rickmers Maritime, and First Ship Lease Trust

(d) Comprises CapitaMall Trust, Ascendas Real Estate Investment Trust, CapitaCommercial Trust, Suntec Real Estate Investment Trust, Keppel REIT, Mapletree Commercial Trust, Mapletree Logistics Trust, SPH REIT, Mapletree Greater China Commercial Trust, Mapletree Industrial Trust, Fortune Real Estate Investment Trust, Ascott Residence Trust, Frasers Centrepoint Trust, Starhill Global Real Estate Investment Trust, CDL Hospitality Trusts, Far East Hospitality Trust, Parkway Life Real Estate Investment Trust, CapitaRetail China Trust, OUE Hospitality Trust, Frasers Hospitality Trust, Frasers Commercial Trust, Cache Logistics Trust, Lippo Malls Indonesia Retail Trust, AIMS AMP Capital Industrial REIT, First Real Estate Investment Trust Units, Cambridge Industrial Trust, Ascendas Hospitality Trust, Ascendas India Trust, OUE Commercial Real Estate Investment Trust, Sabana Shari'ah Compliant Industrial REIT, Soilbuild Business Space REIT, Croesus Retail Trust, Viva Industrial Trust, Indiabulls Properties Investment Trust, IREIT Global, and Saizen Real Estate Investment Trust

Source: Company filings, FactSet

8.12 Rationale and benefits for the Disposal

Please refer to Paragraph 3 of the Circular for rationale and benefits for the Disposal. Summarised extracts are provided in this letter.

The Trustee-Manager believes that the Disposal will create a large and well diversified portfolio of infrastructure assets that will underpin future distributions and growth.

(a) An attractive and diverse portfolio of core infrastructure assets aligned with KIT's investment criteria

After the Proposed Transactions, the Enlarged Trust will offer its unitholders and investors the opportunity to invest in a diverse portfolio of core infrastructure assets (ranging from waste treatment, water production, power production and transmission, piped gas production and retailing to telecommunications) located in jurisdictions with well-developed legal frameworks that support infrastructure investment.

In addition, the Trustee-Manager believes that CIT's assets are highly strategic. City Gas Trust ("**City Gas**") is the sole producer and retailer of town gas, and SingSpring Trust ("**SingSpring**") is the first large-scale seawater desalination plant in Singapore, while Basslink Pty Ltd ("**Basslink**") is the only electricity interconnector between Tasmania to mainland Australia. These assets serve fundamental needs and are not easily replicated.

Both SingSpring's and Basslink's operating cash flows are underpinned by availability based capacity payments under the Water Purchase Agreement and the Basslink Services Agreement, respectively. Please refer to Paragraph 6.3 of the Circular for further details of the Water Purchase Agreement and the Basslink Services Agreement.

City Gas is the sole provider of piped town gas for non-contestable consumers, including residential consumers. The large existing customer base provides a steady recurring source of revenue as residential demand for piped gas is relatively stable. City Gas' tariff setting mechanism is regulated and designed to enable it recover its fuel costs over the period of time, although short term fluctuations in revenue can occur due to timing difference between fuel price movements and tariff review periods.

SingSpring and Basslink generate revenues from the PUB and Hydro Tasmania respectively, both of whom are government related entities of good credit. City Gas, on the other hand, benefits from a large and diversified base of retail and industrial customers, thereby reducing its credit exposure to any single customer.

(b) Further enhance the sustainability and duration of distributions for Unitholders

Like KMC, Basslink has a substantially longer design life of 40 years (that could be extended with further capital expenditures) than the initial contract period under the Basslink Services Agreement, which would enable it to generate revenue beyond the initial contract period.

CIT had previously announced, together with the release of CIT's results for the second quarter ended 30 September 2014, that "in order to provide for capital management flexibility at Basslink, no cash distribution has been or will be received from Basslink until the refinancing has been completed".

CIT announced in November 2014 Basslink had agreed to refinance all its outstanding bonds with an A\$717 million non-recourse five-year senior secured loan facility provided by a group of nine banks and an A\$50 million equity injection by CIT financed from its cash reserves. Under the terms of the facility, Basslink will be able to resume making distributions when certain financial thresholds are met. The Trustee Manager also believes that the refinancing will allow Basslink to repay its debt to achieve a more sustainable capital structure and increase its distributions over time.

DC One, in which CIT holds a 51% equity interest, started construction of its data centre in Marsiling Lane in November 2014. The data centre is a 214,000 square feet facility that is targeted for completion in the first quarter of 2016, and will be leased to a wholly-owned subsidiary of MediaCorp Pte Ltd, 1-Net Singapore Pte Ltd, under a 20-year lease agreement with an 8-year extension at the option of 1-Net Singapore Pte Ltd. As disclosed in paragraph 2.3.3 of CIT's circular dated 29 July 2014, CIT will finance its equity investment for the proposed transaction between DC One and 1-Net Singapore Pte Ltd relating to the construction and lease of the data centre from its cash reserves. When the data centre commences operations, DC One will be able to make distributions to the Enlarged Trust.

City Gas is essentially a gas retail business and is not limited by contract life. With its large established base of residential customers, City Gas is well positioned to continue to be a competitive supplier to a large proportion of the residential customers in Singapore.

In view of the above, the Trustee-Manager believes that the Disposal will further enhance the sustainability and extend the duration of future distributions for Unitholders.

(c) The Enlarged Trust will become the flagship investment vehicle for Singapore infrastructure

The Disposal will further enlarge and diversify KIT's portfolio, with the Enlarged Trust being the largest Singapore infrastructure-focused business trust and the second largest business trust listed in Singapore in terms of total assets. The Enlarged Trust would be the flagship investment vehicle for investors looking to get exposure to Singapore infrastructure.

After the completion of the Proposed Transactions, the Enlarged Trust's total assets are expected to further expand to over S\$4 billion and the market capitalisation would increase to over S\$1.9 billion¹, which will further strengthen the Enlarged Trust's ability to pursue even larger acquisitions.

Moreover, the issue of CIT Consideration Units to Unitholders in connection with the Distribution-In-Specie will expand the free float of the Enlarged Trust and enhance the liquidity of the Enlarged Trust units, which could make the Enlarged Trust more attractive to investors.

8.13 Other relevant considerations which have a bearing on our assessment

We wish to further highlight the following additional considerations which we consider relevant for the attention of the Independent Directors and Audit Committee.

(a) The Enlarged Trust will be amended to, *inter alia*, adopt the Trustee-Manager's existing fee structure for the Replacement Trustee-Manager which is lower than CSIM

We note the following from Paragraph 1.2.1(vii) of the Circular:

"...the constituent trust deed of the Enlarged Trust will be amended to, *inter alia*, adopt the Trustee-Manager's existing fee structure for the Replacement Trustee-Manager, provided that CIT Unitholders approve of such change to the fee structure. Based on a comparison of the Trustee-Manager's fee structure for KIT and CSIM's fee structure for CIT, had the Disposal been completed and the Trustee-Manager's fee structure for the Replacement Trustee-Manager been adopted on 1 January 2014, the Enlarged Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$5.3 million for the calendar year ended 31 December 2013 assuming no fees were payable for acquisitions or divestments..."

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\$525 million Equity Fund Raising. This statement should not be interpreted to mean that the Enlarged Trust will trade at such market capitalisation upon the completion of the Disposal.

(b) The Enlarged Trust will have the support of two large unitholders, KCL (though its wholly-owned subsidiary KI) and Temasek (through certain of its wholly-owned subsidiaries)

We note the following from Paragraph 1.2.1(B) of the Circular:

“KI will be the single largest unitholder of the Enlarged Trust with approximately 22.9% of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising. Temasek will through certain of its wholly-owned subsidiaries¹ hold approximately 19.97%² of the Enlarged Trust prior to the Enlarged Trust Equity Fund Raising.”

We also note the following from Paragraph 3.3 of the Circular:

“As KI’s businesses are complementary to that of the Enlarged Trust, the Trustee-Manager believes that the Enlarged Trust will continue to benefit from KI’s sponsorship in the following ways: (i) draw on KI’s expertise and network in sourcing for and evaluating acquisitions; (ii) tap into KI’s operational expertise in managing and operating CIT’s assets; (iii) the first right of refusal to acquire assets developed or incubated by KI will help expand the Enlarged Trust’s acquisition pipeline; and (iv) potential co-investment opportunities with KI.

Under the shareholders’ agreement to be entered into by the Trustee-Manager and Keppel Energy to govern their rights as shareholders of KMC, the Trustee-Manager has first rights over Keppel Energy’s KMC shares in the event that Keppel Energy wishes to divest its 49% interests in KMC, and vice-versa.

Any transaction with KI will be on an arm’s length basis, in accordance with Chapter 9 of the Listing Manual for interested person transactions.”

(c) The Enlarged Trust will continue to be managed by the same management team as KIT and substantially all of CSIM’s existing management

We note the following from Paragraph 1.2.1(C) of the Circular:

“...The management team of the Replacement Trustee-Manager will be led by Mr Khor Un-Hun as Chief Executive Officer. KIFM has offered employment to substantially all of CSIM’s employees...”

9 RECOMMENDATION

In arriving at our opinion in respect of the KMC Acquisition and the Disposal, respectively, we have taken into account the following key considerations (which should be read in conjunction with, and in the context of, the full text of this letter):

1 Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

2 Prior to the Enlarged Trust Equity Fund Raising for the KMC Acquisition. Does not include Temasek’s deemed interests through KCL.

KMC Acquisition

Having regard to our terms of reference, in arriving at our recommendation on whether the terms of the KMC Acquisition, as at the Latest Practicable Date, are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, we have reviewed the CTA, OMSA, Pipenet Agreements, Gas Management Agreement and Master Settlement Agreement and considered, *inter alia*, the following factors summarised below which we consider to be pertinent in our assessment:

Paragraph reference	Description	Comments
7.1	Pro forma financial effects of the KMC Acquisition	i. The implied DPU after the KMC Acquisition and the Enlarged Trust Equity Fund Raising is 7.86 – 8.09 cents, which is higher than the DPU of KIT of 7.82 cents before the KMC Acquisition and the Enlarged Trust Equity Fund Raising.
7.2	KMC Independent Valuation Summary Letter	i. The KMC Purchase Consideration for the 51% interest in KMC is S\$510 million, which is within the range of the estimated valuation range of between S\$480 million to S\$515 million stated in the KMC Independent Valuation Summary Letter.
7.3	Implied distribution yield of the KMC Acquisition compared to Comparable Yield Companies	i. The implied distribution yield of the KMC Acquisition is 8.07% based on the assumption of the KIT Equity Fund Raising of S\$525 million, which is within the range of the distribution yields of the Comparable Yield Companies and 2.0% higher than the median distribution yield of the Comparable Yield Companies of 7.91%.
7.4	Implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of KMC Comparable Companies	<p>i. The implied EV/Capacity ratio of the KMC acquisition is 1.0x, which is within the range of the EV/Capacity ratios of the KMC Comparable Companies and 47.4% lower than the median EV/Capacity ratio of the KMC Comparable Companies of 1.9x; and</p> <p>ii. The implied EV/EBITDA ratio of KMC is 15.7x, which is within the range of the EV/EBITDA ratios of the KMC Comparable Companies and 28.7% higher than the median EV/EBITDA ratio of the KMC Comparable Companies of 12.2x.</p>

Paragraph reference	Description	Comments
7.5	Implied valuation ratios of the KMC Acquisition as compared to the valuation ratios of KMC Precedent Transactions	<ul style="list-style-type: none"> i. The implied EV/Capacity ratio of the KMC Acquisition is 1.0x which is within the range of the EV/Capacity ratios of the KMC Precedent Transactions and 1.0% lower than the median EV/Capacity ratio of the KMC Precedent Transactions of 1.01x; ii. The implied EV/Capacity ratio of the KMC Acquisition is 1.0x which is below the range of the EV/Gas-fired capacity of the KMC Precedent Transactions; and iii. The implied EV/EBITDA ratio of the KMC Acquisition is 15.7x which is within the range of the EV/EBITDA ratios of the KMC Precedent Transactions and 20.8% higher than the median EV/EBITDA ratio of the KMC Precedent Transactions of 13.0x.
7.6	Pro forma Net Debt/EBITDA ratio of the combined KIT and KMC as compared to the Net Debt/EBITDA ratios of the Comparable Yield Companies	<ul style="list-style-type: none"> i. The pro forma Net Debt/EBITDA ratio of the combined KIT and KMC is 3.6x, which is within the range of the Net Debt/EBITDA ratios of the Comparable Yield Companies and 16.3% lower than the median Net Debt/EBITDA ratio of the Comparable Yield Companies of 4.3x.
7.7	Rationale and benefits for the KMC Acquisition	<ul style="list-style-type: none"> i. Rare opportunity to acquire control in a substantial and strategic operational asset with long term and stable cash flows; ii. Enhance the sustainability and extend the duration of KIT's distributions; and iii. Transform KIT into the largest Singapore infrastructure-focused business trust listed on the SGX-ST.

Based upon the analysis undertaken by us and subject to the qualifications and assumptions made in this letter, we are of the opinion that as of the date of this letter, the terms of the KMC Acquisition are based on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

Disposal

Having regard to our terms of reference, in arriving at our recommendation on whether the terms of the Disposal, as at the Latest Practicable Date, are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, we have evaluated whether the Swap Ratio is fair and reasonable based on whether KIT and CIT are fairly valued, and have considered, *inter alia*, the following factors summarised below which we consider to be pertinent in our assessment:

Paragraph reference	Description	Comments
8.1	Historical unit price performance of KIT	<ul style="list-style-type: none"> i. Over the different observation periods prior to the Last Trading Day, the relevant VWAP of the KIT Units had been within a narrow band of between S\$1.0413 and S\$1.0446; ii. The KIT Transaction Unit Price of S\$1.0446 is 2.4% lower than highest traded price of the KIT Units in the 180-days preceding the Last Trading Day of S\$1.070; iii. The KIT Transaction Unit Price of S\$1.0446 is 1.9% higher than the lowest traded price of the KIT Units in the 180-days preceding the Last Trading Day of S\$1.025; iv. The average daily traded value/free float of the KIT Units have been between a narrow band of 0.04% and 0.08% in the different observation periods; v. The last traded price of the KIT Units on the Last Trading Day was S\$1.040. On 19 November 2014 (being the first market day after the Transaction Announcement Date and the lifting of the trading halt), the price of the KIT Units rose by 4.8% to close at S\$1.090; and vi. The price of the KIT Units is S\$1.080 as at the Latest Practicable Date, which is 3.4% higher than the KIT Transaction Unit Price of S\$1.0446.

Paragraph reference	Description	Comments
8.2	Distribution yield of KIT as compared to the distribution yields of the Comparable Yield Companies	i. The distribution yield of KIT based on the last traded price as at the Latest Practicable Date is 7.24%, which is within the range of the distribution yields of the Comparable Yield Companies and 8.5% lower than the median distribution yield of the Comparable Yield Companies of 7.91%.
8.3	Valuation ratios of KIT relative to the valuation ratios of the KIT Comparable Companies	<p>i. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the KIT Comparable Companies and 38.6% higher than the median EV/EBITDA ratio of the KIT Comparable Companies of 8.8x;</p> <p>ii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Comparable Global WTEs and 16.2% higher than the median EV/EBITDA ratio of the Comparable Global WTEs of 10.5x; and</p> <p>iii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Comparable SEA WWTs and 48.8% higher than the maximum EV/EBITDA ratio of the Comparable SEA WWTs of 8.2x.</p>
8.4	Valuation ratios of KIT as compared to the valuation ratios of KIT Precedent Transactions Valuation ratios of KIT as compared to the valuation ratios of KIT Precedent Transactions	i. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the KIT Precedent Transactions and 13.0% higher than the median EV/EBITDA ratio of the KIT Precedent Transactions of 10.8x;

Paragraph reference	Description	Comments
8.5	Historical unit price performance of CIT	<p>ii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WTEs Transactions and 20.8% higher than the median EV/EBITDA ratio of the Precedent SEA WTEs Transactions of 10.1x; and</p>
		<p>iii. The EV/EBITDA ratio of KIT based on the last traded price as at the Latest Practicable Date is 12.2x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WWTs Transactions and 15.3% lower than the median EV/EBITDA ratio of the Precedent SEA WWTs Transactions of 14.4x.</p>
		<p>i. Over the different observation periods prior to the Last Trading Day, the relevant VWAP of the CIT Units had been within a narrow band of between S\$0.4960 and S\$0.5072;</p>
		<p>ii. The CIT Transaction Unit Price is 3.7% lower than highest traded price of the CIT Units in the 180-days preceding the Last Trading Day of S\$0.515;</p>
		<p>iii. The CIT Transaction Unit Price is 5.5% higher than the lowest traded price of the CIT Units in the 180-days preceding the Last Trading Day of S\$0.470;</p>
		<p>iv. The average daily traded value/free float of the CIT Units have been between a narrow band of 0.06% and 0.10% in the different observation periods;</p>
		<p>v. The last traded price of the CIT Units on the Last Trading Day was S\$0.52. On 19 November 2014 (being the first market day after the Transaction Announcement Date and the lifting of the trading halt), the price of the CIT Units rose by 5.8% to close at S\$0.55; and</p>

Paragraph reference	Description	Comments
		<p>vi. The price of the CIT Units is S\$0.535 as at the Latest Practicable Date, which is 7.9% higher than the CIT Transaction Unit Price of S\$0.4960.</p> <p>vii. The price of CIT Units post Transaction Announcement Date includes the effect of the Pre-Completion Distribution of S\$30 million or 1.98 Singapore cents per CIT Unit.</p>
8.6	Distribution yield of CIT as compared to the distribution yields of the Comparable Yield Companies	<p>i. The distribution yield of CIT based on the last traded price as at the Latest Practicable Date is 6.13%, which is 19.2% lower than the minimum distribution yield of the Comparable Yield Companies of 7.59%.</p>
8.7	Valuation ratios of CIT relative to the valuation ratios of the CIT Comparable Companies	<p>i. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the CIT Comparable Companies and 35.5% higher than the median EV/EBITDA ratio of the CIT Comparable Companies of 10.7x;</p> <p>ii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Comparable Asia Gas Utilities and 2.8% higher than the median EV/EBITDA ratio of the Comparable Asia Gas Utilities 14.1x;</p> <p>iii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is 76.8% higher than the maximum EV/EBITDA ratio of the Comparable SEA WWTs of 8.2x; and</p> <p>iv. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is 42.2% higher than the maximum EV/EBITDA ratio of the comparable Australia Infrastructure Funds of 10.2x.</p>

Paragraph reference	Description	Comments
8.8	Valuation ratios of CIT as compared to the valuation ratios of CIT Precedent Transactions	<ul style="list-style-type: none"> i. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the CIT Precedent Transactions and 18.9% higher than the median EV/EBITDA ratio of the CIT Precedent Transactions of 12.2x; ii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent Asia Gas Utilities Transactions and 0.7% higher than the median EV/EBITDA ratio of the Precedent Asia Gas Utilities Transactions of 14.4x; iii. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent SEA WWTs Transactions and 0.7% higher than the median EV/EBITDA ratio of the Precedent SEA WWTs Transactions of 14.4x; and iv. The EV/EBITDA ratio of CIT based on the last traded price as at the Latest Practicable Date is 14.5x, which is within the range of the EV/EBITDA ratios of the Precedent Australia Electricity T&D Transactions and 30.6% higher than the median EV/EBITDA ratio of the Precedent Australia Electricity T&D Transactions of 11.1x.

Paragraph reference	Description	Comments
8.9	Relative historical unit price performance, distribution yields and valuation ratios of KIT and CIT	<p>i. The Swap Ratio of 2.1060 CIT Units for every KIT Unit does not deviate by more than 5.5% from the implied swap ratio based on various historical unit price as of Transaction Announcement Date, 1M VWAP, 3M VWAP, 6M VWAP, 12M VWAP and Latest Practicable Date;</p> <p>ii. The Swap Ratio of 2.1060 CIT Units for every KIT Unit is 15.9% lower than the implied swap ratio of 2.5029 based on relative distribution yield; and</p> <p>iii. The Swap Ratio of 2.1060 CIT Units for every KIT Unit is 24.8% lower than the implied swap ratio of 2.7999 based on relative EV/EBITDA.</p>
8.10	Pro forma financial effects of the Proposed Transactions	<p>i. The implied DPU after the Proposed Transactions and the Enlarged Trust Equity Fund Raising is 7.86 – 7.98 cents, which is higher than the DPU of KIT of 7.82 cents before the Proposed Transactions; and</p> <p>ii. The implied DPU after the Proposed Transactions and the Enlarged Trust Equity Fund Raising is 7.86 – 7.98 cents, which is in line with the DPU of KIT after the KMC Acquisition and the Enlarged Trust Equity Fund Raising which is 7.86 – 8.09 cents.</p>
8.11	Pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC as compared to the Net Debt/EBITDA ratios of the combined KIT and KMC and the Comparable Yield Companies	<p>i. The pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC is 5.6x, which is higher than the pro forma Net Debt/EBITDA ratio of the combined KIT and KMC of 3.6x; and</p> <p>ii. The pro forma Net Debt/EBITDA ratio of the combined KIT, CIT and KMC combined is 5.6x, which is within the range of the Net Debt/EBITDA ratios of the Comparable Yield Companies and 30.2% higher than the median Net Debt/EBITDA ratio of the Comparable Yield Companies.</p>

Paragraph reference	Description	Comments
8.12	Rationale and benefits for the Disposal	<ul style="list-style-type: none"> i. An attractive and diverse portfolio of core infrastructure assets aligned with KIT's investment criteria; ii. Further enhances the sustainability and duration of distributions for Unitholders; and iii. The Enlarged Trust will become the flagship investment vehicle for Singapore infrastructure.
8.13	Other relevant considerations which have a bearing on our assessment	<ul style="list-style-type: none"> i. The Enlarged Trust will be amended to, <i>inter alia</i>, adopt the Trustee-Manager's existing fee structure for the Replacement Trustee-Manager which is lower than CSIM; ii. The Enlarged Trust will have the support of two large unitholders, KCL (though its wholly-owned subsidiary KI) and Temasek (through certain of its wholly-owned subsidiaries¹); and iii. The Enlarged Trust will continue to be managed by the same management team as KIT and substantially all of CSIM's existing management.

Based upon the analysis undertaken by us and subject to the qualifications and assumptions made in this letter, we are of the opinion that as of the date of this letter, KIT and CIT are fairly valued and the financial terms of the Disposal (including and not limited to the Swap Ratio) are fair and reasonable, and the terms of the Disposal are based on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

We therefore advise the Independent Directors and Audit Committee to recommend that Unitholders vote in favour of both the KMC Acquisition and the Disposal to be proposed at the Extraordinary General Meeting.

For the purposes of providing this letter and our evaluation of both the KMC Acquisition and the Disposal, we have not received or relied on any financial projections or forecasts in respect of KMC, KIT or CIT. We are not required to express, and we do not express, an opinion on the future growth prospects and earnings potential of KMC, KIT or CIT. We are therefore not expressing any opinion herein as to the price at which the KIT Units or CIT Units may trade whether or not the KMC Acquisition or the Disposal are declared unconditional in all respects or on the future financial performance of KMC, KIT or CIT.

¹ Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CSIM.

In rendering our opinion, we have not had regard to any general or specific investment objectives, financial situations, risk profiles, tax positions or particular needs or constraints of any specific Unitholder and we neither assume any responsibility for, nor hold ourselves out as advisers to any person other than the Independent Directors and the Audit Committee.

Our opinion is only based on a financial analysis and does not incorporate any assessment of legal, tax, regulatory or other matters. Our opinion also does not incorporate an assessment of the price at which the KIT Units may trade following the success or failure of the KMC Acquisition or the Disposal. Such factors are beyond the ambit of our review and do not fall within our terms of reference in connection with the KMC Acquisition or the Disposal.

We wish to emphasise that we have been appointed to render our opinion as of the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of KMC, KIT or CIT. This letter is addressed to the Independent Directors and Audit Committee for their benefit in connection with and for the purpose of their consideration of the KMC Acquisition and the Disposal. The recommendations made by the Independent Directors and Audit Committee to the Unitholders in relation to KMC Acquisition or the Disposal remain the sole responsibility of the Independent Directors and the Audit Committee.

This letter is governed by, and construed in accordance with the laws and courts of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. A copy of this letter will be reproduced in the Circular. This letter may be reproduced, disseminated or quoted in the form and context in which it appears in the Circular or with the prior written consent of Deutsche Bank.

Yours faithfully,

For and on behalf of

Deutsche Bank AG, Singapore Branch

This page has been intentionally left blank.

EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between KIT and KCL and their subsidiaries and associates in the current financial year, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

No	Interested Person	Nature of Transaction	Value of Transaction (S\$'000)
1.	Keppel Corporation Limited	Treasury Transactions	32,569

This page has been intentionally left blank.

PROPOSED BOARD OF DIRECTORS OF THE REPLACEMENT TRUSTEE-MANAGER

INFORMATION ON PROPOSED BOARD OF DIRECTORS

Mr Koh Ban Heng

Independent director and chairman of the board of directors of KIFM

Mr Koh retired on June 30, 2011 from Singapore Petroleum Ltd (SPC) where he was the Chief Executive Officer (CEO) & Executive Director for almost eight years from August, 2003 to June, 2011. Upon his retirement, since July 1st, 2011 Mr Koh has been appointed as the Senior Advisor of SPC which is a fully owned subsidiary of PetroChina.

Mr Koh started his career in the oil industry when he first joined Mobil Oil Singapore in 1972 before joining SPC in March 1974 where he held several key positions in the Company before being appointed CEO in August 2003.

Mr Koh's experience spans refining operations and planning, marketing, distribution and terminalling, supply and trading, oil and gas exploration and production including the development and establishment of new businesses. Mr Koh was instrumental in the refinery assets and service station retail network acquisitions in 2004 by SPC from BP in Singapore. Under Mr Koh's leadership, SPC grew to become an integrated oil and gas company in the Asia Pacific region.

Currently, he is an independent director of Keppel Infrastructure Holdings Pte Ltd, a fully owned subsidiary of Keppel Corporation. He is also an independent director of Linc Energy Ltd as well as Tipco Asphalt PLC, a listed company in Thailand. He sits on the school Management Committees of Chung Cheng High School (Main), Chung Cheng High School (Yishun) and Nanyang Junior College. Mr Koh also served as Advisor to the Chairman and CEO of Dialog Group of Malaysia.

Mr Koh received his secondary and high school education from Chung Cheng High School. He has a Bachelor degree in Applied Chemistry and post-graduate diploma in Business Administration, both from University of Singapore.

Mr Alan Ow Soon Sian

Independent director and chairman of the nominating committee of KIFM

Mr Alan Ow Soon Sian has been an independent director of KIFM since 11 February 2010.

Mr Ow started his career with the Inland Revenue Department in 1970 and retired as the senior deputy commissioner of the Inland Revenue Authority of Singapore in 2007. From 2006 to 2007, he was also concurrently the chief executive officer of the Tax Academy of Singapore. He was also a director of the Tax Academy of Singapore from 2006 to 2008.

Mr Ow was a tax consultant (non-legal practitioner) with KhattarWong LLP, a law firm in Singapore, from May 2008 to November 2013.

Mr Ow obtained a Bachelor of Social Sciences (Second Class Honours, Lower Division) degree from the University of Singapore in 1970. He completed the International Tax Program at Harvard Law School in 1980 and the Advanced Management Program at Harvard Business School in 1997.

Mr Ow was awarded the Public Administration Bronze Medal in 1981, the Public Administration Silver Medal in 1986 and the Public Administration Gold Medal in 1997 by the Public Service Division, Prime Minister's Office of Singapore, in recognition of his contribution to public administration in Singapore. In addition to his current commitments, Mr Ow is the vice president of Morning Star Community Services, a community services organisation.

Mr Paul Ma Kah Woh

Independent director and chairman of the audit committee of KIFM

Mr Paul Ma Kah Woh has been an independent director of KIFM since 11 February 2010.

Mr Ma was a senior partner of KPMG Singapore where he was in charge of the audit and risk advisory practice and risk management function for many years until his retirement in 2003.

Mr Ma sits on the board and is a member of the audit and risk committee, executive resource and compensation committee, investment committee and transaction review committee of Mapletree Investments Pte Ltd. He is the chairman of the board of Mapletree Logistics Trust Management Limited, the manager of Mapletree Logistics Trust, a logistics real estate investment trust listed in Singapore.

Mr Ma also sits on the boards of two private equity funds, CapitaLand China Development Fund Pte Ltd and CapitaLand China Development Fund II Ltd, and the board of Nucleus Connect Pte Ltd, a wholly-owned subsidiary of Starhub Ltd and the operator of the Next Generation Broadband Network. He sits on the board of NRF Holdings Pte Ltd and the board of PACC Offshore Services Holdings Ltd. He is a trustee on the board of trustees of the National University of Singapore and chairs its audit committee. He is also a director on the National Heritage Board.

Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Singapore Chartered Accountants.

Ms Quek Soo Hoon

Independent director and chairman of the conflicts resolution committee of KIFM

Ms Quek Soo Hoon has been an independent director of KIFM since 11 February 2010.

Ms Quek is an Operating Partner at iGlobe Partners (II) Pte Ltd, a venture capital firm that invests in technology companies internationally.

She is also a Distinguished Fellow of the International Association of Insurance Supervisors (IAIS), a standard-setting body that represents insurance regulators and supervisors globally.

Ms Quek currently holds directorship positions in Singapore Deposit Insurance Corporation Ltd, Special Needs Trust Company Ltd, School of the Arts, Singapore and Enactus Singapore (formerly known as Students-in-Free-Enterprise), amongst others.

Ms Quek graduated from the London School of Economics and Political Science in 1975 with a Bachelor of Science (Economics) (First Class Honours) and later qualified for Fellowship at the Institute of Actuaries (United Kingdom).

Mr Thio Shen Yi

Independent director and chairman of the remuneration committee of KIFM

Mr Thio Shen Yi has been an independent director of KIFM since 11 February 2010.

Mr Thio is a Senior Counsel and is currently the joint managing director of TSMP Law Corporation.

Mr Thio obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in 1991 and 1995, respectively. In 1992, Mr Thio was called to the Middle Temple in England as a barrister-at-law, winning the 1992 Council of Legal Education Prize in the process. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1993. Mr Thio was appointed a fellow of the Singapore Institute of Arbitrators in 2006, and Senior Counsel by the Selection Committee under the Legal Profession Act (Chapter 161) in 2008. He is a panel arbitrator of the Singapore International Arbitration Centre and the Kuala Lumpur Regional Centre for Arbitration.

Mr Thio is president of the Law Society of Singapore and member of the Ethics committee. He is also a fellow and Senate Member of the Singapore Academy of Law and a member of its Legal Education and Studies Committee. He sits on the Management Committee of the Law Society's Pro Bono, Learning and Support Services, a charity and Institute of Public Character established by the Law Society of Singapore.

Dr Ong Tiong Guan

Non-executive and non-independent director

Dr Ong has been a non-executive and non-independent director of KIFM since 1 June 2014.

Dr Ong was appointed Keppel Energy's executive director from November 1999. He became managing director of Keppel Energy with effect from 1 May 2003. He is currently chief executive officer of Keppel Infrastructure Holdings Pte Ltd and is responsible for Keppel Corporation's power generation and gas business, which develops, owns and operates power generation projects in Asia and in the Americas.

Dr Ong's career spans across the energy industry from engineering and contracting to investment and ownership of energy assets. He started with Jurong Engineering as a design engineer in 1987 and went on to hold senior management positions in Foster Wheeler Eastern, the Sembawang Group, and CMS Energy Asia. Dr Ong was Chairman of the Singapore Electricity Pool Executive Committee for its financial year 2002/2003.

His directorships include Keppel Infrastructure Holdings Pte Ltd, KIFM, Keppel Energy, Keppel Electric, KMC, Keppel Gas Pte. Ltd., Keppel Integrated Engineering Ltd and Keppel DHCS Pte. Ltd.

Dr Ong holds a Bachelor of Engineering (First Class Honours) from Monash University, and Doctor of Philosophy (Ph.D.) under Monash Graduate Scholarship, Monash University, Australia.

Mr Alan Tay Teck Loon

Non-executive and non-independent director

Mr Tay is Executive Director, Business Development of Keppel Infrastructure Holdings Pte Ltd, with overall responsibility for the business development of the company and its subsidiaries. Prior to joining Keppel Group, Mr Tay was Head of South East Asia for JPMorgan Asset Management, Global Real Assets – Asian Infrastructure, a USD860 million private equity fund focused on infrastructure and related resources investments across Asia. He was also a member of the fund's Investment Committee and board member of J.P. Morgan Asset Management Real Assets (Singapore) Pte. Ltd. and Eco Management Korea Holdings Inc.

Mr Tay's experience spans across the origination and execution of mergers and acquisitions, greenfield development, joint venture, disposal, debt and equity fund raising transactions in Asia, including Singapore, Malaysia, Indonesia, South Korea, Japan, Taiwan, PRC, Australia and India covering power, natural gas, transportation, banking, property, water, shipyard and manufacturing sectors.

Mr Tay holds a Bachelor of Business Administration with Second Upper Honours from the National University of Singapore.

Mr Daniel Cuthbert Ee Hock Huat

Independent director

Mr Ee is the current chairman of CSIM and serves on the board of Citibank Singapore Limited. He is the Deputy Chairman of the Securities Industry Council and a Fellow and Council Member of the Singapore Institute of Directors. Mr Ee had also served as the Chairman of Gas Supply Pte Ltd from 2002 to July 2010 and on the board of National Environment Agency from 2006 to March 2012. He was a Member of the Corporate Governance Council from February 2010 till its dissolution in May 2012.

Mr Ee has more than 14 years of experience in the banking sector, in particular in corporate finance. Prior to that, he had served in various capacities in the public sector from 1975 to 1985. Mr Ee graduated from the University of Bath, UK with a Bachelor of Science in Systems Engineering (1st Class Honours) and has a Master of Science in Industrial Engineering from the National University of Singapore. He was awarded the Public Service Medal in 2003.

LIST OF DIRECTORSHIPS OF THE PROPOSED BOARD OF DIRECTORS

The list of present and past directorships (for the period from 1 January 2010 to 31 December 2014) of the proposed directors of the Replacement Trustee-Manager is set out below:

Name	Present Directorships	Past Directorships (from 1 January 2010 to 31 December 2014)
Mr Koh Ban Heng	Keppel Infrastructure Holdings Pte. Ltd. Linc Energy Ltd Tipco Asphalt Company PLC Chung Cheng High School Ltd	Keppel Energy Pte. Ltd. Singapore Petroleum Venture Private Limited Singapore Refining Company Private Limited
Mr Alan Ow Soon Sian	Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust) M1 Limited	Nil

Name	Present Directorships	Past Directorships (from 1 January 2010 to 31 December 2014)
Mr Paul Ma Kah Woh	<p>Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)</p> <p>Mapletree Logistics Trust Management Limited (manager of the Mapletree Logistics Trust)</p> <p>Mapletree Investments Pte Ltd</p> <p>CapitaLand China Development Fund Pte Ltd</p> <p>CapitaLand China Development Fund II Ltd</p> <p>Nucleus Connect Pte Ltd</p> <p>National Heritage Board</p> <p>NRF Holdings Pte Ltd</p> <p>PACC Offshore Services Holdings Ltd</p>	<p>SMRT Corporation Ltd</p> <p>SMRT Buses Ltd</p> <p>SMRT Road Holdings Ltd</p> <p>SMRT Trains Ltd</p> <p>Hwa Hong Corporation Ltd</p> <p>Tenet Insurance Company Ltd</p>
Ms Quek Soo Hoon	<p>Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)</p> <p>School of the Arts, Singapore</p> <p>Life Planning Associates Pte Ltd</p> <p>Singapore Deposit Insurance Corporation Ltd</p> <p>Special Needs Trust Company Ltd</p> <p>Enactus Singapore</p>	Nil

Name	Present Directorships	Past Directorships (from 1 January 2010 to 31 December 2014)
Mr Thio Shen Yi	Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust) TSMP Law Corporation OUE Realty Pte Ltd Obiter Dicta Pte Ltd Camembert Holdings Pte Ltd The Community Justice Centre Limited St John's Cambridge (Singapore)	Allens Arthur Robinson TSMP
Dr Ong Tiong Guan	Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust) Keppel Infrastructure Holdings Pte. Ltd. Keppel Energy Pte. Ltd. Keppel Electric Pte Ltd Keppel Gas Pte Ltd Keppel Merlimau Cogen Pte Ltd Keppel DHCS Pte Ltd Keppel Infrastructure Services Pte. Ltd. GE Keppel Energy Services Pte Ltd Keppel Seghers Pte Ltd	Nil
Mr Alan Tay Teck Loon	GE Keppel Energy Services Pte Ltd	J.P. Morgan Asset Management Real Assets (Singapore) Pte Ltd Eco Management Korea Holdings Inc

Name	Present Directorships	Past Directorships (from 1 January 2010 to 31 December 2014)
Mr Daniel Cuthbert Ee Hock Huat	CitySpring Infrastructure Management Pte Ltd (Trustee- Manager of CitySpring Infrastructure Trust) Citibank Singapore Limited Singapore Institute of Directors Singapore Mediation Centre	Surface Mount Technology (Holdings) Limited National Environment Agency Gas Supply Pte Ltd

Keppel Infrastructure Trust

(Registration No. 2010002)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 23 July 2009 (as amended))

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Keppel Infrastructure Trust (“KIT”) will be held at The Grand Ballroom (Level 3), Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

RESOLUTION 1 (ORDINARY RESOLUTION)

THE PROPOSED ACQUISITION OF A 51% EQUITY INTEREST IN KMC AND THE PROPOSED ISSUE OF NEW KIT UNITS UNDER THE KIT EQUITY FUND RAISING

Resolved that:

- (a) approval be and is hereby given for the acquisition (the “**KMC Acquisition**”) of 51% of the issued share capital of Keppel Merlimau Cogen Pte Ltd (“**KMC**”), which owns the Keppel Merlimau Cogen plant, from Keppel Energy Pte. Ltd. (“**Keppel Energy**”), a wholly-owned subsidiary of Keppel Corporation Limited, on the terms and conditions set out in the conditional sale and purchase agreement (the “**KMC SPA**”) dated 18 November 2014 entered into between Keppel Infrastructure Fund Management Pte. Ltd., as trustee-manager of KIT (the “**Trustee-Manager**”) and Keppel Energy;
- (b) approval be and is hereby given for the issue of up to 545.2 million new units in KIT (the “**New KIT Units**”) so as to raise gross proceeds of up to approximately S\$525 million (the “**KIT Equity Fund Raising**”) in the manner described in the Circular;
- (c) the Trustee-Manager and any director or the Chief Executive Officer of the Trustee-Manager be and are hereby authorised to complete and do all such acts and things (including approving, modifying and executing all such documents as may be required) as the Trustee-Manager or such director or the Chief Executive Officer of the Trustee-Manager may consider expedient or necessary or in the interests of KIT to give effect to the KMC SPA, the KMC Acquisition and the KIT Equity Fund Raising; and
- (d) in the event the KMC Acquisition is completed, authority be and is hereby given to the Trustee-Manager and any director or the Chief Executive Officer of the Trustee-Manager to approve of any amendment to, or renewal of, any KMC Transaction Document (as defined in the Circular to Unitholders of KIT dated 2 April 2015 (the “**Circular**”)) which is in the interests of KIT, or which substantially sets out the same terms and provisions or is not worse off from the perspective of KMC in the case of a full or partial renewal of the contractual term of such KMC Transaction Document.

RESOLUTION 2 (ORDINARY RESOLUTION)

THE PROPOSED DISPOSAL

Resolved that subject to and contingent upon the passing of Resolutions 1 and 3:

- (a) approval be and is hereby given for the transfer of the KIT Assets (as defined in the Circular) to CitySpring Infrastructure Trust ("**CIT**") for 1,326,319,374 new units of CIT ("**CIT Consideration Units**"), on the terms and conditions set out in the conditional sale and purchase agreement (the "**CitySpring Contract**") dated 18 November 2014 entered into between the Trustee-Manager and CitySpring Infrastructure Trust Management Pte. Ltd., as trustee-manager of CIT ("**CSIM**") (the "**Disposal**");
- (b) subject to completion of the Disposal, approval be and is hereby given for the Trustee-Manager to declare a distribution for the period from 1 January 2015 to the day immediately preceding the completion date of the Disposal to the unitholders of KIT whose securities accounts with The Central Depository (Pte) Limited ("**CDP**") are credited with KIT units as at 5 p.m. on the books closure date to be announced (the "**Disposal Books Closure Date**"); and
- (c) the Trustee-Manager and any director or the Chief Executive Officer of the Trustee-Manager, be and are hereby severally authorised to complete and do all such acts and things (including approving, modifying and executing all such documents as may be required) as the Trustee-Manager or such director or the Chief Executive Officer of the Trustee-Manager may consider expedient or necessary or in the interests of KIT to give effect to the CitySpring Contract and the Disposal.

RESOLUTION 3 (ORDINARY RESOLUTION)

THE PROPOSED DISTRIBUTION-IN-SPECIE

Resolved that subject to and contingent upon the passing of Resolutions 1 and 2:

- (a) subject to completion of the Disposal, approval be and is hereby given for the Trustee-Manager to carry out the Distribution-In-Specie (as defined in the Circular) to unitholders of KIT, on the basis of 2.106 CIT Consideration Units for every KIT unit, fractional entitlements to be disregarded, held as at 5 p.m. on the Disposal Books Closure Date except that for practical reasons and in order to avoid violating applicable securities laws outside Singapore, the CIT Consideration Units will not be distributed to any unitholder of KIT whose registered address (as recorded in the Register of Unitholders of KIT or in the Depository Register maintained by CDP) for the service of notice and documents is outside Singapore as at the Disposal Books Closure Date ("**Overseas Unitholder**") and who have not at least three (3) market days prior to the Disposal Books Closure Date provided KIT's Unit Registrar (Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing and such CIT Consideration Units shall be dealt with in the manner set out in paragraph (c) below;
- (b) any resulting fractional CIT Consideration Units be aggregated and distributed to such person(s) as the Trustee-Manager or the directors of the Trustee-Manager may appoint for the purposes of sale (on such terms and conditions as the Trustee-Manager or the directors of the Trustee-Manager deem fit), with the aggregate amount of the proceeds (if any), after deducting all dealing and other expenses in connection therewith, to be paid to the Enlarged Trust (as defined in the Circular);

- (c) arrangement be made for the distribution of CIT Consideration Units which would otherwise have been distributed to the Overseas Unitholders pursuant to the Distribution-In-Specie to be distributed to such person(s) as the directors of the Trustee-Manager may appoint, who shall sell such CIT Consideration Units at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Unitholders according to the respective CIT Consideration Units they would otherwise have been entitled to as at the Disposal Books Closure Date in full satisfaction of their rights to the CIT Consideration Units, provided that where the net proceeds to which any particular Overseas Unitholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of KIT, and no Overseas Unitholder shall have any claim whatsoever against KIT, the Trustee-Manager or CDP in connection therewith; and
- (d) the Trustee-Manager and any director or the Chief Executive Officer of the Trustee-Manager, be and are hereby severally authorised to complete and do all such acts and things (including approving, modifying and executing all such documents as may be required) as the Trustee-Manager or such director or the Chief Executive Officer of the Trustee-Manager may consider expedient or necessary or in the interests of KIT to give effect to the Distribution-In-Specie.

RESOLUTION 4 (SPECIAL RESOLUTION)

THE PROPOSED WINDING UP

Resolved that subject to and contingent upon the passing of Resolutions 1, 2 and 3:

- (a) following completion of the Disposal and the Distribution-In-Specie, KIT be wound up pursuant to Section 45(1) of the Business Trusts Act (Chapter 31A of Singapore) and the trustee-manager of KIT be and is hereby authorised to proceed with liquidation of KIT in accordance with the trust deed of KIT (the “**Winding Up**”); and
- (b) the trustee-manager of KIT and any director or the Chief Executive Officer of the trustee-manager of KIT, be and are hereby authorised to do all such acts and things (including approving, modifying and executing all such documents as may be required) as the trustee-manager of KIT or such director or the Chief Executive Officer of the trustee-manager of KIT may consider expedient or necessary or in the interests of KIT to give effect to the Winding Up.

BY ORDER OF THE BOARD

Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration No. 200803959H)
as trustee-manager of Keppel Infrastructure Trust

Ng Wai Hong/Winnie Mak

Company Secretaries
5 April 2015

Important Notice:

- (1) A unitholder of KIT entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a unitholder of KIT.
- (2) Where a unitholder of KIT appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) The proxy form must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time fixed for the Extraordinary General Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a unitholder of KIT (i) consents to the collection, use and disclosure of the unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the unitholder discloses the personal data of the unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

PROXY FORM

Keppel Infrastructure Trust

(Registration No. 2010002)

(Constituted in the Republic of Singapore
as a business trust pursuant to a trust deed
dated 23 July 2009 (as amended))

IMPORTANT

1. For CPF investors who hold units in Keppel Infrastructure Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominees may register, within the specified timeframe, with Keppel Infrastructure Trust's Unit Registrar. CPF Approved Nominees, please refer to Note 12 on the reverse side of the Proxy Form for further details.
4. CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.
5. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder of KIT accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 5 April 2015.

EXTRAORDINARY GENERAL MEETING

I/We _____ (Name(s) and NRIC/Passport Number(s)/Company Registration Number)

of _____ (address)

being a Unitholder/Unitholders of Keppel Infrastructure Trust ("KIT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of KIT to be held at The Grand Ballroom (Level 3), Grand Hyatt Singapore, 10 Scotts Road, Singapore 228211 on Thursday, 30 April 2015 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of KIT to be held at 10:00 a.m. on the same day and at the same place) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion, as he/she/they may on any other matter arising at the EGM.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Resolutions			
1.	To approve the KMC Acquisition and the KIT Equity Fund Raising		
2.	To approve the Disposal		
3.	To approve the Distribution-In-Specie		
Special Resolutions			
4.	To approve the Winding Up		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of Units in the respective boxes provided.

Dated this _____ day of _____ 2015

Total Number
of Units held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Notes to proxy form:

1. A Unitholder of KIT ("Unitholder") entitled to attend and vote at the Extraordinary General Meeting ("EGM") is entitled to appoint one or two proxies to attend and vote in his/her stead provided that, in the case of units in KIT ("Units") entered in the Depository Register, the Trustee-Manager shall be entitled and bound:
 - (a) to reject any Proxy Form (as defined in Note 5 below) lodged if the Unitholder, being the appointer, is not shown to have any Units entered against his/her name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KIT; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder is or are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KIT, whether that number is greater or smaller than the number specified in any Proxy Form (as defined in Note 5 below) executed by or on behalf of that Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in Note 5 below) will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the Trustee-Manager's registered office at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time fixed for the EGM.

fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Infrastructure Fund Management Pte. Ltd.
(as trustee-manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

fold along this line (2)

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the EGM.
7. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or votes set out in the Proxy Form.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months after the date named in it as the date of its execution.
10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.
12. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the EGM as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach KIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time fixed for the EGM.



1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632
www.kepinfratrust.com