



(Business Trust Registration Number: 2007001)
(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

UPDATE ON BASSLINK

As previously disclosed in Keppel Infrastructure Trust's ("**KIT**") unaudited results for the second quarter and half year ended 30 June 2017 on 17 July 2017 ("**Results Announcement**"), Basslink Pty Ltd ("**BPL**"), a wholly-owned subsidiary of KIT, has been engaged in and continues to have ongoing discussions with Hydro Tasmania and a group of commercial bank financiers ("**Financiers**") on matters arising from the outage of the Basslink Interconnector ("**Interconnector**") that occurred on 20 December 2015 ("**Outage**") (which has since returned to service on 13 June 2016), including the subsisting default under the project financing for the Interconnector ("**Project Financing**") between the Financiers and a related entity of BPL, Nexus Australia Management Pty Ltd in its capacity as trustee of the Premier Finance Trust Australia ("**Borrower**").

Since September 2016, Hydro Tasmania has not paid BPL facility fees, as Hydro Tasmania disagrees that the Outage is a force majeure event. However, BPL has received good faith payments from Hydro Tasmania since December 2016, whilst the outstanding matters are being resolved.

As alluded to in the Results Announcement, as the good faith payments received are lower than the facility fees, the Borrower is unable to meet the minimum debt service coverage ratio (DSCR) under the Project Financing, thus resulting in the default under the Project Financing.

On a positive note, since KIT's Results Announcement, Hydro Tasmania has notified BPL of their intent to resume the usual contractual payment of the full facility fees (and accordingly discontinue the good faith payments) to BPL from September 2017, as the amount which Hydro Tasmania has purported to claim from BPL has been fully recovered by Hydro Tasmania in August 2017. While BPL disagrees with Hydro Tasmania's set-off of its alleged claims arising from the Outage against the facility fees due to BPL, the resumption of payment of the facility fees is a constructive development towards the resolution of the outstanding matters.

Following the resumption of payment of the full facility fees for a 12-month period by Hydro Tasmania, the Borrower expects to meet the minimum DSCR under the Project Financing as the DSCR is computed on a trailing 12-month basis.

To date, the Borrower remains current on the debt service and all payments due under the Project Financing have been fulfilled. As previously disclosed in the Results Announcement, utilisation of the insurance proceeds received by BPL following the Outage requires the Financiers' approval; BPL is still in discussions with the Financiers for release of part of the insurance proceeds for BPL to meet its immediate operating needs.

BPL continues to work closely and to engage with Hydro Tasmania and the Financiers towards achieving a satisfactory outcome.

The above-mentioned update is not expected to have any material financial impact on the distributions per unit of KIT for the financial year ending 31 December 2017, since KIT does not rely on BPL's cash flows for its distributions.

The Trustee-Manager will update unitholders as and when there are material developments on this matter.

BY ORDER OF THE BOARD
KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.
(Company Registration Number: 200803959H)
As Trustee-Manager of Keppel Infrastructure Trust