

Keppel Infrastructure Trust

Investor Presentation

November 2016



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At a Glance

Key Highlights

- / Largest Singapore focused **infrastructure business trust**
- / Generates **long-term, regular** and **predictable cash flows** from a **diversified** portfolio of **core infrastructure assets**:
 - Sole producer and retailer of town gas in Singapore
 - 4 waste and water concessions on long-term contract with Singapore government agencies
 - 51% stake in KMC, a 1,300 MW CCGT in Singapore with a long standing tolling contract
 - 51% stake in a high quality data centre in Singapore with a long term lease
 - Sole electricity interconnector between Tasmania and Victoria in Australia
- / Created from the acquisition of Crystal Trust assets on 18 May 2015 and the acquisition of a 51% stake in Keppel Merlimau Cogen (KMC) on 30 June 2015
- / **Sponsored by Keppel Infrastructure**, which owns 18.2% of KIT
- / Temasek owns 15.9% with remaining 65.9% publicly held
- / Constituent of **FTSE/STI Mid Cap & Large Cap Index**

Financial Snapshot

Market Value ⁽¹⁾

Market Capitalisation	S\$ 1,929 m
Enterprise Value	S\$ 3,423 m

Cash Flows (Annualised)

Adjusted EBITDA ⁽²⁾	S\$ 197 m
DPU	S 3.72 cents
Distribution yield ⁽¹⁾	7.4%

Leverage

Cash	S\$ 259 m
Debt	S\$ 1,753 m
Net debt	S\$ 1,494 m

Total assets	S\$ 4,086 m
Net debt / Total assets	0.4x
Net debt / Annualised EBITDA	7.6x

(1) Based on KIT Unit price of S\$0.50 as of 2 November 2016.






(2) Adjusted to include reduction in concession receivables, annualised using reported 30 Sept 2016 results

Large & Well-diversified Portfolio of Core Infrastructure assets

Investment Criteria

- KIT aims to provide Unitholders with **long-term, regular** and **predictable distributions** by pursuing investments that exhibit the characteristics listed below

Portfolio of highly strategic assets

Utilities Infrastructure		Power Infrastructure		Telecoms Infrastructure
City Gas	Singapore Concessions	KMC	Basslink	DataCentre One
				




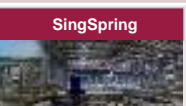




1 Long-term, regular and/or predictable cash flows	✓	✓	✓	✓	✓
2 Long-term contracts or concessions / customer stability	✓ ⁽¹⁾	✓	✓	✓	✓
3 Creditworthy or reputable off-takers	✓ ⁽²⁾	✓	✓	✓	✓
4 Diversification of asset class risks	✓	✓	✓	✓	✓
5 Jurisdictions with well-developed legal framework	✓	✓	✓	✓	✓

KIT's portfolio of core infrastructure assets meets urbanisation needs of today, and provides KIT a strong platform to further expand regionally and globally.

(1) City Gas is the sole producer and retailer of town gas in Singapore and has been in operation for over 100 years.

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

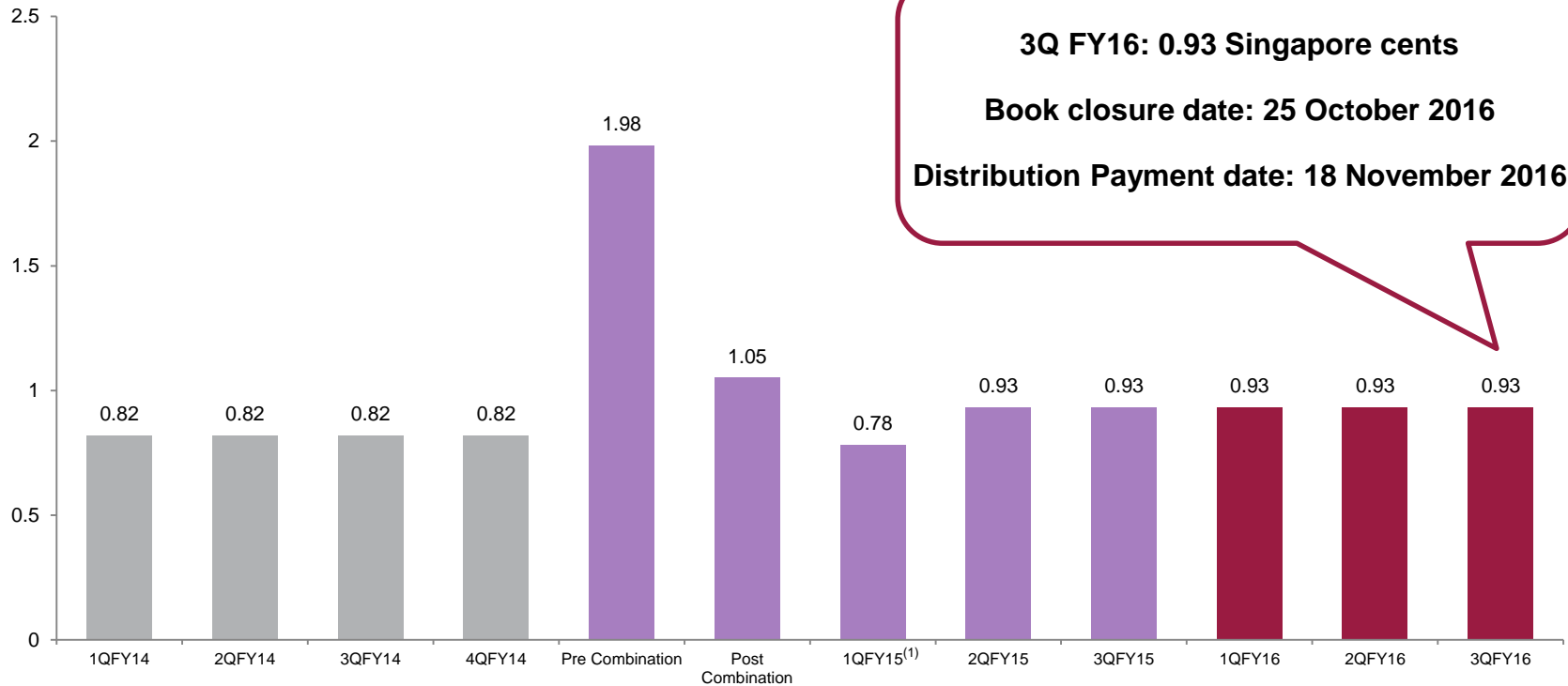
Generates long-term predictable cash flows uncorrelated to GDP...

	Asset	Business	Customer	Contract Terms	Cash Flows
SINGAPORE	 <p>Senoko WTE Plant</p>	2,310 tonnes/day waste incineration concession	NEA, Singapore government agency	2024	Principally fixed availability payment
	 <p>Tuas WTE Plant</p>	800 tonnes/day waste incineration concession	NEA, Singapore government agency	2034	Principally fixed availability payment
	 <p>Ulu Pandan NEWater</p>	148,000 m ³ /day NEWater concession	PUB, Singapore government agency	2027	Approximately half fixed, and half variable payments
	 <p>SingSpring</p>	136,380 m ³ /day seawater desalination concession	PUB, Singapore government agency	2025 <i>(Underlying land lease till 2033)</i>	Principally fixed availability payment
	 <p>City Gas</p>	Sole producer and retailer of piped town gas	Over 750,000 commercial and residential customers	n.a.	Stable fees with fuel and electricity costs passed through to consumer
	 <p>KMC</p>	1,300MW Combine Cycle Gas Turbine power plant capacity tolling agreement	Keppel Electric	2030, with option for 10-year extension <i>(Underlying land lease till 2035, with 30-year extension)</i>	Principally fixed availability payment
	 <p>DataCentre One</p>	Data centre	One-Net, 100% subsidiary of MediaCorp, SG national broadcaster	2036, with option for 8-year extension	Contractual lease revenue
AUST	 <p>Basslink</p>	Owner and operator of the Basslink Interconnector between the States of Victoria and Tasmania	Hydro Tasmania <i>(Owned by Tasmania state government)</i>	2031, with option for 15-year extension	80% availability payments, 65% indexed to Australia CPI

... Supporting Regular and Stable Distributions

DPU (S cents)

S cents/unit

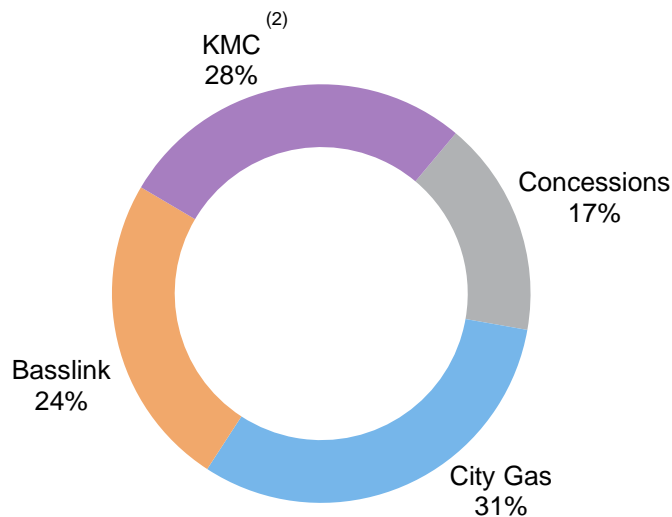


(1) Lower DPU in 1Q FY15 as KMC (which was acquired on 30 June 2015), did not contribute for that quarter, while the issue of new units to finance the acquisition was completed on 22 June 2015

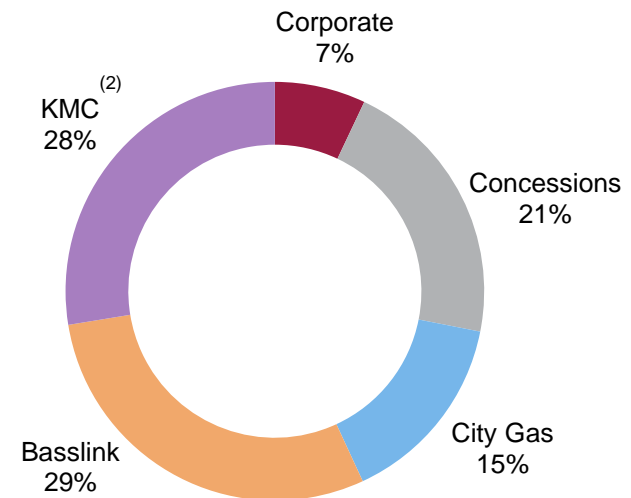
Diversified Portfolio of Core Infrastructure Assets

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

9M FY16 EBITDA ⁽¹⁾



Total Assets as at 30 Sep 2016



(1) Excludes Trust / corporate expenses
 (2) Based on KIT's 51% stake in KMC

Strong Balance Sheet

S\$m	As at 30 September 2016	
	Total	Excluding Basslink
Cash	259	208
Borrowings	1,753	1,040
Net debt	1,494	832
Total assets	4,086	3,151
Total liabilities	2,665	1,169
Annualised EBITDA	197	144
Net gearing	37%	26%
Net debt / EBITDA	7.6X	5.8X

Sustainable gearing backed by

- / Long term contracts expiring between 2024 and 2046
- / Creditworthy customers and City Gas' large and stable customer base
- / Recurring and stable revenue streams

Three-pronged Growth Strategy

1 Organic Growth from Existing Portfolio

Potential Upsides

- Organic growth of City Gas
 - 100,000 new units expected between 2016-2018
 - Higher penetration of gas water heaters
- Stable positive contributions from DataCentre One, with option for 2 more floors to be fitted out
- Basslink
 - Use all cash flows to repay debt
- Potential adjustment in KMC tolling fees after initial 15-year period

Solid Stable Base

- Stable cash flows
- Scale and liquidity
- Strong balance sheet

2 Keppel Sponsorship

Keppel Capital

- Co-investment, bridge financing and incubation opportunities
- Non-energy space asset management

Keppel Infrastructure

- Keppel Group's energy infrastructure arm
- O&M development and industry expertise
- ROFRs for 49% of KMC, as well as other assets owned and developed by Sponsor
- Co-investment and incubation opportunities

3 Acquisition Strategy

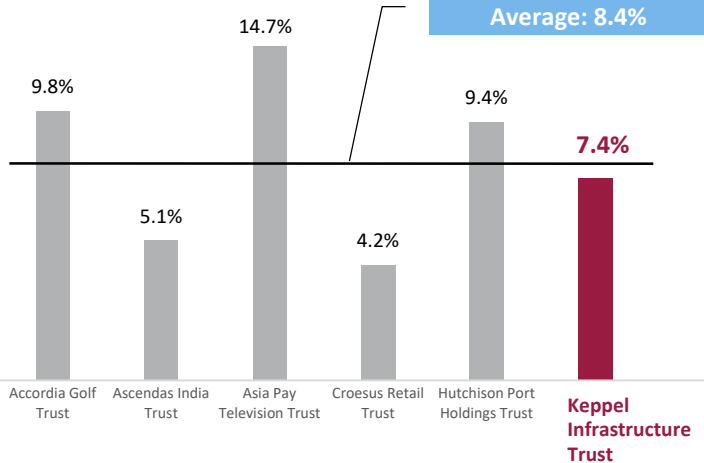
KIT New Investments

- Assets that generate long term stable cash flows with some growth
- Singapore and other developed markets in Asia or Europe
- Co-invest with likeminded partners to reduce ticket size/risk and gain diversification
- Transaction types:
 - Availability based assets (utilities, transmission, storage and pipelines)
 - Customised sale and leaseback transaction
 - Inflation + assets (transportation and telecoms)
- Selected greenfield investments with experienced operators, limited construction exposures and equity cheque funded entirely by debt

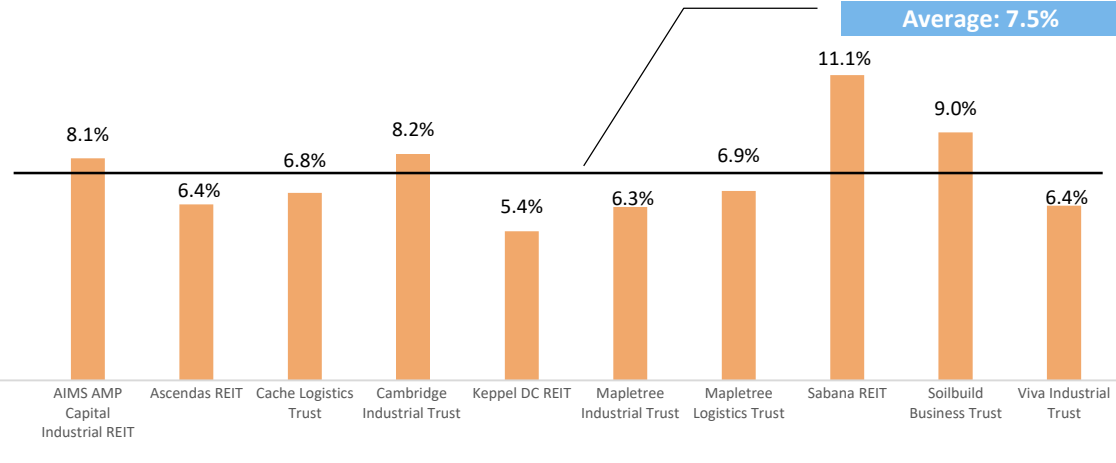
Attractive Risk Adjusted Returns

Distribution Yield (1)

Infrastructure trusts



Singapore Industrial REITs



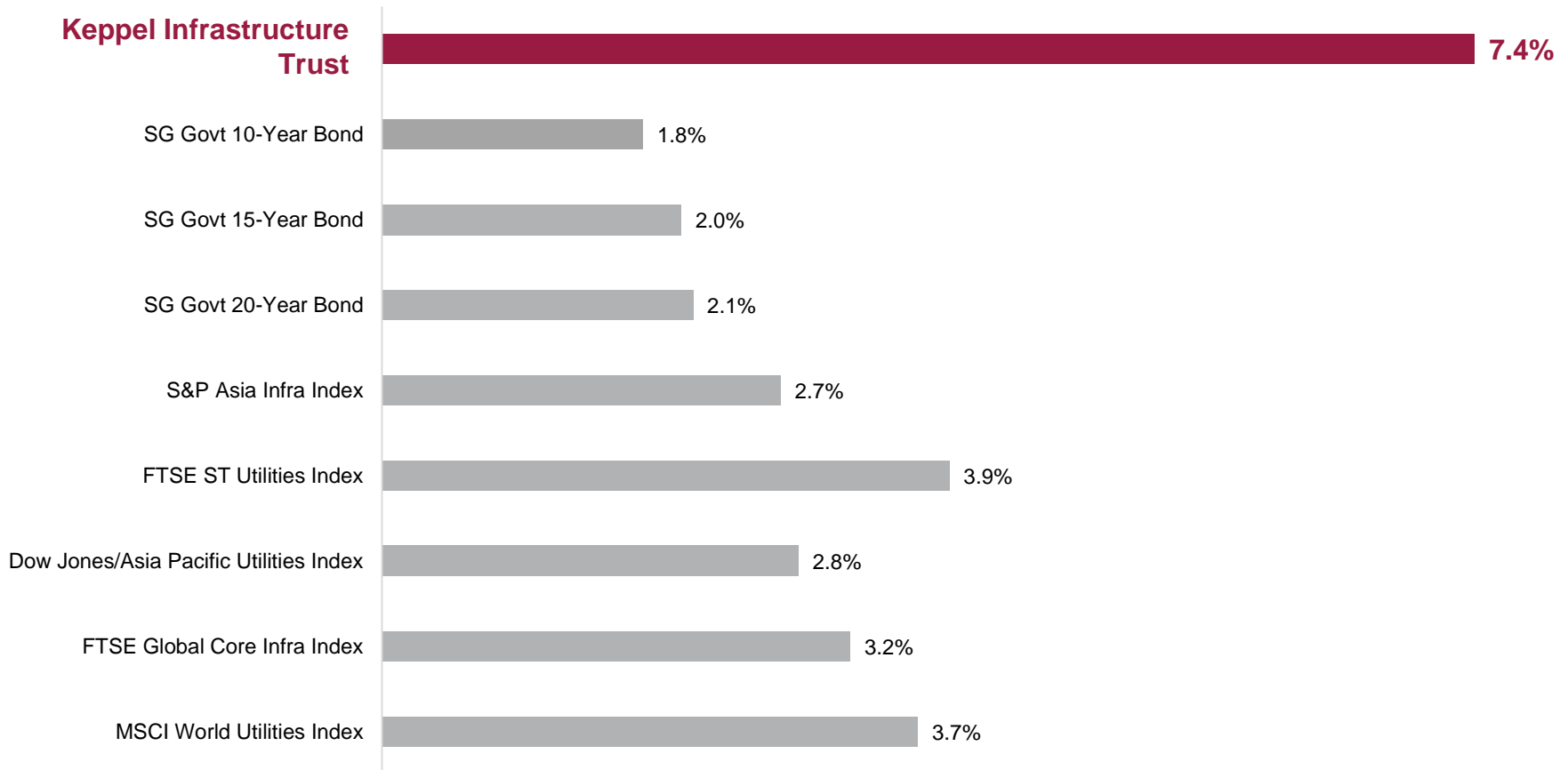
KIT's value proposition vis-à-vis S-REITs

- 1 **Regular and recurring cash flows across all economic cycles**
 - Not correlated to GDP, since cash flows are underpinned by long-term contracts
 - Real estate tends to be more cyclical, and are subject to rental cycles as well as regular rent reviews
- 2 **Limited supply of core quality infrastructure assets**
 - Low barriers to entry and few players with strong track record
 - More varied options in the real estate sector
- 3 **Long-term contracts**
 - KIT's assets are contracted at between 8 to 30 years, some of which include options for lease extensions
 - Weighted average lease expiry for industrial S-REITs at approximately 4 years
- 4 **Low credit risks** with creditworthy and reputable off-takers or large diversified customer base
- 5 **Sustainable leverage** positions KIT for future growth

(1) Source: Bloomberg as of 2 November 2016

Regular and Stable Returns

Attractive Yield



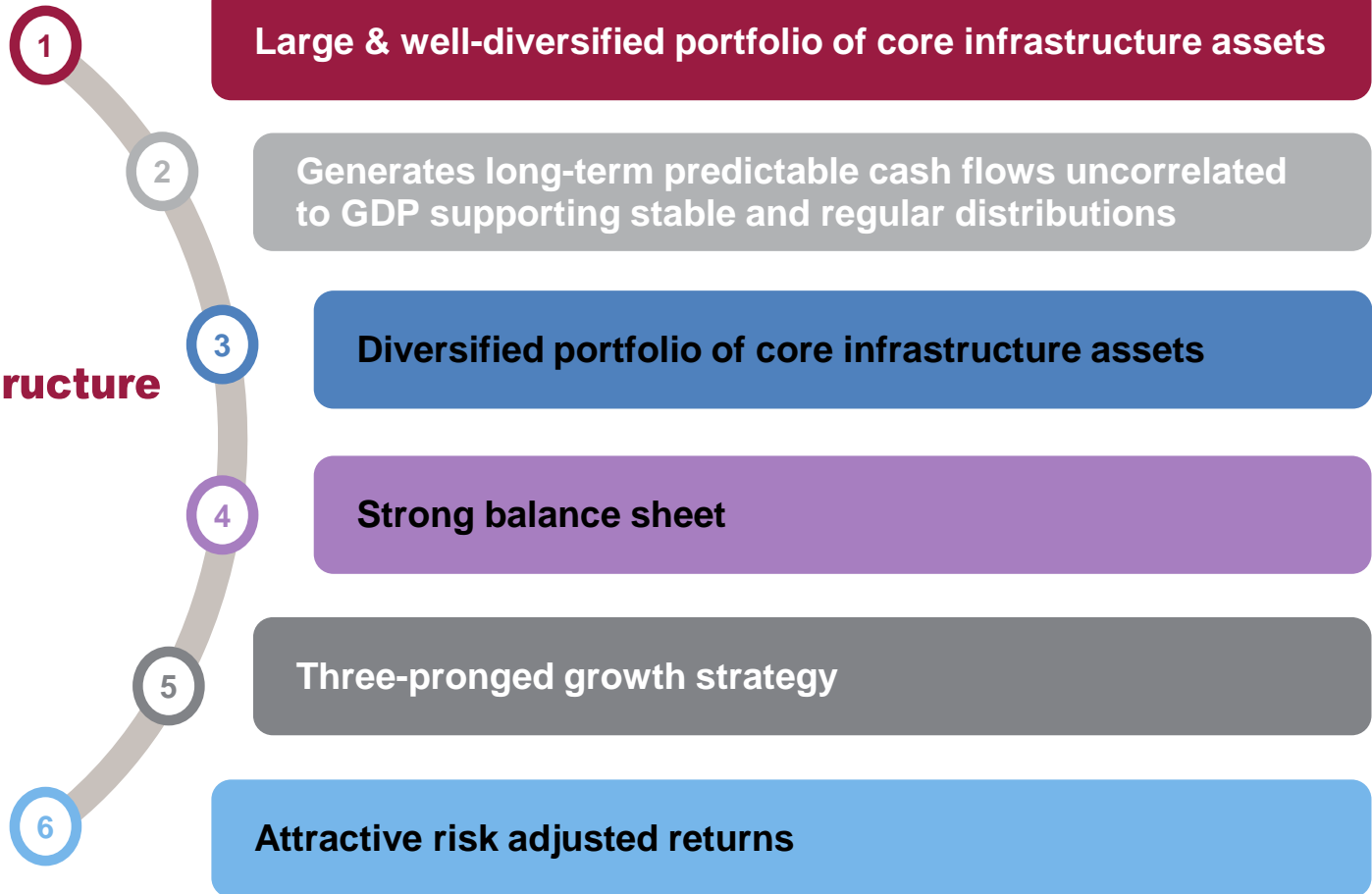
(1) Based on KIT Unit price of S\$0.50 as of 2 November 2016.

Sources: Bloomberg, Monetary Authority of Singapore and Singapore Government Authorities. As at 30 Sept 2016.

Key Investment Highlights

KIT is well-positioned to deliver long-term value and growth to Unitholders.

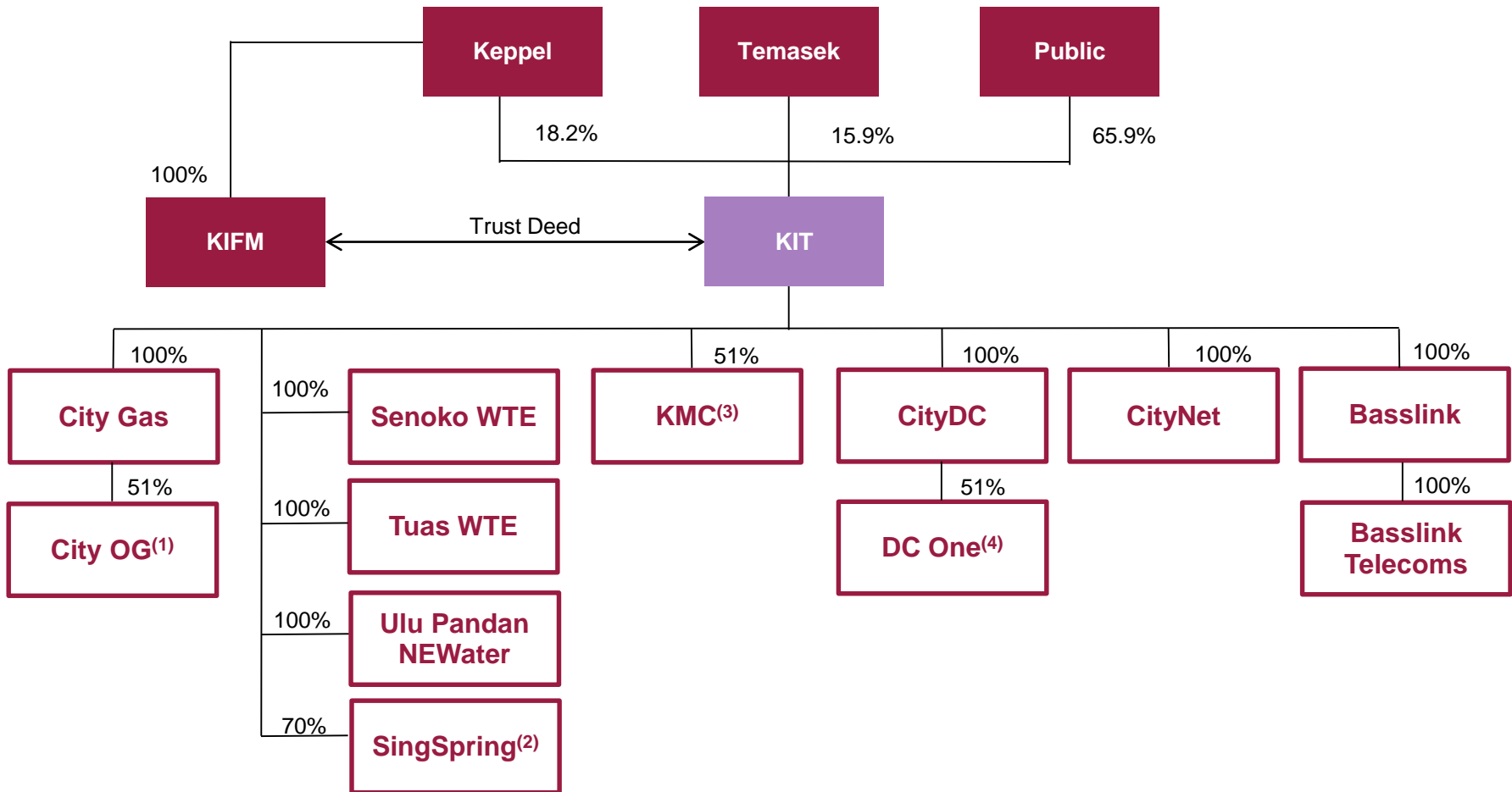
Keppel Infrastructure Trust



Additional Information

KIT's shareholding structure

- Keppel Corporation completed the consolidation of its asset management businesses under Keppel Capital in July 2016
- This includes a 100% interest in Keppel Infrastructure Fund Management (KIFM), the Trustee-Manager of KIT
- KIFM will be able to leverage the scale and resources of a larger asset management platform through Keppel Capital



(1) Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City OG.

(2) Hyflux Ltd holds the remaining 30% equity interest in SingSpring.

(3) Keppel Energy holds the remaining 49% equity interest in KMC.

(4) WDC Development Pte. Ltd. holds the remaining 49% equity interest in DC One.

Pipeline from Sponsor

Keppel Infrastructure's Pipeline



Keppel Merlimau Cogen (KMC) - 49% through Keppel Energy

- Operational since 2007, with a total generation capacity of 1,300 MW
- KI, as the sponsor of KIT, owns 49% shareholding in KMC through Keppel Energy



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

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



Biopolis@one-north - 100% through Keppel DHCS

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



Mediapolis@one-north - 100% through Keppel DHCS

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



Woodlands Wafer Fab Park - 100% through Keppel DHCS

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

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

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

Source: Adapted from SGX-ST website

KIFM Management Fee Structure

Management Fee	<ul style="list-style-type: none">• S\$2.2 million per annum• Inflation adjustment in reference to the CPIS
Performance Fee	<ul style="list-style-type: none">• 4.5% p.a. of sum of cash flow received by KIT
Acquisition Fee	<ul style="list-style-type: none">• 0.5% of the Enterprise Value of any investment acquired, where the investment is acquired from:<ul style="list-style-type: none">– Sponsor Group Entities (SGE)– Partly from SGE and third party with SGE >50% in aggregate or indirect interests in investment prior to acquisition• 1% for all other cases
Divestment Fee	<ul style="list-style-type: none">• 0.5% of the Enterprise Value of any investment sold or divested by KIT or a KIT entity

Loan Profile

Entity	Amount (S\$m)	Loan Maturity	Repayment
City Gas	178.0	Feb 2019	Bullet*
SingSpring	73.6	Oct 2024	Amortising
Basslink	722.0 (A\$708.5)	Nov 2019	Amortising*
KMC	700.0	Jun 2020	Bullet*
KIT	91.5	Feb 2019	Bullet*

* To be refinanced upon maturity

Prudent Capital Management

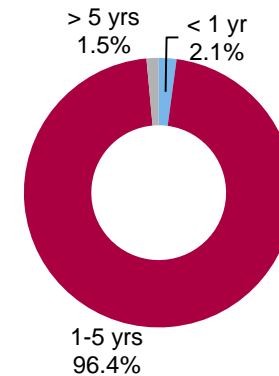
Debt Overview

- / Hedged ~85% of total loans
- / 100% non-recourse loans
- / Maintain stable interest rate of 4-5%
 - Singapore average: 3-4%
 - Australian average: 6-7%
- / Healthy weighted average term to expiry of ~3.4 years
 - ~100% of loans due in 2019 and beyond
- / S\$722 m (A\$708.5 m)⁽¹⁾ Basslink loan
 - Interest rate substantially hedged
 - Natural currency hedge for A\$ cash flows
 - All residual cash flows used for debt service
 - No dependence on Basslink's cash flows for distribution
 - No cash flow exposure to near term A\$ forex movement

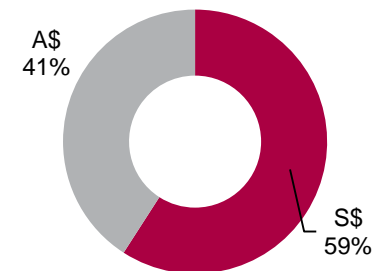
(1) Based on exchange rate of A\$1.00 = S\$1.019

Debt Breakdown

Debt Repayment Profile



Debt Breakdown by Currency



Thank You

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