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CITYSPRING INFRASTRUCTURE TRUST

(Business Trust Registration No. 2007001)

Proposed Combination of CitySpring Infrastructure Trust and Keppel Infrastructure Trust

Introduction

CitySpring Infrastructure Management Pte. Ltd. ("**CSIM**"), as trustee-manager of CitySpring Infrastructure Trust ("**CIT**"), has today agreed to combine CIT with Keppel Infrastructure Trust ("**KIT**")[1] ("**Combination**"). KIT has today also agreed to acquire a 51% stake in Keppel Merlimau Cogen Pte Ltd ("**KMC**"), which owns a 1,300 mega watt combined cycle gas turbine generation facility on Jurong Island, Singapore, for a cash consideration of SGD510 million based on an enterprise valuation of SGD1,700 million ("**KMC Acquisition**"). The KMC Acquisition forms an integral part of the Combination (collectively, "**Transaction**").

When completed, the Transaction will create the largest Singapore infrastructure-focused business trust, listed in Singapore with a *proforma* market capitalisation that is over SGD1.9 billion[2] and *proforma* total assets that is over SGD4 billion. The Transaction provides CIT unitholders with a unique opportunity to take part in the formation of the flagship investment vehicle for Singapore infrastructure by combining CIT and KIT, both leading infrastructure-focused business trusts listed on Singapore Exchange Securities Trading Limited ("**SGX-ST**"), with aligned investment strategies and an enlarged and diversified portfolio of core infrastructure assets.

The Transaction combines CIT and KIT at their respective market capitalisations of SGD753 million and SGD658 million, based on their volume-weighted average prices ("**VWAP**") for the 180-day period ended on 13 November 2014[3], the last full day of trading in their units before the release of this Announcement ("**LPD**"). Pursuant to the Combination, each KIT unitholder will receive 2.106 Consideration CIT Units (as defined herein) for every KIT unit held. This swap ratio is fixed and is not subject to any adjustment.

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1 KIT has today issued its announcement ("**KIT Announcement**") with respect to the Combination and the KMC Transaction (as defined herein), and it may be found at www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements.

2 Market capitalisation calculated based on the VWAP of KIT and CIT, respectively, for the 180-day period ended on LPD (as defined herein) and assuming a KMC Equity Fund Raising (as defined herein) of SGD525 million. This statement should not be interpreted to mean that the Combined Trust will trade at such market capitalisation at the completion of the Transaction.

3 180-day VWAP for KIT = SGD1.0446; 180-day VWAP for CIT = SGD0.4960.

Immediately after the Combination, but before a proposed equity fund raising exercise to finance the KMC Acquisition, the combined trust will be owned 53.4% and 46.6% by CIT and KIT unitholders, respectively. Keppel Corporation Limited ("**Keppel Corporation**") through its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd. ("**KI**"), will become the largest unitholder with approximately 22.9% of the Combined Trust (as defined herein), and Temasek Holdings (Private) Limited ("**Temasek**") through its wholly-owned subsidiaries, will become the second largest unitholder with approximately 19.97%[4] of the Combined Trust.

The Transaction is accretive on a *proforma* basis to CIT unitholders, as the *proforma* distribution per unit of 3.67 Singapore cents[5] is higher than the distribution per unit of 3.28 Singapore cents for the financial year ended 31 March 2014.

The Transaction is subject to, among other things, the approval of the minority unitholders of each of CIT and KIT. Temasek, the controlling unitholder of CIT, and KI, the controlling unitholder of KIT, will both abstain from voting on the Transaction at the respective extraordinary general meetings of CIT and KIT.

Keppel Infrastructure Trust

KIT is a business trust listed on the SGX-ST, with a mandate to invest in energy and environmental infrastructure assets in Singapore and globally. KIT (formerly known as K-Green Trust) was listed in 2010 by way of a distribution in specie by Keppel Corporation.

KIT currently owns the following Singapore-based assets:

- a 2,100 tonnes/day waste-to-energy incinerator plant in Senoko;
- an 800 tonnes/day waste-to-energy incinerator plant in Tuas; and
- a 148,000 m^3/day NEWater plant in Ulu Pandan.

As stated above, KIT has today also agreed to acquire a 51% stake in KMC which owns a 1,300 mega watt combined cycle gas turbine generation plant on Jurong Island, Singapore. As part of this transaction, Keppel Electric Pte. Ltd. ("**Keppel Electric**"), a wholly owned subsidiary of KI, and KMC will enter into a 15-year capacity tolling agreement ("**KMC CTA**"), pursuant to which KMC will contract its full generation capacity exclusively to Keppel Electric. Under the KMC CTA, the maximum capacity fee is SGD108 million per annum as long as KMC meets the availability and capacity test targets. KIT's rights and obligations in respect of this transaction form part of the KIT assets to be purchased by CIT as part of the Combination and such rights and obligations will be transferred to CIT upon and subject to completion of the Combination ("**Completion**").

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4 Does not include Temasek's deemed interests in Keppel Corporation.

5 Calculated on the basis of a KMC Equity Fund Raising of SGD525 million, and the other bases and assumptions set out in **Schedule 1**. This statement should not be interpreted to mean that the future distribution per unit of the Combined Trust will necessarily be greater than the distribution per CIT unit before Completion (as defined herein).

As at and for the year ended 31 December 2013, KIT and its subsidiaries ("**KIT Group**") had SGD642.5 million in total assets, SGD67.1 million in revenues and SGD52.3 million cash generated from operations, and distributed 7.82 Singapore cents per KIT unit.

KIT's trustee-manager is Keppel Infrastructure Fund Management Pte. Ltd. ("**KIFM**"), a wholly-owned subsidiary of KI, the infrastructure arm of Keppel Corporation. KI is also the single largest unitholder of KIT, holding 49.2% of all the KIT units in issue.

Combination

The Combination will be effected by CIT purchasing all of KIT's assets, including its Senoko, Tuas and Ulu Pandan plants, in consideration of the issue of new CIT units ("**Consideration CIT Units**") to KIT. KIT will in turn distribute the Consideration CIT Units *in specie* to all the KIT unitholders as at a record date immediately before Completion.

CIT will be the surviving trust and will be renamed "Keppel Infrastructure Trust" ("**Combined Trust**") and KIT will be dissolved following Completion. KI will be the single largest unitholder of the Combined Trust at approximately 22.9%. Temasek will through its wholly-owned subsidiaries hold approximately 19.97% of the Combined Trust. KI will be the Sponsor of the Combined Trust following Completion.

At Completion, CSIM will resign as trustee-manager of CIT and KIFM (or another related entity of KIFM) will be appointed as trustee-manager of the Combined Trust ("**Combined Trustee-Manager**") following Completion. Temasek, as sponsor of CIT and owner of CSIM, will not receive any compensation for relinquishing its role as the trustee-manager of CIT. The Combined Trustee-Manager will offer employment to substantially all of CSIM's employees. The management team of the Combined Trust will be led by Mr Khor Un-Hun, the current Chief Executive Officer of KIFM, as Chief Executive Officer.

Consideration CIT Units

Pursuant to the Combination, CIT will issue an aggregate of 1,326 million Consideration CIT Units at an issue price of SGD0.4960 per unit, which:

- is equal to the VWAP per CIT unit traded on the SGX-ST for the 180-day period ended on LPD;
- represents a discount of 1.78% to the closing price per CIT unit traded on the SGX-ST on LPD; and
- represents a discount of 1.63% to the VWAP per CIT unit traded on the SGX-ST for the 30-day period ending on LPD.

The Consideration CIT Units will be issued fully paid-up and will rank *pari passu* in all respects with all CIT units in issue on Completion, except with respect to any distribution the record date for which is set before Completion.

KMC Acquisition

KIT has today also agreed to acquire a 51% stake in KMC from Keppel Energy Pte. Ltd. ("**Keppel Energy**"), the electricity retailer arm of KI, for a cash consideration of SGD510 million based on an enterprise valuation of SGD1,700 million.

As part of the KMC Acquisition, Keppel Electric and KMC will enter into the KMC CTA, pursuant to which KMC will contract its full generation capacity exclusively to Keppel Electric. Under the KMC CTA, the maximum capacity fee is SGD108 million per annum as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. This arrangement is designed to mitigate KMC's exposure to the volatility caused by movements in electricity price and demand in the Singapore merchant power market. In addition, substantially all of KMC's operating costs will be passed through to Keppel Electric. KI will provide further credit enhancement by guaranteeing the obligations of Keppel Electric under the KMC CTA. KMC will enter into a long-term service contract with KMC O&M Pte. Ltd. ("**KMC O&M**"), also a wholly-owned subsidiary of KI, and continue to be operated and maintained by the same team which has operated the plant since 2007. Further details of the KMC Acquisition, including the KMC CTA and the availability-based capacity fee are set out in **Schedule 2**, which reproduces relevant extracts of the KIT Announcement.

KIT's rights and obligations in respect of the KMC Acquisition form part of the KIT assets to be purchased by CIT as part of the Combination and such rights and obligations will be transferred to CIT upon and subject to Completion. However, it is expected that the KMC Acquisition will be completed after Completion.

To fund the purchase of KMC, the Combined Trust proposes to offer new units by way of (i) a non-renounceable preferential offering and (ii) a placement to institutional and other investors to raise up to SGD525 million[6] in gross proceeds ("**KMC Equity Fund Raising**"). The record date for the preferential offering component of the KMC Equity Fund Raising will be set to fall after the CIT Consideration Units have been distributed to the KIT unitholders so that they, together with the CIT unitholders, will be eligible to participate in the KMC Equity Fund Raising. KI and Temasek have each indicated their intention to subscribe for their *pro rata* entitlements under the preferential offering pursuant to the KMC Acquisition and not to dispose of their units in the Combined Trust from the date of Completion to a date not earlier than 12 months following the date of completion of the KMC Equity Fund Raising.

As part of the KMC Acquisition, it is intended that a bridge loan be secured so that, in the event of volatility in equity market conditions, the bridge loan may be drawn to complete the KMC Acquisition. In such event, the KMC Equity Fund Raising will be deferred till such time when equity market conditions are suitable for an equity fund raising and the proceeds of the KMC Equity Fund Raising will be used to repay the bridge loan.[7]

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6 Including KIFM's acquisition fee and estimated transaction expenses.

7 Please also refer to "**Conditions to Completion**".

Rationale for Transaction

The Transaction provides CIT unitholders with a unique opportunity to take part in the formation of the flagship investment vehicle for Singapore infrastructure, with an enlarged and diversified portfolio of core infrastructure assets.

In addition, the KMC Acquisition presents the rare opportunity for the Combined Trust to acquire a controlling stake in a strategic asset expected to generate stable cash flows over the long-term.

In particular, the Transaction will provide unitholders with the following benefits.

(a) Aligned investment strategies and enlarged and diversified portfolio of core infrastructure assets

CIT and KIT pursue similar investment strategies of acquiring and managing assets which provide long term, regular and predictable cash flows.

CIT's and KIT's portfolios are attractive to investors, due to the low volatility and the horizon of their respective assets' cash flow generation. In addition, the Transaction will increase portfolio diversification and mitigate any potential concentration risk associated with any single asset for the benefit of unitholders of the Combined Trust.

KIT currently owns Senoko Waste-to-Energy Plant, Keppel Seghers Tuas Waste-to-Energy Plant and Keppel Seghers Ulu Pandan NEWater Plant. These plants generate stable cash flows from contractual rights under concession arrangements with Singapore statutory bodies (namely, NEA and PUB) to receive fixed and determinable amounts of payment during their concession periods irrespective of usage of the plants:

- Senoko Plant - 15 years commencing from 2009;
- Tuas DBOO Plant - 25 years commencing from 2009; and
- Ulu Pandan NEWater Plant - 20 years commencing from 2007.

More details on KIT's current portfolio of assets can be found in **Schedule 3** of this Announcement.

Under the contemplated KMC Acquisition, KMC will transform its business of being an independent power producer that competes with other electricity retail licensees in the National Electricity Market of Singapore, to being a captive power producer earning availability-based tolling fees in return for making its entire generation capacity exclusively available to Keppel Electric, for an initial contract period of 15 years. With this arrangement, KMC's exposure to volatility caused by movements in electricity price and demand that is typically experienced by independent power producers will be mitigated. KI will provide further credit enhancement by guaranteeing Keppel Electric's payment obligations to KMC. To ensure continuity of operations,

KMC will be operated by the operations team which has operated it since 2007, under a long term operations and maintenance contract with KMC O&M.

(b) Accretion in *proforma* distributions per unit

The Combined Trust will benefit from the strong cash generation by each of KIT's assets until the end of their concession periods.

The completion of the KMC Acquisition is expected to further enhance the Combined Trust's cash flow generation and the sustainability of distributions to unitholders.

As part of the Transaction, it is proposed that the fee structure of the Combined Trustee-Manager will be revised so as to adopt that of KIFM. On a *proforma* basis, the adoption of a revised trustee-manager fee structure for the Combined Trust would have resulted in a reduction in trustee-manager fees of approximately SGD3.6 million[8].

Taking into account the benefits mentioned above, the Transaction is accretive on a *proforma* basis to CIT unitholders, as the *proforma* distribution per unit of 3.67 Singapore cents[5] is higher than the distribution per unit of 3.28 Singapore cents for the financial year ended 31 March 2014.

(c) Create the flagship investment vehicle for Singapore infrastructure

Following the completion of the Combination and the KMC Acquisition, the Combined Trust's *proforma* market capitalisation is over SGD1.9 billion[2] and *proforma* total assets is over SGD4 billion.

With greater scale and critical mass, the Combined Trust will be better able to pursue sizeable transactions fitting its investment criteria, while competing more effectively with larger infrastructure investors on future acquisition opportunities.

In addition, the KMC Equity Fund Raising will enable the Combined Trust to raise its profile in the investment community, increase its nominal free float to enhance the liquidity of its units, as well as build up its institutional investor base, which will further increase its ability to access capital markets to fund its future growth.

(d) Benefit from Keppel's sponsorship

KI will be the Sponsor of the Combined Trust and will own 100% of the Combined Trustee-Manager. KI drives the Keppel group's strategy to invest in, own and operate competitive energy and environmental infrastructure solutions and services.

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[8] *Proforma* calculation on the basis that (i) the trustee-manager fee structure of KIFM had been adopted by CSIM for the financial year ended 31 March 2014, (ii) KIFM had waived its divestment fee in respect of the disposal of KIT's assets to CIT pursuant to the Combination, and (iii) there were no other fees payable for acquisitions or divestments for the financial year ended 31 March 2014.

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 Keppel Infrastructure Services, which provides operation and maintenance services both internally and to third party customers.

As KI's businesses are complementary to that of the Combined Trust, the Combined Trust will benefit from KI 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 the Combined Trust's new assets; (iii) the first right of refusal to acquire assets developed or incubated by KI will help expand the Combined Trust's acquisition pipeline; and (iv) potential co-investment opportunities with KI.

Under the shareholders' agreement to be entered into upon completion of the KMC Acquisition between KIFM (or the Combined Trustee-Manager, as the case may be) and Keppel Energy to govern their rights as shareholders of KMC, KIFM (or the Combined Trustee-Manager, as the case may be) will have first rights over Keppel Energy's shares in KMC in the event that Keppel Energy wishes to divest its 49% interests in KMC, and *vice-versa*.

Distributions

CIT unitholders will be entitled to their customary quarterly distributions of 0.82 Singapore cents per CIT unit up to Completion. Similarly, KIT unitholders will be entitled to their customary semi-annual distributions up to Completion.

In addition, CIT will declare and pay a special cash distribution of SGD30,000,000 in aggregate to its unitholders as at a record date immediately before Completion ("**CIT Special Distribution**"), representing 1.98 Singapore cents per CIT unit. Subject to and after Completion, the Combined Trust will declare and pay a special cash distribution of SGD30,000,000 in aggregate to its unitholders ("**Combined Trust Special Distribution**"), representing 1.05 Singapore cents per Combined Trust unit. The record date for the Combined Trust Special Distribution will be set to fall:

- after the CIT Consideration Units have been distributed to the KIT unitholders so that they, together with the CIT unitholders, will be eligible to participate in such distribution; but

- before the completion of the KMC Equity Fund Raising.

It is expected that the Combined Trust will continue to declare and pay distributions to unitholders of the Combined Trust on a quarterly basis.

Fees

As part of the Transaction, it is proposed that the fee structure of the Combined Trustee-Manager will be revised so as to adopt that of KIFM. The key changes to the fee structure are summarised in the table below:

Type of Fees	Current Fee Structure of CSIM	Proposed Fee Structure of Combined Trustee-Manager
Base fee	1% per annum of CIT's market capitalisation subject to a minimum of SGD3.5 million per annum.	SGD2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Consumer Price Index of Singapore ("**CPIS**") for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly CPIS for 2010. The base fee for KIFM for the financial year ended 31 December 2013 is SGD2.25 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 Combined Trust from its subsidiaries, associates, sub-trusts and investments.
Mergers and acquisition, and disposal, fees	Nil	• Acquisition fee of 0.5% of the enterprise value ("**EV**") of any investment acquired from related parties, and 1.0% of the EV of any investment acquired from non-related parties. • Divestment fee of 0.5% of the EV of any investment sold by the Combined Trust.

KIFM has agreed to waive the divestment fee in respect of the disposal of KIT's assets to CIT pursuant to the Combination. If the revised fee structure of the Combined Trustee-Manager is approved, the Combined Trustee will be entitled to an acquisition fee for the KMC Acquisition.

Financial Effects

Schedule 1 hereto sets out the *proforma* financial effects of:

- the Combination; and
- the Combination and the KMC Acquisition,

on (i) the number of CIT units in issue, (ii) the net asset value per CIT unit, (iii) the net loss/earnings per CIT unit, (iv) the cash earnings per CIT unit and (v) the distribution per CIT unit.

Conditions to Completion

Completion is conditional upon certain conditions precedent being satisfied, including the following:

- the approval of the CIT unitholders at an extraordinary general meeting to be convened ("**CIT EGM**") by way of ordinary resolution[9] for the Transaction (including the KMC Acquisition), the issue of the CIT Consideration Units, the KMC Equity Fund Raising and the issue of new CIT units pursuant to such fund raising and the appointment of KIFM (or a related corporation of KIFM) as the Combined Trustee-Manager. Each of these resolutions are inter-conditional on the passing of each other resolution relating to the Combination or the KMC Acquisition[10];

- the approval of the KIT unitholders at an extraordinary general meeting to be convened ("**KIT EGM**") by way of ordinary resolution for the Combination, the distribution of the CIT Consideration Units in kind to the KIT unitholders, the KMC Acquisition and the KMC Equity Fund Raising and the issue of new KIT units pursuant to such fund raising (in the event the KMC Acquisition completes without the Combination completing)[11];

- the approval of the SGX-ST for (i) the Transaction as a "very substantial acquisition" for CIT and (ii) the listing and quotation of the CIT Consideration Units and the new units to be issued by the Combined Trust pursuant to the KMC Equity Fund Raising on the Main Board of the SGX-ST;

- the approval, consent or confirmation of no objection by the various regulatory authorities in Singapore for the Combination, including (i) the Energy Market Authority (with respect to City Gas and KMC), (ii) the Public Utilities Board (with respect to CIT's SingSpring seawater desalination plant and KIT's Ulu Pandan plant), (iii) the National Environmental Agency (with respect to the Senoko and Tuas incineration plants), (iv) the Infocomm Development Authority of Singapore (with respect to CIT's subsidiary, CityNet Infrastructure Management Pte Ltd, the trustee-manager of NetLink Trust) and (v) the Minister for Planning for the State of Tasmania, Australia and the Minister for Environment and Climate Change for the State of Tasmania, Australia (with respect to Basslink);

- the confirmation by Hydro Electric Corporation of Tasmania, if and to the extent applicable, that it has no objection to the change of control of Basslink Pty Ltd, a subsidiary of CIT which owns and operates the Basslink undersea electricity interconnector in Australia; and

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9 An ordinary resolution will be passed if approved by a simple majority of CIT unitholders present and voting on the resolution at the CIT EGM.

10 In addition, approval of CIT unitholders will be sought by way of ordinary resolution for the adoption of a general mandate for interested person transactions ("**IPTs**") and by way of an extraordinary resolution for the amendment of the CIT trust deed to reflect the proposed fee structure of the Combined Trustee-Manager as described above. The extraordinary resolution to revise the fee structure of the Combined Trustee-Manager is conditional on the passing of each resolution relating to the Combination or the KMC Acquisition. An extraordinary resolution will be passed if approved by a majority representing at least 75% of CIT unitholders present and voting on the resolution at the CIT EGM.

11 In addition, approval of KIT unitholders will be sought by way of extraordinary resolution for the voluntary winding-up and dissolution of KIT.

- all definitive transaction documents for the KMC Acquisition (including the equity bridge loan for the KMC Equity Fund Raising) having been entered into and all conditions precedent to their coming into full force and effect, to the extent such conditions may be satisfied before Completion, having been satisfied,

as well as certain other customary conditions precedent as to the absence of breach of warranties or covenants or material adverse changes.

It is expected that Completion will take place in the second calendar quarter of 2015.

Transaction

The Transaction constitutes a "very substantial acquisition" for CIT under Chapter 10 of the SGX-ST Listing Manual, as shown by the following materiality ratios:

Subject Matter	Net profit before tax, non-controlling interests and extraordinary items[12]	Consideration relative to Market Capitalisation[12]	Number of new CIT units to be issued relative to number of CIT units in issue
CIT and its subsidiaries ("**CIT Group**")	SGD1.9 million[13]	SGD767.0 million[14]	1,518,893,062 CIT units in issue as at LPD
Combination			
KIT Group	SGD14.8 million[15]	SGD657.9 million[16]	1,326,319,374 Consideration CIT units
Materiality ratios	778.9%	85.8%	87.3%
KMC Acquisition			
KMC	SGD9.7 million[17]	SGD510.0 million	1,095,188,466 new CIT units[18]
Materiality ratios	510.5%	66.5%	72.1%
Transaction			
KIT Group and KMC	SGD24.5 million	SGD1,167.9 million	2,421,507,840 new CIT units
Materiality ratios	1,289.5%	152.3%	159.4%

12 Rounded to one decimal place.

13 For the financial year ended 31 March 2014.

14 Based on 1,518,893,062 CIT units in issue and the closing price of SGD0.505 per CIT unit as at LPD.

15 For the financial year ended 31 December 2013.

16 Based on 629,781,279 KIT units in issue and the VWAP based on the 180-day period ending on LPD.

17 For a more meaningful comparison, the net profit before tax, non-controlling interests and extraordinary items of KMC is derived based on a 51% interest in the *proforma* financials of KMC assuming the restructuring of KMC 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.

18 Calculated on the basis of a KMC Equity Fund Raising of SGD525 million, and on the other bases and assumptions set out in **Schedule 1**.

Accordingly, the Transaction is required to be approved by unitholders of CIT at the CIT EGM.

Interested Person Transaction

As at the date of this Announcement:

- Temasek holds, through its wholly-owned subsidiaries, 100% of the shares in CSIM and 37.4% of all the CIT units in issue;

- Temasek directly holds 20.43%[19] of all the issued shares in Keppel Corporation; and

- Keppel Corporation owns all the issued shares in KI, which in turn holds 49.20% of all the KIT units in issue.

Accordingly, by virtue of its interest in Keppel Corporation, Temasek is deemed to have an interest in KI's 49.2% unitholding in KIT and the Combination is regarded to be an IPT for the purposes of Chapter 9 of the SGX-ST Listing Manual.

Similarly, as Keppel Corporation owns all the issued shares in Keppel Energy, Temasek is deemed to have an interest in Keppel Corporation's 100% shareholding in Keppel Energy and the KMC Acquisition is regarded to be an IPT for the purposes of Chapter 9 of the SGX-ST Listing Manual.

As has been disclosed, CIT is permitted to calculate the materiality of its IPTs based on its market capitalisation as at the last day of the preceding financial year, instead of its latest audited consolidated net tangible assets ("**NTA**"), so long as the CIT Group does not have a positive NTA for at least two consecutive financial years. As the CIT Group's NTA for each of the financial years ended 31 March 2013 and 31 March 2014 was negative, the applicable IPT materiality threshold for CIT is 5% of the market capitalisation of CIT as at 31 March 2014 of SGD713.9 million – i.e., SGD35.7 million.

Accordingly, as the Transaction exceeds the applicable IPT materiality threshold, it is required to be approved by unitholders of CIT at the CIT EGM, with Temasek and its associates (as defined under the SGX-ST Listing Manual) abstaining from voting.

The Audit Committee of CSIM ("**AC**") will appoint an independent financial adviser ("**IFA**") to advise it as to whether the Transaction is on normal commercial terms and is not prejudicial to the interest of CIT and its unitholders (other than Temasek and its associates). The IFA advice and AC opinion will be disclosed in the circular to be issued by CIT to its unitholders convening the CIT EGM.

[19] As at 12 November 2014.

Disclosures of Total Value of Interested Person Transactions

For the period from the beginning of the current financial year 1 April 2014 to 30 September 2014:

- the CIT Group has entered into an IPT with Temasek in relation to its development and lease of a data centre, as first announced on 30 June 2014;

- the total value of IPTs entered into by the CIT Group pursuant to the general mandate ("**General Mandate**"), which was renewed at the annual general meeting of CIT on 30 July 2014, is SGD136 million; and

- save as disclosed above, there were no IPTs entered into by the CIT Group which were not pursuant to the General Mandate.

Historical Financial Information of KIT and KMC

The historical financial information of KMC for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013 is set out in **Schedule 4**.

The historical financial information of KMC has been extracted or reproduced from published or otherwise publicly available sources and the sole responsibility of CIT has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

The historical financial information of KMC as set out in **Schedule 4** is not in any manner representative of the investment that the Combined Trust is proposing to make in KMC as a restructuring of KMC will be effected prior to, or on, the completion of the KMC Acquisition. Such restructuring that will be implemented will render the past financial performance of KMC irrelevant.

The historical financial information of KIT for the financial years ended 31 December 2011, 31December 2012 and 31 December 2013 may be found at www.sgx.com/wps/portal/sgxweb/home/company_disclosure/company_announcements.

Advisers

DBS Bank Ltd. is acting as financial adviser to the board of directors of CSIM in connection with the Transaction. Morgan Stanley Asia (Singapore) Pte. is acting as financial adviser to Temasek in connection with the Transaction.

Disclosures

Ong Beng Teck, an executive of Temasek, is a non-executive director on the board of directors of CSIM. No person is proposed to be appointed to the board of directors of CSIM, and hence no director's service contract is proposed to be entered into by CSIM with any person, in connection with the Transaction.

Save as disclosed in this Announcement, no director or controlling shareholder of CSIM, and no controlling unitholder of CIT, has any interest in the Transaction.

Document Available for Inspection

A copy of the sale and purchase agreement dated 18 November 2014 between CSIM and KIFM relating to the Combination is available for inspection at the registered office of CSIM at 111 Somerset Road, #10-01 TripleOne Somerset, Singapore 238164 during normal office hours for a period of three months from the date of this Announcement.

By Order of the Board of
CitySpring Infrastructure Management Pte.Ltd.
as trustee-manager of
CitySpring Infrastructure Trust

Susanna Cher
Company Secretary
18 November 2014
Singapore

Investor and Media enquiries:
Samuel Chee
T: +65 9127 1618 / +65 6825 8077
E: schee@webershandwick.com

Forward-looking Statements

All statements other than statements of historical facts included in this Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "aim", "seek", "expect", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" or "might". These statements reflect CIT's current expectations, beliefs, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Unitholders and investors should not place undue reliance on such forward-looking statements. None of CSIM, CIT and DBS Bank Ltd. guarantees any future performance or event or undertakes any obligation to update publicly or revise any forward-looking statements.

Schedule 1
Proforma Financial Effects of Combination and KMC Acquisition

Bases and Assumptions

The following *proforma* financial effects analysis of the Combination and KMC Acquisition has been prepared on the following key bases and assumptions:

(a) based on (i) the audited consolidated financial statements of the CIT Group for the financial year ended 31 March 2014, (ii) the audited consolidated financial statements of the KIT Group for the financial year ended 31 December 2013, adjusted for the unaudited financial statements for the three-month period from 1 January 2013 to 31 March 2013 and three-month period from 1 January 2014 to 31 March 2014, to align the financial year-end of the KIT Group with that of the CIT Group, and (iii) the *proforma* financials for KMC for the financial period from 1 April 2013 to 31 March 2014, assuming the restructuring of KMC had been implemented and the balance sheet as at 31 March 2014;

(b) assuming insofar as:

(i) each of (1) the consolidated net loss/earnings after income tax and non-controlling interests of the CIT Group per CIT unit ("**LPU/EPU**"), (2) the consolidated cash earnings[20] of the CIT Group per CIT unit ("**CPU**"), and (3) the distribution per CIT unit ("**DPU**"), is concerned, that each of the Combination and KMC Acquisition has been completed as of 1 April 2013; and

(ii) each of (1) the total number of CIT units in issue and (2) the consolidated net asset value ("**NAV**") of the CIT Group per CIT unit is concerned, that each of the Combination and KMC Acquisition has been completed as of 31 March 2014;

(c) for the purposes of calculating NAV only, after taking into account the CIT Special Distribution and the Combined Trust Special Distribution;

(d) assuming that (i) the revised fee structure for the Combined Trustee-Manager had been adopted with effect from 1 April 2013, (ii) KIFM had waived its divestment fee in respect of the disposal of KIT's assets to CIT pursuant to the Combination, and (iii) there were no other fees payable for acquisitions or divestments for the financial year ended 31 March 2014;

(e) assuming that:

(i) under the CTA, the maximum capacity fee of SGD108 million per annum as long as KMC meets the availability and capacity test targets is realised for 15 years, less estimated cash balance of SGD216 million at KMC on completion of the KMC Acquisition, and

[20] Cash earnings is defined as earnings before interest, depreciation, amortisation and tax, adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees, maintenance capital expenditure, non-controlling interests and before principal repayment of debt.

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;

(ii) the KMC Acquisition has been funded with a SGD700 million senior secured loan at an "all-in" finance cost of 2.5% per annum and a SGD500 million Qualifying Project Debt Securities ("**QPDS**") funding by the Combined Trust and non-controlling interest at the interest rate of 17.25% per annum; and

(iii) the new CIT units to be issued pursuant to the KMC Equity Fund Raising are issued by way of a non-renounceable preferential offering and a placement, at a discount of 5.0% to 5.5% to the closing price per CIT unit traded on the SGX-ST on LPD;

(f) after taking into account the fees, expenses and taxes incurred by both CIT and KIT in connection with the Combination and the KMC Acquisition, including that for the KMC Equity Fund Raising; and

(g) without taking into account, among other things, (i) the allocation of the consideration for the Combination and the KMC Acquisition to the identifiable assets of KIT and KMC and goodwill, which exercise will be carried out upon completion of the Combination and of the KMC Acquisition, (ii) the differences in the accounting policies used in the preparation of the audited consolidated financial statements of CIT, KIT and KMC, and (iii) the refinancing of the outstanding bonds issued by Nexus Australia Management Pty Ltd (as trustee-manager of Premier Finance Trust).

Illustrative Purposes Only

The following *proforma* financial effects analysis of the Combination and the KMC Acquisition is prepared for illustrative purposes only, to show:

(a) what the LPU/EPU, CPU and DPU of the CIT Group for the financial year ended 31 March 2014 would have been if the Combination and the KMC Acquisition had been completed as at 1 April 2013; and

(b) what the total number of CIT units in issue and NAV per CIT unit of the CIT Group as at 31 March 2014 would have been if the Combination and the KMC Acquisition had been completed as at that date.

The following *proforma* financial effects analysis may not, because of its nature, give a true picture of what the LPU/EPU, CPU and DPU of the CIT Group for the financial year ended 31 March 2014, or of what the total number of CIT units in issue and NAV per CIT unit of the CIT Group as at 31 March 2014, might have been if the Combination and KMC Acquisition had actually been completed as at 1 April 2013 and 31 March 2014, respectively.

Proforma Financial Effects

On the bases and assumptions set out above, the *proforma* financial effects of the Combination and KMC Acquisition are as follows:

Financial Measure	Actual CIT Group as at 31 March 2014	*Proforma* for Combination	*Proforma* for Combination and KMC Acquisition
Number of CIT units in issue ('000)	1,518,893	2,845,212	3,940,401[(1)] to 3,836,097[(2)]
NAV per CIT unit (SGD)	0.23	0.34	0.37[(1)]
LPU/EPU (cents)	(0.14)	0.07[(3)]	0.09[(1)(3)]
CPU (cents)	3.95	4.06[(3)]	3.92[(1)(3)]
DPU (cents)	3.28	3.61[(3)(4)]	3.67[(1)(3)(4)] to 3.73[(2)(3)(4)]

Notes:

(1) On the basis that the KMC Acquisition is funded by way of a KMC Equity Fund Raising of SGD525 million.

(2) On the basis that the KMC Acquisition is funded by way of a KMC Equity Fund Raising of SGD475 million and SGD50 million debt at an "all-in" finance cost of 3.0% per annum.

(3) After taking into account the reduction in trustee-manager fees of approximately SGD3.6 million due to the adoption of a revised trustee-manager fee structure, calculated on a *proforma* basis.

(4) If an additional distribution of approximately SGD3 million is paid from cash reserves in the Combined Trust, the *proforma* DPU will: (i) in the case of the Combination, be increased from 3.61 Singapore cents to 3.73 Singapore cents, (ii) in the case of the Combination and KMC Acquisition with a KMC Equity Fund Raising of SGD525 million, be increased from 3.67 Singapore cents to 3.73 Singapore cents and (iii) in the case of in the case of the Combination and KMC Acquisition with a KMC Equity Fund Raising of SGD475 million, be increased from 3.73 Singapore cents to 3.79 Singapore cents.

Schedule 2
Extracts of KIT Announcement relating to KMC Acquisition

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 SGD510 million based on a 51% interest in the enterprise value of SGD1.7 billion for KMC and debt assumed of SGD700 million, comprising SGD255 million for the KMC Sale Shares and SGD255 million for interest-bearing notes to be issued by KMC to KIT on the KMC Completion Date.

The KMC Purchase Consideration is payable wholly in cash on the KMC Completion Date. The KMC Purchase Consideration was negotiated on a willing-buyer and willing-seller basis by Keppel Energy and the KIT Trustee-Manager, 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.

(b) **KMC Completion Date**

The KMC Completion Date is expected to be in the second 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 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 notes in the aggregate principal amount of SGD500 million 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 Section 4.3(d) below) having been duly completed prior to, or on, the KMC Completion Date;

(iv) the successful completion of the 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 Section 4.3(d)(v) of this Announcement) of SGD700 million by KMC on the KMC Completion Date.

(d) **Restructuring of KMC**

Keppel Energy and KMC have put in place arrangements for a Restructuring exercise 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 KIT Trustee-Manager, by entering into the capacity tolling agreement ("**CTA**"), with Keppel Electric.

The salient steps in the Restructuring are as follows in chronological order:

(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 Pte. Ltd. ("**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 Pte Ltd to supply piped natural gas as fuel to power the KMC Plant, and the execution of a master settlement agreement by 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 with (a) the notes to be issued by KMC to KIT, Keppel Energy, Keppel Electric and Keppel Infrastructure Services and (b) credit facilities from commercial banks by signing a facility agreement for SGD700 million with financial institutions in Singapore ("**Facility Agreement**").

4.4 The CTA

It is envisaged that 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 Consumer Price Index (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 in a year is SGD108 million as long as KMC meets the availability and capacity test targets. The capacity fee does not have any indexation mechanisms. The availability target is set annually and take 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. If KMC does not meet the availability target, the capacity fees it would receive from the Toller will be reduced. The capacity fee will be subject to

reduction if the tested generation capacity has degraded by more than warranted by ALSTOM entities who have signed major maintenance agreements for the gas turbines and steam turbines assemblies for the KMC Plant;

(b) the terms of the CTA are designed to ensure 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 and regulatory licences. The fixed O&M fee is indexed to Singapore CPI;

(c) the duration of the CTA shall be for an initial term of 15 years from the completion date of the KMC SPA. 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 toller agreement after the CTA expires. If KMC cannot find such a third party within a prescribed time period, the Toller is given an option (but has no obligation) to extend the duration of the CTA by a 10-year period 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**"). 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 Toll Fees payable to KMC. If 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 20-year period at the same terms.

4.5 The OMSA

With effect from the KMC Completion Date, it is envisaged that the OMSA between KMC and KMC O&M will take effect 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 Keppel Infrastructure Services, which houses the technical support and Operations & Maintenance (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 plant, management of the plant’s operating budget, producing an annual operating plan, managing the various sub-contractors and overall site management, procuring backup diesel, inventory and consumables and calculating plant availability. KMC O&M will prepare an Annual Operations and Maintenance Plan ("**AOMP**") which will set out the plant’s annual operating budget for KMC and Keppel Electric to approve. Costs of maintenance activities included in the AOMP shall be reimbursed by Keppel Electric to KMC.

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 will also reimburse KMC O&M for costs of unplanned maintenance and repair works not included in the AOMP.

Definitions

In this **Schedule 2** only, the following words or expressions shall have the meanings respectively ascribed to them:

"**Equity Fund Raising**" means an equity fund raising on the capital markets by a combination of (i) a placement to institutional and other investors and (ii) a non-renounceable preferential offering held after the distribution *in-specie* of the units in CIT to eligible unitholders of the Combined Trust at an issue price to be subsequently determined so as to raise gross proceeds of up to SGD525 million to fund the KMC Acquisition and its related expenses;

"**Keppel Electric**" means Keppel Electric Pte. Ltd.;

"**KI**" means Keppel Infrastructure Holdings Pte. Ltd.;

"**KIT Trustee-Manager**" means Keppel Infrastructure Fund Management Pte. Ltd.;

"**KMC SPA**" means the conditional sale and purchase agreement to acquire 102 ordinary shares (the "**KMC Sale Shares**"), representing 51% of the issued and paid-up share capital of Keppel Merlimau Cogen Pte Ltd ("**KMC**"), from Keppel Energy Pte. Ltd. ("**Keppel Energy**"), an indirect wholly-owned subsidiary of Keppel Corporation Limited (the "**KMC Acquisition**");

"**KMC Completion Date**" means the completion date of the KMC Acquisition;

"**KMC Plant**" means Keppel Merlimau Cogen Plant; and

"**Restructuring**" means the restructuring of KMC's business.

Schedule 3
Description of KIT's current portfolio of assets

In line with its investment mandate, KIT pursues investments with one or more of the following characteristics: (i) operational assets that generate long term, regular and predictable cash flows; (ii) assets which operate on the basis of long term contracts; and (iii) assets that have credit worthy or reputable off-taker.

KIT's current portfolio of assets includes:

Senoko Plant

A 15-year contract 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 sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

Tuas DBOO Plant

A 25-year Design-Build-Own-Operate ("DBOO") contract 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 sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

Ulu Pandan Plant

A 20-year DBOO contract to build, design, own and operate a water treatment plant, which has the capacity to produce 148,000m3 of NEWater daily. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period.

Schedule 4
Historical Financial Information of KMC

Unitholders should take note that the historical financial information of KMC as set out in this Schedule is not in any manner representative of the investment that the Combined Trust is proposing to make in KMC as the restructuring of KMC that will be implemented will render the past financial performance of KMC irrelevant. Instead, unitholders should refer to the proforma financial information relating to the Transaction to be set out in a circular to CIT's unitholders.

Statement of Comprehensive Income

SGD'000	**Audited FY 2013**	**Audited FY 2012**	**Audited FY 2011**
Revenue	**986,842**	**843,599**	**741,588**
Cost of sales	(830,636)	(713,410)	(643,472)
Gross profit	156,206	130,189	98,116
Other income/(expenses)	(16,935)	(13,123)	(11,950)
Finance costs	(16,986)	(8,305)	(13,273)
Profit before income tax	122,285	108,761	72,893
Income tax	(20,127)	(18,898)	(4,625)
Profit for the year	**102,158**	**89,863**	**68,268**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	35,916	(19,549)	(232)
Income tax relating to components of other comprehensive income	-	524	459
Other comprehensive income, net of tax	35,916	(19,025)	227
Total comprehensive for the year	**138,074**	**70,838**	**68,495**

Statement of Financial Position

SGD'000	Audited FY 2013	Audited FY 2012	Audited FY 2011
Non-current assets			
Plant and equipment	1,209,213	1,116,974	762,424
Other non-current assets	3,008	1,359	86
Total non-current assets	1,212,221	1,118,333	762,510
Current assets			
Trade and other receivables	207,737	195,809	180,786
Inventories	26,404	17,707	15,881
Cash and cash equivalents	56,344	17,328	66,122
Total current assets	290,485	230,844	262,789
Total assets	**1,502,706**	**1,349,177**	**1,025,299**
Current liabilities			
Trade and other payables	242,621	225,552	174,019
Loans payable to related companies	-	351,000	46,351
Income tax payable	-	331	433
Total current liabilities	242,621	576,883	220,803
Non-current liabilities			
Loan payable to related companies	972,776	580,490	646,750
Deferred tax liabilities	125,451	99,621	81,246
Other non-current liabilities	10,182	18,581	17,736
Total non-current liabilities	1,108,409	698,692	745,732
Equity			
Share capital	*	*	*
Hedging reserve	12,724	(23,192)	(4,167)
Retained earnings	138,952	96,794	62,931
Total equity	151,676	73,602	58,764
Total equity and liabilities	**1,502,706**	**1,349,177**	**1,025,299**

* Amount less than SGD1,000