

**13 JULY 2015**

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If you have sold or transferred all your units in Keppel Infrastructure Trust (formerly known as "CitySpring Infrastructure Trust"), you should immediately forward this Letter 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.

**Keppel Infrastructure  
Trust**

(formerly known as "CitySpring Infrastructure Trust")  
(Business Trust Registration No. 2007001)  
(Constituted in the Republic of Singapore as a business trust  
pursuant to a trust deed dated 5 January 2007 (as amended))

Managed by:

**KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.**

(Company Registration No. 200803959H)  
(as Trustee-Manager of Keppel Infrastructure Trust)

LETTER TO UNITHOLDERS IN RELATION TO:

**THE PROPOSED RENEWAL OF, AND AMENDMENTS TO,  
THE UNITHOLDERS' MANDATE**

INDEPENDENT FINANCIAL ADVISER:

**PricewaterhouseCoopers Corporate Finance Pte Ltd**

(Company Registration No. 197501605H)



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## GLOSSARY

In this Letter, the following definitions shall apply throughout (including to the Annexes hereto) unless the context otherwise requires or unless otherwise stated:

- "2 April 2015 Circular"** : The circular to Unitholders dated 2 April 2015 in relation to, *inter alia*, the Acquisition and amendments to the Unitholders' Mandate
- "2015 AGM"** : The AGM to be held at Raffles City Convention Centre, Canning Ballroom (Level 4), 80 Bras Basah Road, Singapore 189560 on Tuesday, 28 July 2015 at 10 a.m., notice of which is set out in the Notice of AGM
- "Acquisition"** : The acquisition of all the assets and liabilities of CT by KIT, the details of which are described in the 2 April 2015 Circular, approved by the Unitholders at an EGM held on 30 April 2015
- "AGM"** : The annual general meeting of KIT
- "Approved Exchange"** : A stock exchange that has rules which safeguard the interests of shareholders/unitholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual
- "Approving Authority"** : The relevant approving authority whose approval must be obtained before an Interested Person Transaction can be executed, as described in paragraphs 7.2.5(b) and 7.3.3 of Annex A
- "Associate"** : In the case of a business trust,
- (a) in relation to any director, chief executive officer, or controlling shareholder of the trustee-manager, substantial unitholder or shareholder of the trustee-manager, substantial unitholder or controlling unitholder of the business trust (being an individual), means:
    - (i) his immediate family member;
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

- (b) in relation to the controlling shareholder of the trustee-manager or substantial unitholder or controlling unitholder of the business trust (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

<b>"Audit Committee"</b>	:	The audit committee of the Trustee-Manager
<b>"Bartley"</b>	:	Bartley Investments Pte. Ltd., a company incorporated in the Republic of Singapore, and which is a wholly-owned subsidiary of Temasek
<b>"Board"</b>	:	The board of directors of the Trustee-Manager
<b>"Business Trusts Act" or "BTA"</b>	:	The Business Trusts Act (Chapter 31A of Singapore) (including all subsidiary legislation made thereunder) as modified, supplemented or amended from time to time
<b>"CDP"</b>	:	The Central Depository (Pte) Limited
<b>"Companies Act"</b>	:	The Companies Act (Chapter 50 of Singapore) as modified, supplemented or amended from time to time
<b>"control"</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>"controlling shareholder"</b>	:	Has the meaning ascribed to it in the Listing Manual
<b>"controlling unitholder"</b>	:	<p>A person who:</p> <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the total number of issued units in a business trust (unless the SGX-ST has determined such a person not to be a controlling unitholder); or</li> <li>(b) in fact exercises control over a business trust</li> </ul>
<b>"CT"</b>	:	Crystal Trust, formerly known as "Keppel Infrastructure Trust", a business trust constituted in the Republic of Singapore and registered with MAS
<b>"Directors"</b>	:	The directors of the Trustee-Manager for the time being
<b>"EAR Group"</b>	:	<ul style="list-style-type: none"> <li>(a) KIT;</li> <li>(b) subsidiaries of KIT (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and</li> </ul>

- (c) associated companies of KIT (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KIT and its subsidiaries, or the KIT Group and its interested person(s), has or have control,

and **"EAR"** means each of them

- "EGM"** : An extraordinary general meeting of KIT Unitholders
- "Independent Directors"** : The independent directors for purposes of the BTA
- "Interested Person Transactions"** : The categories of transactions by the EAR Group, or any of them, with the Interested Persons which fall within the Unitholders' Mandate, as set out in paragraph 6 of Annex A
- "Interested Persons"** :
- (a) The sponsor of KIT, which is a controlling unitholder of KIT and also the controlling shareholder of the Trustee-Manager, and its Associates;
  - (b) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (a) above);
  - (c) Trustee-Manager or controlling unitholder of KIT (other than the controlling unitholder described in sub-paragraph (a) above); and
  - (d) an Associate of any of the persons or entities in sub-paragraphs (b) and (c) above,

and **"Interested Person"** means each of them

- "KCL"** : Keppel Corporation Limited, a company incorporated in the Republic of Singapore
- "KI"** : Keppel Infrastructure Holdings Pte. Ltd., a company incorporated in the Republic of Singapore
- "KIFM"** : Keppel Infrastructure Fund Management Pte. Ltd., a company incorporated in the Republic of Singapore
- "KIT"** : Keppel Infrastructure Trust, formerly known as "CitySpring Infrastructure Trust", a business trust constituted in the Republic of Singapore and registered with MAS
- "KIT Group"** : KIT and its subsidiaries, if any
- "KMC Equity Fund Raising"** : The issue of (a) 792,857,000 new Units on 29 May 2015 pursuant to a placement and (b) 218,862,495 new Units on 19 June 2015 pursuant to a non-renounceable preferential offering by KIT

<b>"Latest Practicable Date"</b>	:	1 July 2015, being the latest practicable date prior to the printing of this Letter
<b>"Listing Manual"</b>	:	The listing manual of the SGX-ST, as modified, supplemented or amended from time to time
<b>"MAS"</b>	:	The Monetary Authority of Singapore
<b>"Napier"</b>	:	Napier Investments Pte. Ltd., a company incorporated in the Republic of Singapore, and which is a wholly-owned subsidiary of Temasek
<b>"Nassim"</b>	:	Nassim Investments Pte. Ltd., a company incorporated in the Republic of Singapore, and which is a wholly-owned subsidiary of Temasek
<b>"Notice of AGM"</b>	:	The notice of AGM dated 13 July 2015 enclosed with the Annual Report for KIT for the financial year ended 31 March 2015 convening the 2015 AGM
<b>"PwC"</b>	:	PricewaterhouseCoopers Corporate Finance Pte Ltd, the independent financial adviser appointed by the Independent Directors in relation to the renewal of, and amendments to, KIT's Unitholders' Mandate for interested person transactions
<b>"PwC Letter"</b>	:	The letter dated 13 July 2015 by PwC in relation to the renewal of, and amendments to, KIT's Unitholders' Mandate for interested person transactions
<b>"Register"</b>	:	The register of Unitholders kept in accordance with the Trust Deed
<b>"Review Committee"</b>	:	A committee comprising a Director, and either the chief executive officer or chief financial officer of the Trustee-Manager for the time being, and such other person as the Board may from time to time appoint. For the avoidance of doubt, a Director shall not form part of the Review Committee in the event that such Director has an interest in the relevant transaction
<b>"Securities Account"</b>	:	Securities account or sub-account maintained by a depositor with CDP
<b>"SGX-ST"</b>	:	Singapore Exchange Securities Trading Limited
<b>"substantial unitholder"</b>	:	A person who has an interest or interests in units representing not less than 5% of the total voting rights of all the unitholders of the business trust
<b>"Temasek"</b>	:	Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore

<b>“Tembusu”</b>	:	Tembusu Capital Pte. Ltd., a company incorporated in the Republic of Singapore, and which is a wholly-owned subsidiary of Temasek
<b>“Treasury Transactions”</b>	:	Means the treasury transactions between any member within the EAR Group and any Interested Person
<b>“Trust Deed”</b>	:	The trust deed dated 5 January 2007 constituting KIT, as amended and restated by an Amendment and Restatement Deed dated 18 May 2015
<b>“Trustee-Manager”</b>	:	KIFM, acting in its capacity as trustee-manager of KIT
<b>“Unit”</b>	:	An undivided interest in KIT, as provided for in the Trust Deed
<b>“Unitholders”</b>	:	Persons who are registered as holders of Units in the Register including persons so registered as joint holders, except that where the registered holder is CDP, the term <b>“Unitholders”</b> shall, in relation to such Units, mean the persons named as depositors in the Depository Register and whose Securities Account are credited with Units
<b>“Unitholders’ Mandate”</b>	:	<p>(a) For the purposes of this Letter, excluding Annex A to this Letter, the Unitholders’ general mandate pursuant to Chapter 9 of the Listing Manual permitting KIT, its subsidiaries and associated companies who are considered to be “entities at risk” under Chapter 9 of the Listing Manual or any of them, to enter into interested person transactions with the interested persons, which was last renewed at the AGM held on 30 July 2014 and subsequently amended at the EGM held on 30 April 2015; and</p> <p>(b) for the purposes of Annex A to this Letter, the Unitholders’ general mandate pursuant to Chapter 9 of the Listing Manual permitting KIT, its subsidiaries and associated companies who are considered to be “entities at risk” under Chapter 9 of the Listing Manual or any of them, to enter into Interested Person Transactions with the Interested Persons, proposed to be renewed, with amendments, at the 2015 AGM</p>
<b>“S\$” or “\$”</b>	:	Singapore dollars
<b>“%” or “per cent.”</b>	:	Per centum or percentage

All references to (1) the **“Trustee-Manager”** are to it acting in its capacity as trustee-manager of KIT and (2) **“KIT”** are to it acting through the Trustee-Manager.

The terms **“depositor”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.



The terms “**associate**”, “**associated company**”, “**entity at risk**”, “**interested person**”, “**chief executive officer**” and “**approved exchange**” shall have the meanings ascribed to them respectively in the Listing Manual.

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 to a time of day in this Letter 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 two (2) decimal places.

The headings in this Letter are inserted for convenience only and shall be ignored in construing this Letter.

Any reference in this Letter to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual and used in this Letter shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Manual, as the case may be, unless otherwise provided. Summaries of the provisions of any laws and regulations (including the Listing Manual) contained in this Letter are of such laws and regulations (including the Listing Manual) as at the Latest Practicable Date.

## KEPPEL INFRASTRUCTURE TRUST

(formerly known as "CitySpring Infrastructure Trust")  
(Business Trust Registration No. 2007001)  
(Constituted in the Republic of Singapore as a business trust  
pursuant to a trust deed dated 5 January 2007 (as amended))

### Directors of the Trustee-Manager

Mr Koh Ban Heng (*Independent Director and  
Chairman of the Board*)  
Mr Alan Ow Soon Sian (*Independent Director*)  
Mr Paul Ma Kah Woh (*Independent Director*)  
Ms Quek Soo Hoon (*Independent Director*)  
Mr Thio Shen Yi (*Independent Director*)  
Mr Daniel Cuthbert Ee Hock Huat (*Independent Director*)  
Dr Ong Tiong Guan (*Non-Executive and  
Non-Independent Director*)  
Mr Alan Tay Teck Loon (*Non-Executive and  
Non-Independent Director*)

### Registered Office

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

13 July 2015

To: **The Unitholders**

Dear Sir/Madam

### THE PROPOSED RENEWAL OF, AND AMENDMENTS TO, THE UNITHOLDERS' MANDATE

#### 1. INTRODUCTION

We refer to the Notice of Annual General Meeting of KIT dated 13 July 2015 and Ordinary Resolution 4 under the heading "As Special Business" set out therein. The purpose of this Letter is to provide Unitholders with information relating to, and to seek Unitholders' approval at the 2015 AGM for, Ordinary Resolution 4, relating to the proposed renewal of, and amendments to, the Unitholders' Mandate, as further explained in paragraph 2 of this Letter.

#### 2. THE PROPOSED RENEWAL OF, AND AMENDMENTS TO, THE UNITHOLDERS' MANDATE

##### 2.1 The Proposed Renewal of the Unitholders' Mandate

Under Chapter 9 of the Listing Manual, a general mandate for transactions with interested persons is subject to annual renewal. The Unitholders' Mandate was last renewed at the AGM held on 30 July 2014 and subsequently amended pursuant to Unitholders' approval at the EGM held on 30 April 2015, and will continue to be in force until the conclusion of the 2015 AGM. Accordingly, it is proposed that the Unitholders' Mandate be renewed, with the proposed amendments as set out below, at the 2015 AGM to be convened, to take effect (unless revoked or varied by KIT in general meeting) until the conclusion of the next AGM of KIT or the date on which the next AGM of KIT is required to be held, whichever is the earlier. General information relating to Chapter 9 of the Listing Manual is set out in **Annex A** to this Letter.

The proposed renewal of the Unitholders' Mandate, with the proposed amendments as set out below, will authorise:

- (a) KIT;
- (b) subsidiaries of KIT (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and
- (c) associated companies of KIT (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KIT and its subsidiaries, or the KIT Group and its interested person(s), has or have control,

(together, the "**EAR Group**", and each an "**EAR**"), or any of them, in the ordinary course of their businesses, to enter into certain transactions with Interested Persons, provided that such transactions are made on normal commercial terms and are not prejudicial to KIT and its minority Unitholders, and are entered into in accordance with the review procedures for such transactions.

## **2.2 The Proposed Amendments to the Unitholders' Mandate**

### **2.2.1 Categories of Interested Person Transactions**

KIT proposes to amend the Unitholders' Mandate to reflect the commercial reality of the types of transactions that are likely to occur from time to time between members of the EAR Group and the Interested Persons in the ordinary course of business of such members of the EAR Group, particularly after completion of the Acquisition, pursuant to which KIT acquired all the assets and liabilities of CT.

Such transactions include, general transactions relating to energy-related services and engineering services, as well as certain operations and maintenance services. It is therefore proposed that these transactions be included within the Unitholders' Mandate, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of KIT and its minority Unitholders. The EAR Group will benefit from having access to the competitive quotes from the Interested Persons, in addition to obtaining quotes from, or transacting with, unrelated third parties and interested persons not otherwise within the ambit of the Unitholders' Mandate.

### **2.2.2 Approval Limits and Approving Authority**

It is proposed that paragraphs 7.2.5(b) and 7.3.3 of the Unitholders' Mandate be amended (as reflected in **Annex C**) to set out the applicable approval limits and Approving Authority as part of the review procedures under the Unitholders' Mandate.

The Acquisition resulted in an increased market capitalisation of KIT, and taking into consideration the recent completion of the KMC Equity Fund Raising undertaken and future transactions KIT envisages itself to be involved in, this is expected to further increase. The test for determining the relevant approval limits based on the market capitalisation of KIT is no longer practicable as the transaction values of the Interested Person Transactions are not expected to increase in tandem with the market capitalisation of KIT. As such, it is proposed that the approval limits be revised to reflect commercial realities to facilitate the day-to-day operations of the EAR Group. The proposed limits take into account the Interested Person Transactions entered into by the members of the EAR Group in recent years.

To ensure that there are sound and effective internal controls governing the approval of Interested Person Transactions under the Unitholders' Mandate, it is proposed that the persons reviewing, evaluating, and approving such Interested Person Transactions be centralised under the governance of the Audit Committee and Review Committee. This will help to ensure that robust and consistent enforcement of such internal controls and procedures is achieved. The Review Committee proposed to be constituted comprises a Director, and either the chief executive officer or the chief financial officer of the Trustee-Manager. For the avoidance of doubt, a Director shall not form part of the Review Committee in the event that such Director has an interest in the relevant transaction.

It is also proposed that clarification be made that the approval limits and the relevant Approving Authority set out in paragraph 7.3.3 of the Unitholders' Mandate (as proposed to be renewed and amended) do not apply to the Treasury Transactions anticipated to be carried out between the members of the EAR Group and Interested Persons. The applicable monitoring procedures as part of the review procedures under the Unitholders' Mandate for such Treasury Transactions are set out in paragraph 7.2.5(b) of the Unitholders' Mandate instead (with the proposed approval limits and Approving Authorities as reflected in **Annex C**).

### **2.2.3 Other Amendments**

Editorial amendments were made further to the change of name of KIT, formerly known as "CITYSPRING INFRASTRUCTURE TRUST", which change took effect from 18 May 2015, and also in the tabling of the text of the monitoring procedures under the Unitholders' Mandate for Treasury Transactions set out in paragraph 7.2.5(b) of the Unitholders' Mandate for greater clarity.

**2.2.4** The full text of the Unitholders' Mandate as proposed to be renewed and amended, including the rationale for, and the benefits to, KIT, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual, is set out in **Annex A** to this Letter.

The proposed amendments to the Unitholders' Mandate showing insertions in underline and deletions in strikethrough, are set out in **Annex C** to this Letter for Unitholders' ease of reference.

### **2.3 Independent Financial Adviser's Opinion**

PwC has been appointed as the independent financial adviser to advise the Independent Directors on the Unitholders' Mandate, as proposed to be renewed and amended and set out in **Annex A** to this Letter.

PwC is of the opinion that the methods and procedures for determining transaction prices of the Interested Person Transactions under the Unitholders' Mandate, with the proposed amendments, as set out in **Annex A** to this Letter, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KIT and minority KIT Unitholders. The PwC Letter is reproduced in **Annex B** to this Letter.

## 2.4 Statement of the Audit Committee

Having considered, *inter alia*, the terms, review procedures, rationale and benefits of the Unitholders' Mandate, as proposed to be renewed and amended and set out in **Annex A** to this Letter, the Audit Committee is satisfied that the categories of Interested Person Transactions and review procedures proposed, as set out in **Annex A** to this Letter, and generally the terms of the Unitholders' Mandate, including the methods and procedures for determining transaction prices of the Interested Person Transactions, if adhered to, are sufficient to ensure that the Interested Person Transactions carried out thereunder will be on normal commercial terms and will not be prejudicial to the interests of KIT and minority KIT Unitholders.

## 2.5 Validity Period of the Unitholders' Mandate

If approved by Unitholders at the 2015 AGM, the Unitholders' Mandate, with the proposed amendments, will take effect from the date of the passing of the resolution for the renewal of, and amendments to, the Unitholders' Mandate, to be proposed at the 2015 AGM, and shall apply in respect of Interested Person Transactions entered or to be entered into from the date of the 2015 AGM until the conclusion of the next AGM of KIT or the date on which the next AGM of KIT is required to be held, whichever is the earlier, unless revoked or varied by KIT in general meeting.

KIT will obtain a fresh general mandate from the Unitholders if the methods or procedures set out in the Unitholders' Mandate, as proposed to be renewed and amended and set out in **Annex A** to this Letter, become inappropriate.

## 2.6 Disclosure

Pursuant to Chapter 9 of the Listing Manual, KIT will disclose in its annual report the aggregate value of the Interested Person Transactions entered into under the Unitholders' Mandate, as renewed and amended, during the financial year under review, and in the annual reports of subsequent financial years during which the Unitholders' Mandate, as renewed and amended, is in force. In addition, KIT will announce the aggregate value of the Interested Person Transactions entered into under the Unitholders' Mandate, as renewed and amended, for the financial periods which it is required to report pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

## 3. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Mr Koh Ban Heng is the chairman of the Board and independent director of the Trustee-Manager, and is also a director of KI. Dr Ong Tiong Guan is a non-executive and non-independent director of the Trustee-Manager and is currently also chief executive officer and a director of KI. Dr Ong also holds directorships in several other companies within the KCL group of companies. Mr Alan Tay Teck Loon is a non-executive and non-independent director of the Trustee-Manager, and is also an executive of KI and a director of a KI subsidiary.

As at 1 July 2015, the Directors' direct or deemed interests in the Units are as follows:

	Direct Interest		Deemed Interest	
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>
<b>Directors</b>				
Koh Ban Heng	–	–	–	–
Alan Ow Soon Sian	–	–	–	–
Paul Ma Kah Woh	22,680	n.m. <sup>(2)</sup>	–	–
Quek Soo Hoon	43,804	n.m. <sup>(2)</sup>	–	–
Thio Shen Yi	906	n.m. <sup>(2)</sup>	–	–
Daniel Cuthbert Ee Hock Huat	–	–	–	–
Ong Tiong Guan	–	–	–	–
Alan Tay Teck Loon	–	–	–	–

**Notes:**

(1) As at the Latest Practicable Date, there are 3,856,931,931 Units in issue.

(2) Not meaningful.

As at 1 July 2015, the substantial Unitholders' direct or deemed interests in the Units are as follows:

	Direct Interest		Deemed Interest	
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>
<b>Substantial Unitholders</b>				
KI	702,361,054	18.21	–	–
KCL <sup>(2)</sup>	–	–	702,361,054	18.21
Bartley	383,124,592	9.93	–	–
Tembusu <sup>(3)</sup>	–	–	611,944,427	15.87
Temasek <sup>(4)</sup>	–	–	1,314,305,681	34.08

**Notes:**

(1) As at the Latest Practicable Date, there are 3,856,931,931 Units in issue.

(2) KCL is deemed to have an interest in the Units which its wholly-owned subsidiary, KI, has interest.

(3) Tembusu is deemed to have an interest in the Units in which its subsidiaries, namely Bartley, Nassim and Napier, have interests. Nassim has a direct interest in 3.46% of the Units and Napier has a direct interest in 2.47% of the Units.

(4) Temasek is deemed to have an interest in the Units in which its subsidiary, namely Tembusu and its associated companies, namely KCL and DBS Group Holdings Limited, have interests.

#### **4. ABSTENTIONS FROM VOTING**

As at the Latest Practicable Date, KCL, through KI, has a deemed interest in 702,361,054 Units, which comprises approximately 18.21% of the total number of Units in issue. Temasek, through the interests of Tembusu, KCL and DBS Group Holdings Limited, has a deemed interest in 1,314,305,681 Units, which comprises approximately 34.08% of the total number of Units in issue.

By virtue of their interests in the Unitholders' Mandate, as proposed to be renewed and amended, Temasek, KCL, KI and their associates, including the Trustee-Manager, will abstain from voting on Ordinary Resolution 4 relating to the proposed renewal of, and amendments to, the Unitholders' Mandate at the 2015 AGM in respect of Units (if any) held by them. Further, each of them will decline to accept appointment as proxy to vote at the 2015 AGM in respect of Ordinary Resolution 4 unless the Unitholder concerned shall have given specific instructions as to the manner in which his/her votes are to be cast.

As Mr Koh Ban Heng, Dr Ong Tiong Guan and Mr Alan Tay Teck Loon hold directorships within the KCL group of companies, they will abstain from voting on Ordinary Resolution 4, relating to the proposed renewal of, and amendments to, the Unitholders' Mandate in respect of Units (if any) held by them and decline to accept appointment as proxy to vote at the 2015 AGM in respect of Ordinary Resolution 4 unless the Unitholder concerned shall have given specific instructions as to the manner in which his/her votes are to be cast.

#### **5. DIRECTORS' RECOMMENDATIONS**

The Board (save for Mr Koh Ban Heng, Dr Ong Tiong Guan and Mr Alan Tay Teck Loon) is of the opinion that the proposed renewal of, and amendments to, the Unitholders' Mandate is in the best interests of KIT and not prejudicial to the interests of minority Unitholders. Accordingly, the Board (save for Mr Koh Ban Heng, Dr Ong Tiong Guan and Mr Alan Tay Teck Loon) recommends that Unitholders vote in favour of Ordinary Resolution 4, relating to the proposed renewal of, and amendments to, the Unitholders' Mandate at the forthcoming 2015 AGM.

#### **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the proposed renewal of, and amendments to, the Unitholders' Mandate, KIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information contained in this Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Letter in its proper form and context.

## **7. CONSENT**

PwC has given and has not withdrawn its written consent to the issue of this Letter with the inclusion of its name and the PwC Letter to the Independent Directors (reproduced in **Annex B** to this Letter) and all references thereto, in the form and context in which they appear in this Letter, and to act in such capacity in relation to this Letter.

## **8. 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 Letter up to and including the date of the 2015 AGM to be convened:

- (a) the Trust Deed; and
- (b) the PwC Letter.



## UNITHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

### DEFINITIONS

*In this Annex, the following definitions apply throughout unless otherwise stated. Capitalised terms not defined in this Annex shall have the same meaning as defined in this Letter.*

- "AGM"** : Annual general meeting.
- "Approved Exchange"** : A stock exchange that has rules which safeguard the interests of shareholders/unitholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- "Approving Authority"** : The relevant approving authority whose approval must be obtained before an Interested Person Transaction can be executed, as described in paragraphs 7.2.5(b) and 7.3.3 of this Annex.
- "Associate"** : In the case of a business trust:
- (a) in relation to any director, chief executive officer, or controlling shareholder of the Trustee-Manager, substantial unitholder or shareholder of the Trustee-Manager, substantial unitholder or controlling unitholder of the business trust (being an individual) means:
    - (i) his immediate family member (that is, the person's spouse, child, adopted child, step-child, sibling and parent);
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
  - (b) in relation to the controlling shareholder of the Trustee-Manager or substantial unitholder or controlling unitholder of the business trust (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

<b><i>“Audit Committee”</i></b>	:	Audit committee of the Trustee-Manager.
<b><i>“Board”</i></b>	:	The board of directors of the Trustee-Manager.
<b><i>“CEO”</i></b>	:	The chief executive officer of the Trustee-Manager.
<b><i>“CFO”</i></b>	:	The chief financial officer of the Trustee-Manager.
<b><i>“Control”</i></b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.
<b><i>“Controlling Unitholder”</i></b>	:	<p>A person who:</p> <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the total number of issued Units (unless the SGX-ST has determined such a person not to be a Controlling Unitholder of KIT); or</li> <li>(b) in fact exercises Control over KIT.</li> </ul>
<b><i>“Directors”</i></b>	:	The directors of the Trustee-Manager for the time being.
<b><i>“EAR Group”</i></b>	:	<ul style="list-style-type: none"> <li>(a) KIT;</li> <li>(b) subsidiaries of KIT (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and</li> <li>(c) associated companies of KIT (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KIT and its subsidiaries, or the KIT Group and its interested person(s), has or have control,</li> </ul> <p>and <b><i>“EAR”</i></b> means each of them.</p>
<b><i>“EGM”</i></b>	:	Extraordinary General Meeting.
<b><i>“Interested Person Transactions”</i></b>	:	The categories of transactions by the EAR Group, or any of them, with the Interested Persons which fall within the Unitholders’ Mandate, as set out in paragraph 6 of this Annex.

<b><i>“Interested Persons”</i></b>	: (a) The sponsor of KIT, which is a Controlling Unitholder and also the controlling shareholder of the Trustee-Manager, and its Associates;
	(b) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (a) above);
	(c) Trustee-Manager or Controlling Unitholder (other than the Controlling Unitholder described in sub-paragraph (a) above); and
	(d) an Associate of any of the persons or entities in sub-paragraphs (b) and (c) above,
	and <b><i>“Interested Person”</i></b> means each of them.
<b><i>“KIFM”</i></b>	: Keppel Infrastructure Fund Management Pte. Ltd.
<b><i>“KIT”</i></b>	: Keppel Infrastructure Trust.
<b><i>“KIT Group” or “Group”</i></b>	: KIT and its subsidiaries, if any.
<b><i>“Review Committee”</i></b>	: A committee comprising a Director, and either the CEO or CFO of the Trustee-Manager for the time being, and such other person as the Board may from time to time appoint. For the avoidance of doubt, a Director shall not form part of the Review Committee in the event that such Director has an interest in the relevant transaction.
<b><i>“Treasury Transactions”</i></b>	: The treasury transactions between any member within the EAR Group and any Interested Person.
<b><i>“Trustee-Manager”</i></b>	: KIFM, acting in its capacity as trustee-manager of KIT.
<b><i>“Unitholders”</i></b>	: Persons (other than CDP) who are registered as holders of Units in the Register including persons so registered as joint holders, except that where the registered holder is CDP, the term <b><i>“Unitholders”</i></b> shall, in relation to such Units, mean the persons named as depositors in the Depository Register and whose Securities Account are credited with Units.
<b><i>“Unit”</i></b>	: An undivided interest in KIT, as provided for in the Trust Deed.

## THE UNITHOLDERS' MANDATE

### 1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual governs transactions by a listed business trust as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed business trust's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed business trust is required to make an immediate announcement, or to make an immediate announcement and seek its unitholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed business trust at risk and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and unitholders' approval would be required in respect of transactions with interested persons if certain financial thresholds, which are based on the value of the transaction as compared with the listed business trust's latest audited consolidated NTA are reached or exceeded.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the listed business trust's latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed business trust's latest audited consolidated NTA; and

unitholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the listed business trust's latest audited consolidated NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the listed business trust's latest consolidated NTA.

In interpreting the term "same interested person" for the purpose of aggregation, the following applies:

- (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
- (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

- 1.3** Pursuant to a ruling issued by the SGX-ST on 25 August 2009, KIT is permitted to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA) for so long as the NTA of KIT remains negative. The NTA of KIT for the financial year ended 31 March 2012 was positive. Pursuant to a further ruling issued by the SGX-ST on 23 May 2012, KIT may continue to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA). In the event that KIT records sustained positive consolidated NTA for at least two consecutive financial years (including the financial year ended 31 March 2012), it will consult the SGX-ST on the appropriate measure to be used for the computation of materiality thresholds for its interested person transactions. The NTA for each of the financial years ended 31 March 2014 and 31 March 2015 was negative. Accordingly, KIT will continue to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA).

Accordingly, save for any transaction below S\$100,000 and for so long as KIT does not record sustained positive consolidated NTA for at least two consecutive financial years:

- (1) an immediate announcement is required where:
  - (i) the interested person transaction is of a value equal to, or more than, 3% of KIT's market capitalisation as at the last day of the preceding financial year; or
  - (ii) the aggregate value of all interested person transactions entered into with the same interested person during the same financial year amounts to 3% or more of KIT's market capitalisation as at the last day of the preceding financial year; and
- (2) Unitholders' approval (in addition to an immediate announcement) is required where:
  - (i) the interested person transaction is of a value equal to, or more than, 5% of KIT's market capitalisation as at the last day of the preceding financial year; or
  - (ii) the interested person transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of KIT's market capitalisation as at the last day of the preceding financial year.

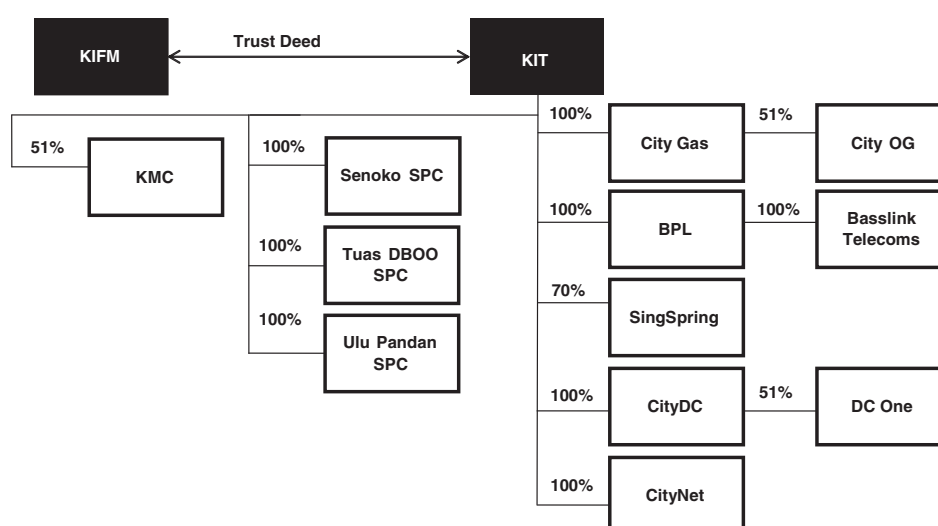
- 1.4** Chapter 9 of the Listing Manual permits a listed business trust to seek a general mandate from its unitholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses), which may be carried out with the listed business trust's interested persons. A general mandate is subject to annual renewal.

1.5 In general, for the purposes of Chapter 9 of the Listing Manual, transaction(s) between:

- (a) an entity at risk (namely KIT, a subsidiary of KIT that is not listed on the SGX-ST or an Approved Exchange, or an associated company of KIT that is not listed on the SGX-ST or an Approved Exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company); and
- (b) any of its interested persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of KIT), a Director, CEO or controlling shareholder of the Trustee-Manager, a Controlling Unitholder or an Associate of any such Director, CEO, controlling shareholder or Controlling Unitholder),

would constitute an interested person transaction.

### Group Structure of the Entities At Risk



## 2. RATIONALE FOR THE UNITHOLDERS' MANDATE

2.1 It is envisaged that in the ordinary course of their business, transactions between members in the EAR Group (as defined below) and KIT's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the obtaining of goods and services in the ordinary course of business of the EAR Group from KIT's interested persons.

2.2 In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KIT's interested persons, obtaining the Unitholders' Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (a) KIT;
- (b) subsidiaries of KIT (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and

- (c) associated companies of KIT (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KIT and its subsidiaries (the “KIT Group”), or the KIT Group and its interested person(s), has or have control,

(together, the “EAR Group”, each an “EAR”), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in paragraph 6 below with the specified classes of KIT’s interested persons set out in paragraph 5 below which are necessary for the day-to-day operations of KIT, provided such Interested Person Transactions are made on normal commercial terms.

### **3. BENEFIT TO UNITHOLDERS**

The Unitholders’ Mandate would eliminate the need for KIT to announce, or to announce and convene separate general meetings from time to time to seek Unitholders’ prior approval for any potential interested person transaction that may arise from time to time, thereby substantially reducing administrative time, inconvenience and expenses associated with the convening of such meetings (including the engagement of external advisers and preparation of documents) on an ad-hoc basis, without compromising the corporate objectives of KIT and/or adversely affecting the business opportunities available to the Group.

### **4. SCOPE OF THE UNITHOLDERS’ MANDATE**

- 4.1** The Unitholders’ Mandate will cover the transactions arising in the ordinary course of business as set out in paragraph 6 below.
- 4.2** The Unitholders’ Mandate will not cover any interested person transaction which has a value below S\$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.
- 4.3** Transactions with interested person which do not come within the ambit of the Unitholders’ Mandate will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

### **5. CLASSES OF INTERESTED PERSONS**

The Unitholders’ Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

- (a) the sponsor of KIT<sup>(1)</sup>, which is a Controlling Unitholder and also the controlling shareholder of the Trustee-Manager, and its Associates;
- (b) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (a) above);
- (c) Trustee-Manager or Controlling Unitholder<sup>(2)</sup> (other than the Controlling Unitholder described in sub-paragraph (a) above); and
- (d) an Associate of any of the persons or entities in (b) and (c) above (each, an “Interested Person”).

Transactions with Interested Persons which do not fall within the ambit of the Unitholders’ Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

#### **Notes:**

- (1) The sponsor is Keppel Infrastructure Holdings Pte. Ltd.
- (2) Controlling Unitholder includes Temasek Holdings (Private) Limited.

## 6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions with the Interested Persons which will be covered by the Unitholders' Mandate are set out below:

- (i) the provision of production and retailing of town gas, retailing of natural gas, and supply of liquefied petroleum gas;
- (ii) the provision and obtaining of natural gas;
- (iii) the provision of gas-supply related services (such as call centre services, service crew services, meter services, gas connection, maintenance, inspection of gas installations and servicing of burners and gas stoves);
- (iv) the sale of gas-related appliances, such as, but not limited to, gas cooker hobs and hoods, gas water heaters, gas stove and grills, gas ovens, commercial burners, and gas operated clothes dryers. The sale of gas-related appliances is in the ordinary course of business of the EAR Group and does not fall under the ambit of Chapter 10 of the Listing Manual;
- (v) the provision and obtaining of utilities services such as electricity, gas and water;
- (vi) the provision and obtaining of energy-related products and services, including but not limited to:
  - (a) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plant and machinery for such projects;
  - (b) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;
  - (c) the hedging of electricity prices with electricity generating companies;
  - (d) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
  - (e) the provision and obtaining of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
  - (f) the provision of performance guarantees by the relevant party in relation to obligations to be performed under the transactions described in sub-paragraphs (vi)(a) to (vi)(e) above;
- (vii) the provision and obtaining of engineering-related products and services, including but not limited to:
  - (a) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments;
  - (b) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;



- (c) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
  - (d) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
  - (e) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
  - (f) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction;
- (viii) the provision and obtaining of management services and the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;
- (ix) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects;
- (x) treasury transactions ("**Treasury Transactions**") between any member within the EAR Group and any Interested Person, for example:
- (a) the placement of funds with any Interested Person;
  - (b) the borrowing of funds from any Interested Person;
  - (c) the entry into foreign exchange, swap and option transactions with any Interested Person; and
  - (d) the subscription of debt securities issued by any Interested Person, the issue of debt securities to any Interested Person, the purchase from any Interested Person of debt securities previously issued by such Interested Person, or the sale to any Interested Person of debt securities previously issued by any member within the EAR Group.

The EAR Group can benefit from the more competitive rates and quotes offered by the Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons for placement of funds with, borrowings from, foreign exchange, swap and option transactions with, and the subscription and purchase of debt securities from the Interested Persons. In respect of the subscription or purchase of debt securities from the Interested Persons, the EAR Group can benefit from the flexibility in cash management this provides. The EAR Group will only subscribe for or purchase such debt securities after assessment of the credit risk of the relevant Interested Person, and the rates secured will not be less favourable than those from other third parties. In respect of the issue or sale of debt securities to the Interested Persons, the EAR Group can benefit from the financial support of the Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the EAR Group than those issued or sold to other third parties;

- (xi) the provision and obtaining of transmission and transportation network services;

- (xii) the obtaining of security services and telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;
- (xiii) the obtaining of technology solutions, including but not limited to data storage, data centre and hosting services, software licences, design and other technology services;
- (xiv) the obtaining of services relating to development and management of network infrastructure and automation devices;
- (xv) the obtaining of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products;
- (xvi) the rental of premises, and the obtaining of building maintenance services and facility and property management services;
- (xvii) the provision and obtaining of professional and consultancy services;
- (xviii) the provision of arrangements which involves cost sharing or reimbursement of expenses (such as security services, utilities, telephone, printing, overseas travelling and related expenses, transport, entertainment and insurance etc); and
- (xix) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (xviii) above.

## **7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS**

**7.1** The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

**7.2** In general, there are procedures established by the EAR Group to ensure that the Interested Person Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties, and will not be prejudicial to the interests of KIT and its minority Unitholders.

In particular, the following review procedures have been put in place:

### **7.2.1 Sales of products and/or services to an Interested Person**

The review procedures are:

- (a) current market prices from a reliable source are to be used as the basis for pricing. Prices for sale of products and/or services to an Interested Person are to be:
  - (i) based on comparable prices to at least two unrelated third party customers for similar products;

- (ii) competitive with comparable alternate products available to customers; and
- (iii) consistent with the usual margin sold by the company/trust for similar type of product,

to ensure that the price and terms extended to Interested Persons are no more favourable than those extended to unrelated third parties for the same or substantially similar types of products and/or services;

- (b) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, the Approving Authority will take into consideration factors such as, but not limited to, quantity, volume, consumption, customer requirements, customer's available alternate product/service, specifications, payment terms, contractual compliance, duration of contract and strategic purposes of the transaction will be taken into account; and
- (c) all sales transactions which are Interested Person Transactions with contract value above S\$100,000 are to be documented and approved using prescribed evaluation form.

#### **7.2.2 Purchase of products and/or services from an Interested Person (including cost sharing arrangements)**

The review procedures are:

- (a) quotations are to be obtained from at least two unrelated third parties supplying the similar type of products and/or services. The tender process, if applicable, shall be conducted with transparency and in an equitable manner to all parties, with proper tendering procedures and evaluations;
- (b) the quotations will be used as a basis for comparison to ensure that the price and terms:
  - (i) extended by the Interested Persons are no less favourable than the price and terms offered by such Interested Persons to unrelated third parties; and
  - (ii) are comparable to those offered by unrelated third parties for the same or substantially similar type of products and/or services.

In determining whether the price and terms offered by the Interested Person are fair and reasonable, the capacity, reliability, suitability, quality of the product or services and the experience and expertise of the supplier Interested Person shall be taken into consideration. The prices are to be in accordance with the existing agreement if there is a contractual agreement signed with an Interested Person;

- (c) in the event that quotations from unrelated third party vendors cannot be obtained (for instance, if there are no unrelated third party vendors of

similar products or services, or if the product is a proprietary item), the Approving Authority (as long as they have no interest, direct or indirect in that transaction) will determine whether the price and terms offered by the Interested Persons are fair and reasonable. If the Approving Authority has an interest in the transaction, whether direct or indirect, the reasonableness of the price shall be determined by the Audit Committee; and

- (d) all purchase transactions which are Interested Person Transactions with contract value above S\$100,000 have to be documented and approved using prescribed evaluation form.

### **7.2.3 Rental Agreements with an Interested Person**

The review procedures are:

- (a) in determining whether the rental rates offered by the Interested Person are fair and reasonable, factors such as, but not limited to, current prevailing rental rates that are charged to third parties with comparable size and location of the unit, actual area occupied (where it is a sub-lease) and duration of the lease are taken into consideration;
- (b) when entering into a rental agreement with an Interested Person and before the renewal of such a rental agreement for subsequent terms, similar rental rate comparisons shall be obtained from two independent and established property consultants for comparison; and
- (c) all rental transactions which are Interested Person Transactions with contract value above S\$100,000 have to be documented and approved using prescribed evaluation form.

### **7.2.4 Reimbursement of expenses to an Interested Person**

The review procedure requires that expenses incurred shall be in the ordinary course of business and reasonable in the circumstances.

### **7.2.5 Treasury Transactions with an Interested Person**

- (a) The review procedures are:

- (i) *Placements*

In relation to any placement with any Interested Person by any member within the EAR Group of its funds, quotations shall be obtained from such Interested Person and at least one of the principal bankers of KIT for interest rates for deposits with such bankers. Such member within the EAR Group will place its funds with such Interested Person only if the interest rate quoted is not less favourable than that quoted by such principal banker(s). In addition, such member shall comply with the procedures set out in subparagraph (b)(ii) below.

(ii) *Borrowings*

In relation to the borrowings of funds from any Interested Person by any member within the EAR Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of KIT for interest rates and conditions of loans from such bankers. Such member within the EAR Group will borrow funds from such Interested Person only if the interest rate and conditions quoted are not less favourable than those quoted by such principal banker(s). In cases where such principal banker(s) is/are unable to quote a rate for the loan for any reason whatsoever (for example, where the banks have reached their exposure, credit or lending limits in respect of their lending activities, or in respect of their lending limits to the EAR Group), the member within the EAR Group shall be able to borrow the funds from the Interested Person. In addition, such member shall comply with the procedures set out in sub-paragraph (b)(i) below.

(iii) *Foreign exchange, swap and option transactions*

In relation to foreign exchange, swap and option transactions with any Interested Person by any member within the EAR Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of KIT. Such member within the EAR Group will enter into such foreign exchange, swap or option transactions with such Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such member shall comply with the procedures in sub-paragraph (b)(iii) below.

(iv) *Debt securities*

In relation to the subscription of debt securities issued by any Interested Person, or the purchase from any Interested Person of debt securities previously issued by such Interested Person, such transactions will be entered into by members within the EAR Group only if the consideration for such debt securities is not more than that at which such debt securities are subscribed or purchased by any other third parties. Conversely, members within the EAR Group will only issue new debt securities or sell debt securities (previously issued by any member within the EAR Group) to Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties.

In addition, in relation to debt securities issued or sold by a member within the EAR Group to any Interested Person, and to debt securities subscribed or purchased from any Interested Person, such member shall comply with the procedures in sub-paragraph (b)(i) and b(ii) respectively below.

(b) The monitoring procedures are:

(i) *Borrowings and debt securities issued or sold to Interested Persons*

In relation to borrowings by a member within the EAR Group from the same Interested Person during the same financial year, or debt securities issued or sold by any member within the EAR Group to the same Interested Person during the same financial year:

Aggregate value of the interest expense <sup>(1)</sup> incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, any Interested Person	Monitoring procedures
Equals to or exceeds S\$100,000 but less than S\$10,000,000	<ul style="list-style-type: none"> <li>- Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Review Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities</li> </ul>
Equals to or exceeds S\$10,000,000 but less than S\$20,000,000	<ul style="list-style-type: none"> <li>- Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Review Committee and the Chairman of the Board or, if he has an interest in the Interested Person Transaction, another member of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities. For the avoidance of doubt, the aforementioned Chairman of the Board or the Audit Committee member, as the case may be, shall not form part of the Review Committee</li> </ul>

Aggregate value of the interest expense <sup>(1)</sup> incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, any Interested Person	Monitoring procedures
Equals to or exceeds S\$20,000,000	<ul style="list-style-type: none"> <li>- Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities</li> </ul>

**Note:**

(1) Under Rule 909 of the Listing Manual, in respect of borrowings from, and debt securities issued or sold to, any Interested Person, the value of the transaction, being the amount at risk to KIT, is the interest payable on such borrowings and debt securities.

(ii) *Placements with and subscription and purchase of debt securities from Interested Persons*

In relation to placements with the same Interested Person by any member within the EAR Group of its funds, or debt securities subscribed or purchased from the same Interested Person by any member within the EAR Group, during the same financial year:

Aggregate of the principal amount of funds placed with, and all debt securities subscribed and/or purchased from, any Interested Person	Monitoring procedures
Equals to or less than S\$100,000,000	<ul style="list-style-type: none"> <li>- No prior approval required from Audit Committee</li> <li>- Reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have the power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT</li> </ul>

Aggregate of the principal amount of funds placed with, and all debt securities subscribed and/or purchased from, any Interested Person	Monitoring procedures
Exceeds S\$100,000,000	<ul style="list-style-type: none"> <li>- Additional placements of funds with, or debt securities subscribed and/or purchased from, that Interested Person shall require the prior approval of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the funds and debt securities</li> </ul>

(iii) *Foreign exchange, swap and option transactions*

In relation to any foreign exchange, swap and option transactions with the same Interested Person by any member within the EAR Group during the same financial year:

Aggregate of the principal amount of foreign exchange, swap and option transactions with any Interested Person	Monitoring procedures
Equals to or less than S\$100,000,000	<ul style="list-style-type: none"> <li>- No prior approval required from Audit Committee</li> <li>- Reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have the power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT</li> </ul>
Exceeds S\$100,000,000	<ul style="list-style-type: none"> <li>- Each additional foreign exchange, swap and option transaction entered into with, that Interested Person shall require the prior approval of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the transaction</li> </ul>



**7.3** Unless otherwise provided, apart from the specific review procedures described above, the following general review procedures will apply to all Interested Person Transactions under the Unitholders’ Mandate:

**7.3.1** The Trustee-Manager will maintain a register of Interested Persons listing and a register of transactions carried out with Interested Persons pursuant to the Unitholders’ Mandate. The basis, including the quotations obtained to support such basis, on which new and renewed Interested Person Transactions were entered into, will also be documented. A copy of the register of Interested Persons will be circulated to the Audit Committee, CEO, CFO and the company secretary of the Trustee-Manager on an annual basis or whenever there is any change. The register of Interested Persons will be sent to the EAR Group on a quarterly basis for their necessary monitoring.

Interested Persons in the EAR Group will submit an annual declaration of their interests in the EAR Group at the end of each financial year.

**7.3.2** In order to ensure that the Interested Person Transactions are undertaken on an arm’s length basis and on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders, the Trustee-Manager has internal control procedures which detail matters such as the constitution of internal Approving Authorities and their monetary jurisdictions.

In the event that a member of the Approving Authority (where applicable) has an interest in relation to any Interested Person Transaction, whether direct or indirect, he will abstain from reviewing that particular transaction. In such instances, an alternate Approving Authority will be responsible for reviewing that transaction.

**7.3.3** Save in respect of the Treasury Transactions, all Interested Person Transactions cannot be executed until the approval of the relevant Approving Authority (as set out in this paragraph 7.3.3) has been obtained. Approval limits (not applicable to any transaction below S\$100,000) for Interested Person Transactions under the Unitholders’ Mandate (except Treasury Transactions) are as follows:

Approval limits based on individual transaction value	Approving Authority
Equals to or exceeds S\$100,000 but less than S\$10,000,000	– Subject to review and approval by the Review Committee
Equals to or exceeds S\$10,000,000 but less than S\$20,000,000	– Subject to review and approval by the Review Committee and the Chairman of the Board or, if he has an interest in the Interested Person Transaction, another member of the Audit Committee. For the avoidance of doubt, the aforementioned Chairman of the Board or the Audit Committee member, as the case may be, shall not form part of the Review Committee
Equals to or exceeds S\$20,000,000	– Subject to review and approval by the Audit Committee

For clarity, the review procedures which apply to the Treasury Transactions are set out in paragraph 7.2.5.

#### **7.4 Recording of Interested Person Transactions**

Details of all Interested Person Transactions will be fully disclosed to the internal auditors and the Audit Committee in a timely manner or immediately upon their request.

#### **7.5 Review of Interested Person Transactions**

**7.5.1** Independent internal auditors will review all Interested Person Transactions of the EAR Group on a quarterly basis and submit report for Audit Committee's review. The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor Interested Person Transactions have been complied with.

**7.5.2** All the transactions reported in EAR's Interested Person Transactions reports will be aggregated according to the aggregation and disclosure requirements. All present and on-going Interested Person Transactions will be included in the transactions report. This will be reviewed by the CFO.

**7.5.3** Audit Committee's review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

#### **8. VALIDITY PERIOD OF THE UNITHOLDERS' MANDATE**

If approved by Unitholders at the AGM scheduled to be held on 28 July 2015, the Unitholders' Mandate will take effect from the date of passing of the ordinary resolution relating thereto, and will (unless revoked or varied by KIT in general meeting) continue in force until the next AGM of KIT. Approval from Unitholders will be sought for the renewal of the Unitholders' Mandate at the next AGM and at each subsequent AGM of KIT, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Interested Persons.

#### **9. DISCLOSURE IN ANNUAL REPORT**

Disclosure will be made in KIT's annual report of the aggregate value of all Interested Person Transactions conducted with the Interested Persons pursuant to the Unitholders' Mandate during the current financial year, and in the annual reports for subsequent financial years that the Unitholders' Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

## INDEPENDENT FINANCIAL ADVISER'S LETTER

13 July 2015  
The Independent Directors  
Keppel Infrastructure Fund Management Pte. Ltd.  
(as trustee-manager of Keppel Infrastructure Trust)  
1 HarbourFront Avenue  
#18-01 Keppel Bay Tower  
Singapore 098632

Dear Sirs,

### THE PROPOSED RENEWAL OF, AND AMENDMENTS TO, THE UNITHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

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*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Letter to Unitholders.*

#### 1. INTRODUCTION

This letter ("**Letter**") has been prepared for inclusion in the letter to Unitholders dated 13 July 2015 (the "**Letter to Unitholders**") to be issued by Keppel Infrastructure Fund Management Pte. Ltd. (the "**Trustee-Manager**"), in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**") in relation to the proposed renewal of, and amendments to, the general mandate for interested person transactions ("**Unitholders' Mandate**"). The proposed amended Unitholders' Mandate shall be referred to as the "**Amended Unitholders' Mandate**" in this Letter.

#### 2. TERMS OF REFERENCE

PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") has been appointed as the independent financial adviser to the Independent Directors of the Trustee-Manager to provide an opinion on whether the methods and procedures for determining transaction prices of the interested person transactions under the Amended Unitholders' Mandate ("**IPTs**"), if adhered to, are sufficient to ensure that the IPTs carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders.

Our terms of engagement do not require us to express any opinion on the commercial risks or merits of the IPTs or on the future prospects of the EAR Group. Such evaluation is the responsibility of the Directors and the management of the Trustee-Manager, although we may draw upon their views (to the extent we deem necessary or appropriate) in arriving at our opinion.

We have held discussions with the management of the Trustee-Manager and have examined information, both written and verbal, provided to us by the management of the Trustee-Manager. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of, such information. However, we have made such reasonable enquiries and exercised our judgment as we deemed necessary and have found no reason to doubt the accuracy or reliability of such information.

We have relied on the assurance that the Directors have collectively and individually accepted responsibility for the accuracy of the information in the Letter to Unitholders, and where information contained in the Letter to Unitholders has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in the Letter to Unitholders in its proper form and context. The foregoing is as set out in the "Directors' Responsibility Statement" in paragraph 6 of the Letter to Unitholders.

Conditions may change significantly over a short period of time and accordingly we assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In preparing this Letter we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Unitholder. As different Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any individual Unitholders who may require specific advice in relation to his or her Units should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion in relation to the Amended Unitholders' Mandate should be considered in the context of the entirety of this Letter and the Letter to Unitholders.

### **3. EVALUATION OF THE METHODS AND PROCEDURES IN THE AMENDED UNITHOLDERS' MANDATE**

We note that the Unitholders' Mandate was last renewed at the AGM held on 30 July 2014 and subsequently amended pursuant to Unitholders' approval at the EGM held on 30 April 2015.

The full text of the Unitholders' Mandate as proposed to be renewed and amended, including the rationale for, and the benefits to, KIT, the review procedures for determining transaction prices with the Interested Persons and other general information relating to Chapter 9 of the Listing Manual is set out in Annex A to the Letter to Unitholders. The proposed amendments to the Unitholders' Mandate showing insertions in underline and deletions in strikethrough, are set out in Annex C to the Letter to Unitholders for Unitholders' ease of reference.

**Unitholders are advised to read Annexes A and C to the Letter to Unitholders carefully.**

We set out a summary of the proposed amendments to the Unitholders' Mandate and their rationale below.

#### **3.1. Proposed Amendments to the Categories of Interested Person Transactions**

KIT proposes to amend the Unitholders' Mandate to reflect the commercial reality of the types of transactions that are likely to occur from time to time between members of the EAR Group and the Interested Persons in the ordinary course of business of such members of the EAR Group, particularly after completion of the Acquisition, pursuant to which KIT acquired all the assets and liabilities of CT.

Such transactions include, general transactions relating to energy-related services and engineering services, as well as certain operations and maintenance services. It is therefore proposed that these transactions be included within the Unitholders' Mandate, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of KIT and its minority Unitholders. The

EAR Group will benefit from having access to the competitive quotes from the Interested Persons, in addition to obtaining quotes from, or transacting with, unrelated third parties and interested persons not otherwise within the ambit of the Unitholders' Mandate.

### **3.2. Proposed Amendments to the Approval Limits and Approval Authority**

It is proposed that paragraphs 7.2.5(b) and 7.3.3 of the Unitholders' Mandate be amended (as reflected in Annex C to the Letter to Unitholders) to set out the applicable approval limits and Approving Authority as part of the review procedures under the Unitholders' Mandate.

The Acquisition resulted in an increased market capitalisation of KIT, and taking into consideration the recent completion of the KMC Equity Fund Raising undertaken and future transactions KIT envisages itself to be involved in, this is expected to further increase. The test for determining the relevant approval limits based on the market capitalisation of KIT is no longer practicable as the transaction values of the Interested Person Transactions are not expected to increase in tandem with the market capitalisation of KIT. As such, it is proposed that the approval limits be revised to reflect commercial realities to facilitate the day-to-day operations of the EAR Group. The proposed limits take into account the interested person transactions entered into by the members of the EAR Group under the Unitholders' Mandate in recent years.

To ensure that there are sound and effective internal controls governing the approval of Interested Person Transactions under the Unitholders' Mandate, it is proposed that the persons reviewing, evaluating, and approving such Interested Person Transactions be centralised under the governance of the Audit Committee and Review Committee. This will help to ensure that robust and consistent enforcement of such internal controls and procedures is achieved. The Review Committee proposed to be constituted comprises a Director, and either the chief executive officer or the chief financial officer of the Trustee-Manager. For the avoidance of doubt, a Director shall not form part of the Review Committee in the event that such Director has an interest in the relevant transaction.

It is also proposed that clarification be made that the approval limits and the relevant Approving Authority set out in paragraph 7.3.3 of the Amended Unitholders' Mandate do not apply to the Treasury Transactions anticipated to be carried out between the members of the EAR Group and Interested Persons. The applicable monitoring procedures as part of the review procedures under the Amended Unitholders' Mandate for such Treasury Transactions are set out in paragraph 7.2.5(b) of the Amended Unitholders' Mandate instead.

## **4. CONCLUSION**

In arriving at our opinion on whether the methods and procedures for determining transaction prices under the Amended Unitholders' Mandate are sufficient to ensure that the Interested Person Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders, we have considered the following in relation to the Amended Unitholders' Mandate (as set out in Annex A to the Letter to Unitholders):

- (i) the rationale;
- (ii) the benefits;

- (iii) the classes of Interested Persons;
- (iv) the categories of Interested Person Transactions; and
- (v) the review procedures.

**Accordingly, we are of the view that the methods and procedures for determining transaction prices under the Amended Unitholders' Mandate, if adhered to, are sufficient to ensure that the Interested Person Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of KIT and its minority Unitholders.**

This Letter is addressed to the Independent Directors for their benefit in connection with and for the purpose of their consideration of the Amended Unitholders' Mandate. The recommendation made by the Independent Directors to the minority KIT Unitholders remains the responsibility of the Independent Directors.

Whilst a copy of this Letter may be reproduced in the Letter to Unitholders, neither KIT nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF, except for the forthcoming 2015 AGM and for the purposes of the Unitholders' Mandate.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours Truly  
For and on behalf of  
PricewaterhouseCoopers Corporate Finance Pte Ltd

Ling Tok Hong  
Managing Director

**PROPOSED AMENDMENTS TO THE UNITHOLDERS' MANDATE**

*This Annex sets out the Unitholders' Mandate proposed to be renewed and amended. The strikethroughs and underlines in this Annex are intentionally included to reflect the proposed amendments to the Unitholders' Mandate.*

## DEFINITIONS

*In this Annex, the following definitions apply throughout unless otherwise stated. Capitalised terms not defined in this Annex shall have the same meaning as defined in this Letter.*

- “AGM”** : Annual general meeting.
- “Approved Exchange”** : A stock exchange that has rules which safeguard the interests of shareholders/unitholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- “Approving Authority”** : The relevant approving authority whose approval must be obtained before an Interested Person Transaction can be executed, as described in paragraphs 7.2.5(b) and 7.3.3 of this Annex.~~The approving authority as described in paragraph 7.3.3 of this Appendix.~~
- “Associate”** : In the case of a business trust:
- (a) in relation to any director, chief executive officer, or controlling shareholder of the Trustee-Manager, substantial unitholder or shareholder of the Trustee-Manager, substantial unitholder or controlling unitholder of the business trust (being an individual) means:
    - (i) his immediate family member (that is, the person’s spouse, child, adopted child, step-child, sibling and parent);
    - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
    - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
  - (b) in relation to ~~a substantial shareholder or the~~ controlling shareholder of the Trustee-Manager or substantial unitholder or controlling unitholder of the business trust (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “Audit Committee”** : Audit committee of the Trustee-Manager.
- “Board”** : The board of directors of the Trustee-Manager.
- “CEO”** : The chief executive officer of the Trustee-Manager.



<b>"CFO"</b>	:	The chief financial officer of the Trustee-Manager.
<b>"CitySpring"</b>	:	CitySpring Infrastructure Trust.
<b>"CitySpring Group" or "Group"</b>	:	<del>CitySpring, its subsidiaries and associated companies which are considered "entities at risk" within the meaning of Rule 904(2) of the Listing Manual.</del>
<b>"Control"</b>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.
<b>"Controlling Unitholder"</b>	:	A person who: <ul style="list-style-type: none"> <li>(a) holds directly or indirectly 15% or more of the total number of issued Units (unless the SGX-ST has determined such a person not to be a Controlling Unitholder of <u>KITCitySpring</u>); or</li> <li>(b) in fact exercises Control over <u>KITCitySpring</u>.</li> </ul>
<b>"Directors"</b>	:	<u>The directors of the Trustee-Manager for the time being.</u>
<b>"EAR"</b>	:	<del>Shall have the meaning ascribed to it in paragraph 2.2 of this Appendix.</del>
<b>"EAR Group"</b>	:	(a) <u>KIT;</u> (b) <u>subsidiaries of KIT (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and</u> (c) <u>associated companies of KIT (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KIT and its subsidiaries, or the KIT Group and its interested person(s), has or have control,</u>  and <b>"EAR"</b> means each of them. <del>Shall have the meaning ascribed to it in paragraph 2.2 of this Appendix.</del>
<b>"EGM"</b>	:	Extraordinary General Meeting.
<b><u>"Interested Person Transactions"</u></b>	:	<u>The categories of transactions by the EAR Group, or any of them, with the Interested Persons which fall within the Unitholders' Mandate, as set out in paragraph 6 of this Annex.</u>

<b><i>"Interested Persons"</i></b>	<ul style="list-style-type: none"> <li>: (a) <u>The sponsor of KIT, which is a Controlling Unitholder and also the controlling shareholder of the Trustee-Manager, and its Associates;</u></li> <li>(b) <u>a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (a) above);</u></li> <li>(c) <u>Trustee-Manager or Controlling Unitholder (other than the Controlling Unitholder described in sub-paragraph (a) above); and</u></li> <li>(d) <u>an Associate of any of the persons or entities in sub-paragraphs (b) and (c) above,</u></li> </ul> <p>and <b>"Interested Person"</b> means each of them. <del>Shall have the meaning ascribed to it in paragraph 5 of this Appendix.</del></p>
<b><i>"Interested Person Transactions"</i></b>	<ul style="list-style-type: none"> <li>: <del>The categories of transactions with the Interested Persons which fall within the IPT Mandate, as set out in paragraph 6 of this Appendix.</del></li> </ul>
<b><i>"KIFM"</i></b>	<ul style="list-style-type: none"> <li>: <u>Keppel Infrastructure Fund Management Pte. Ltd.</u></li> </ul>
<b><i>"KIT"</i></b>	<ul style="list-style-type: none"> <li>: <u>Keppel Infrastructure Trust.</u></li> </ul>
<b><i>"KIT Group" or "Group"</i></b>	<ul style="list-style-type: none"> <li>: <u>KIT and its subsidiaries, if any.</u></li> </ul>
<b><i>"Relevant Benchmark"</i></b>	<ul style="list-style-type: none"> <li>: <del>Shall have the meaning ascribed to it in paragraph 7.3.3 of this Appendix.</del></li> </ul>
<b><i>"Review Committee"</i></b>	<ul style="list-style-type: none"> <li>: <u>A committee comprising a Director, and either the CEO or CFO of the Trustee-Manager for the time being, and such other person as the Board may from time to time appoint. For the avoidance of doubt, a Director shall not form part of the Review Committee in the event that such Director has an interest in the relevant transaction.</u> <del>Shall have the meaning ascribed to it in paragraph 7.2.5(b)(i)(A) of this Appendix.</del></li> </ul>
<b><i>"Treasury Transactions"</i></b>	<ul style="list-style-type: none"> <li>: <u>The treasury transactions between any member within the EAR Group and any Interested Person.</u></li> </ul>
<b><i>"Trustee-Manager"</i></b>	<ul style="list-style-type: none"> <li>: <u>KIFM, acting in its capacity as The trustee-manager of KIT.</u> <del>acting for or on behalf of CitySpring.</del></li> </ul>
<b><i>"Unitholders"</i></b>	<ul style="list-style-type: none"> <li>: Persons (other than CDP) who are registered as holders of Units in the Register including persons so registered as joint holders, except that where the registered holder is CDP, the term <b>"Unitholders"</b> shall, in relation to such Units, mean the persons named as depositors in the Depository Register and whose Securities Account are credited with Units.</li> </ul>
<b><i>"Unit"</i></b>	<ul style="list-style-type: none"> <li>: An undivided interest in <u>KIT</u> <del>CitySpring</del>, as provided for in the Trust Deed.</li> </ul>

## THE UNITHOLDERS' IPT MANDATE

### 1. CHAPTER 9 OF THE LISTING MANUAL

1.1 Chapter 9 of the Listing Manual governs transactions by a listed business trust as well as transactions by its subsidiaries and associated companies that are considered to be at risk, with the listed business trust's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or in aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed business trust is required to make an immediate announcement, or to make an immediate announcement and seek its unitholders' approval for that transaction.

1.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed business trust at risk and hence are excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement and unitholders' approval would be required in respect of transactions with interested persons if certain financial thresholds, which are based on the value of the transaction as compared with the listed business trust's latest audited consolidated NTA are reached or exceeded.

In particular, an immediate announcement is required where:

- (a) the transaction is of a value equal to, or more than, 3% of the listed business trust's latest audited consolidated NTA; or
- (b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the listed business trust's latest audited consolidated NTA; and

unitholders' approval (in addition to an immediate announcement) is required where:

- (a) the transaction is of a value equal to, or more than, 5% of the listed business trust's latest audited consolidated NTA; or
- (b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the listed business trust's latest consolidated NTA.

In interpreting the term "same interested person" for the purpose of aggregation, the following applies:

- (i) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
- (ii) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

1.3 Pursuant to a ruling issued by the SGX-ST on 25 August 2009, KITCitySpring is permitted to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA) for so long as the NTA of KITCitySpring remains negative. The NTA of KITCitySpring for the financial year ended 31 March 2012 was positive. Pursuant to a further ruling issued by the SGX-ST on 23 May 2012, KITCitySpring may continue to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA). In the event that KITCitySpring records sustained positive consolidated NTA for at least two consecutive financial years (including the financial year ended 31 March 2012), it will consult the SGX-ST on the appropriate measure to be used for the computation of materiality thresholds for its interested person transactions. The NTA for each of the financial years ended ~~31 March 2013~~ and 31 March 2014 and 31 March 2015 was negative. Accordingly, KITCitySpring will continue to calculate the materiality of its interested person transactions based on its market capitalisation as at the last day of the preceding financial year (instead of its latest audited consolidated NTA).

Accordingly, save for any transaction below S\$100,000 and for so long as KITCitySpring does not record sustained positive consolidated NTA for at least two consecutive financial years:

- (1) an immediate announcement is required where:
  - (i) the interested person transaction is of a value equal to, or more than, 3% of KITCitySpring's market capitalisation as at the last day of the preceding financial year; or
  - (ii) the aggregate value of all interested person transactions entered into with the same interested person during the same financial year amounts to 3% or more of KITCitySpring's market capitalisation as at the last day of the preceding financial year; and
- (2) Unitholders' approval (in addition to an immediate announcement) is required where:
  - (i) the interested person transaction is of a value equal to, or more than, 5% of KITCitySpring's market capitalisation as at the last day of the preceding financial year; or
  - (ii) the interested person transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of KITCitySpring's market capitalisation as at the last day of the preceding financial year.

1.4 Chapter 9 of the Listing Manual permits a listed business trust to seek a general mandate from its unitholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses), which may be carried out with the listed business trust's interested persons. A general mandate is subject to annual renewal.

1.5 In general, for the purposes of Chapter 9 of the Listing Manual, transaction(s) between:

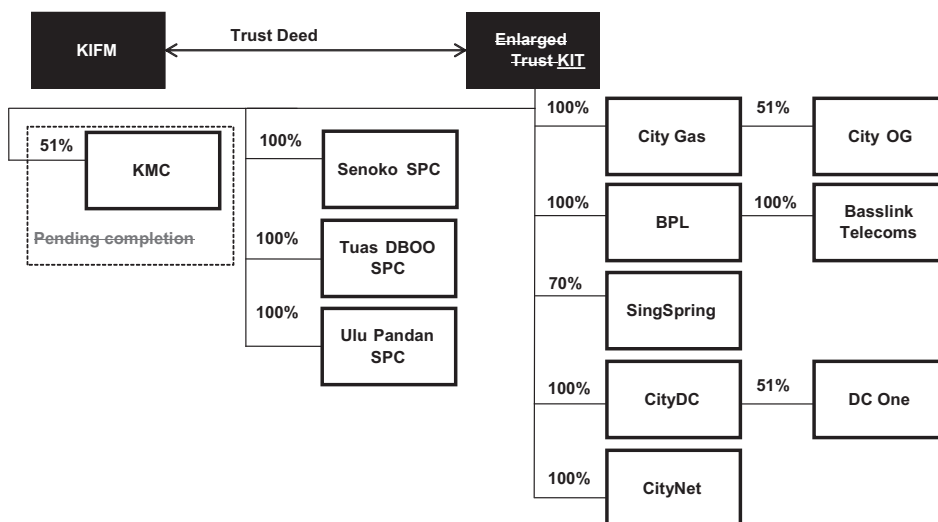
- (a) an entity at risk (namely KITCitySpring, a subsidiary of KITCitySpring that is not listed on the SGX-ST or an Approved Exchange, or an associated company of KITCitySpring that is not listed on the SGX-ST or an Approved Exchange, provided that the Group, or the Group and its interested person(s), has control over the associated company); and
- (b) any of its interested persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of KITCitySpring), a Director, CEO or controlling shareholder of the Trustee-Manager<sup>(1)</sup>, a Controlling Unitholder<sup>(2)</sup> or an Associate of any such Director, CEO, controlling shareholder or Controlling Unitholder),

would constitute an interested person transaction.

**Notes:**

- (1) Such controlling shareholder of the Trustee-Manager would refer to Keppel Infrastructure Holdings Pte. Ltd. upon completion of the proposed acquisition by CitySpring of all assets and liabilities of Keppel Infrastructure Trust.
- (2) Immediately after the proposed acquisition by CitySpring of all assets and liabilities of Keppel Infrastructure Trust, but before the KMC Equity Fund Raising, Keppel Infrastructure Holdings Pte. Ltd. will have an interest in approximately 22.9 per cent. of CitySpring, and Temasek Holdings (Private) Limited through certain of its wholly-owned subsidiaries<sup>1</sup>, will have an interest in approximately 19.97 per cent. (excluding Temasek's deemed interests through Keppel Corporation Limited) of CitySpring. Accordingly, "Controlling Unitholder" would include Temasek Holdings (Private) Limited and Keppel Infrastructure Holdings Pte. Ltd.

**Group Structure of the Entities At Risk**



**2. RATIONALE FOR THE UNITHOLDERS' IPT MANDATE**

2.1 It is envisaged that in the ordinary course of their business, transactions between members in the EAR Group (as defined below) and KITCitySpring's interested persons are likely to occur from time to time. Such transactions would include, but are not limited to, the obtaining of goods and services in the ordinary course of business of the EAR Group from KITCitySpring's interested persons.

<sup>+</sup> Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CitySpring Infrastructure Management Pte. Ltd.

2.2 In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KITCitySpring's interested persons, obtaining the Unitholders'IPF Mandate pursuant to Chapter 9 of the Listing Manual will enable:

- (a) KITCitySpring;
- (b) subsidiaries of KITCitySpring (excluding subsidiaries listed on the SGX-ST or an Approved Exchange); and
- (c) associated companies of KITCitySpring (other than an associated company that is listed on the SGX-ST or an Approved Exchange) over which KITCitySpring and its subsidiaries (the "**KITCitySpring Group**"), or the KITCitySpring Group and its interested person(s), has or have control,

(together, the "**EAR Group**", each an "**EAR**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in paragraph 6 below with the specified classes of KITCitySpring's interested persons set out in paragraph 5 below which are necessary for the day-to-day operations of KITCitySpring, provided such Interested Person Transactions are made on normal commercial terms.

### 3. **BENEFIT TO UNITHOLDERS**

The Unitholders'IPF Mandate would eliminate the need for KITCitySpring to announce, or to announce and convene separate general meetings from time to time to seek Unitholders' prior approval for any potential interested person transaction that may arise from time to time, thereby substantially reducing administrative time, inconvenience and expenses associated with the convening of such meetings (including the engagement of external advisers and preparation of documents) on an ad-hoc basis, without compromising the corporate objectives of KITCitySpring and/or adversely affecting the business opportunities available to the Group.

### 4. **SCOPE OF THE UNITHOLDERS'IPF MANDATE**

- 4.1 The Unitholders'IPF Mandate will cover the transactions arising in the ordinary course of business as set out in paragraph 6 below.
- 4.2 The Unitholders'IPF Mandate will not cover any interested person transaction which has a value below S\$100,000 as the threshold and aggregate requirements of Chapter 9 of the Listing Manual do not apply to such transactions.
- 4.3 Transactions with interested person which do not come within the ambit of the Unitholders'IPF Mandate will be subject to applicable provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

### 5. **CLASSES OF INTERESTED PERSONS**

The Unitholders'IPF Mandate will apply to the Interested Person Transactions which are carried out with the following classes of Interested Persons:

- (a) the sponsor of KITCitySpring<sup>(1)</sup>, which is a Controlling Unitholder and also the controlling shareholder of the Trustee-Manager, and its Associates;

- (b) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (a) above);
- (c) Trustee-Manager or Controlling Unitholder<sup>(2)</sup> (other than the Controlling Unitholder described in sub-paragraph (a) above); and
- (d) an Associate of any of the persons or entities in (b) and (c) above (each, an “Interested Person”).

Transactions with Interested Persons which do not fall within the ambit of the Unitholders’ IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

**Notes:**

- (1) ~~The sponsor is/would be Keppel Infrastructure Holdings Pte. Ltd. upon completion of the proposed acquisition by CitySpring of all assets and liabilities of Keppel Infrastructure Trust.~~
- (2) ~~Immediately after the proposed acquisition by CitySpring of all assets and liabilities of Keppel Infrastructure Trust, but before the KMC Equity Fund Raising, Temasek Holdings (Private) Limited through certain of its wholly owned subsidiaries<sup>2</sup>, will have an interest in approximately 19.97 per cent. (excluding Temasek’s deemed interests through Keppel Corporation Limited) of CitySpring. Accordingly, “Controlling Unitholder” would include Temasek Holdings (Private) Limited. Controlling Unitholder includes Temasek Holdings (Private) Limited.~~

## 6. CATEGORIES OF INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions with the Interested Persons which will be covered by the Unitholders’ IPT Mandate are set out below:

- (i) the provision of production and retailing of town gas, retailing of natural gas, and supply of liquefied petroleum gas;
- (ii) the provision and obtaining of natural gas;
- (iii) the provision of gas-supply related services (such as call centre services, service crew services, meter services, gas connection, maintenance, inspection of gas installations and servicing of burners and gas stoves);
- (iv) the sale of gas-related appliances, such as, but not limited to, gas cooker hobs and hoods, gas water heaters, gas stove and grills, gas ovens, commercial burners, and gas operated clothes dryers. The sale of gas-related appliances is in the ordinary course of business of the EAR Group and does not fall under the ambit of Chapter 10 of the Listing Manual;
- (v) the provision and obtaining of utilities services such as electricity, gas and water;
- (vi) the provision and obtaining of energy-related products and services, including but not limited to:
  - (a) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plant and machinery for such projects;

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<sup>2</sup> ~~Comprising Bartley Investments Pte. Ltd., Napier Investments Pte. Ltd., Nassim Investments Pte. Ltd. and CitySpring Infrastructure Management Pte. Ltd.~~

- (b) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;
  - (c) the hedging of electricity prices with electricity generating companies;
  - (d) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
  - (e) the provision and obtaining of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
  - (f) the provision of performance guarantees by the relevant party in relation to obligations to be performed under the transactions described in sub-paragraphs (vi)(a) to (vi)(e) above;
- (vii) the provision and obtaining of engineering-related products and services, including but not limited to:
- (a) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments;
  - (b) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;
  - (c) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
  - (d) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
  - (e) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
  - (f) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction;
- (viii) the provision and obtaining of management services and the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;
- (ix) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects;
- (x) treasury transactions (“**Treasury Transactions**”) between any member within the EAR Group and any Interested Person, for example:
- (a) the placement of funds with any Interested Person;
  - (b) the borrowing of funds from any Interested Person;



- (c) the entry into foreign exchange, swap and option transactions with any Interested Person; and
- (d) the subscription of debt securities issued by any Interested Person, the issue of debt securities to any Interested Person, the purchase from any Interested Person of debt securities previously issued by such Interested Person, or the sale to any Interested Person of debt securities previously issued by any member within the EAR Group.

The EAR Group can benefit from the more competitive rates and quotes offered by the Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons for placement of funds with, borrowings from, foreign exchange, swap and option transactions with, and the subscription and purchase of debt securities from the Interested Persons. In respect of the subscription or purchase of debt securities from the Interested Persons, the EAR Group can benefit from the flexibility in cash management this provides. The EAR Group will only subscribe for or purchase such debt securities after assessment of the credit risk of the relevant Interested Person, and the rates secured will not be less favourable than those from other third parties. In respect of the issue or sale of debt securities to the Interested Persons, the EAR Group can benefit from the financial support of the Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the EAR Group than those issued or sold to other third parties;

- (viii) the provision and obtaining of transmission and transportation network services;
- (ix) the obtaining of security services and telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;~~the obtaining of services such as telecommunications services and security services for its facilities and lease arrangements for office space;~~
- (xii) the obtaining of technology solutions, including but not limited to data storage, data centre and hosting services, software licences, design and other technology services;
- (xiv) the obtaining of services relating to development and management of network infrastructure and automation devices;
- (xv) the obtaining of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products;
- (xvi) the rental of premises, and the obtaining of building maintenance services and facility and property management services;
- (xvii) the provision and obtaining of professional and consultancy services;

(~~xixviii~~) the provision of arrangements which involves cost sharing or reimbursement of expenses (such as security services, utilities, telephone, printing, overseas travelling and related expenses, transport, entertainment and insurance etc); and

(~~xixix~~) the provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (i) to (~~xixviii~~) above.

## **7. REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS**

**7.1** The EAR Group has established the following procedures to ensure that Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms.

**7.2** In general, there are procedures established by the EAR Group to ensure that the Interested Person Transactions with Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Interested Persons than those extended to unrelated third parties, and will not be prejudicial to the interests of KIT CitySpring and its minority Unitholders.

In particular, the following review procedures have been put in place:

### **7.2.1 Sales of products and/or services to an Interested Person**

The review procedures are:

- (a) current market prices from a reliable source are to be used as the basis for pricing. Prices for sale of products and/or services to an Interested Person are to be:
  - (i) based on comparable prices to at least two unrelated third party customers for similar products;
  - (ii) competitive with comparable alternate products available to customers; and
  - (iii) consistent with the usual margin sold by the company/trust for similar type of product,

to ensure that the price and terms extended to Interested Persons are no more favourable than those extended to unrelated third parties for the same or substantially similar types of products and/or services;

- (b) where the prevailing market rates or prices are not available due to the nature of the service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such services or products, the Approving Authority will take into consideration factors such as, but not limited to, quantity, volume, consumption, customer

requirements, customer's available alternate product/service, specifications, payment terms, contractual compliance, duration of contract and strategic purposes of the transaction will be taken into account; and

- (c) all sales transactions which are Interested Person Transactions with contract value above S\$100,000 are to be documented and approved using prescribed evaluation form.

#### **7.2.2 Purchase of products and/or services from an Interested Person (including cost sharing arrangements)**

The review procedures are:

- (a) quotations are to be obtained from at least two unrelated third parties supplying the similar type of products and/or services. The tender process, if applicable, shall be conducted with transparency and in an equitable manner to all parties, with proper tendering procedures and evaluations;
- (b) the quotations will be used as a basis for comparison to ensure that the price and terms:
  - (i) extended by the Interested Persons are no less favourable than the price and terms offered by such Interested Persons to unrelated third parties; and
  - (ii) are comparable to those offered by unrelated third parties for the same or substantially similar type of products and/or services.

In determining whether the price and terms offered by the Interested Person are fair and reasonable, the capacity, reliability, suitability, quality of the product or services and the experience and expertise of the supplier Interested Person shall be taken into consideration. The prices are to be in accordance with the existing agreement if there is a contractual agreement signed with an Interested Person;

- (c) in the event that quotations from unrelated third party vendors cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the Approving Authority (as long as they have no interest, direct or indirect in that transaction) will determine whether the price and terms offered by the Interested Persons are fair and reasonable. If the Approving Authority has an interest in the transaction, whether direct or indirect, the reasonableness of the price shall be determined by the Audit Committee; and
- (d) all purchase transactions which are Interested Person Transactions with contract value above S\$100,000 have to be documented and approved using prescribed evaluation form.

#### **7.2.3 Rental Agreements with an Interested Person**

The review procedures are:

- (a) in determining whether the rental rates offered by the Interested Person are fair and reasonable, factors such as, but not limited to, current

prevailing rental rates that are charged to third parties with comparable size and location of the unit, actual area occupied (where it is a sub-lease) and duration of the lease are taken into consideration;

- (b) when entering into a rental agreement with an Interested Person and before the renewal of such a rental agreement for subsequent terms, similar rental rate comparisons shall be obtained from two independent and established property consultants for comparison; and
- (c) all rental transactions which are Interested Person Transactions with contract value above S\$100,000 have to be documented and approved using prescribed evaluation form.

#### **7.2.4 Reimbursement of expenses to an Interested Person**

The review procedure requires that expenses incurred shall be in the ordinary course of business and reasonable in the circumstances.

#### **7.2.5 Treasury Transactions with an Interested Person**

- (a) The review procedures are:

- (i) *Placements*

In relation to any placement with any Interested Person by any member within the EAR Group of its funds, quotations shall be obtained from such Interested Person and at least one of the principal bankers of KITCitySpring for interest rates for deposits with such bankers. Such member within the EAR Group will place its funds with such Interested Person only if the interest rate quoted is not less favourable than that quoted by such principal banker(s). In addition, such member shall comply with the procedures set out in sub-paragraph (b)(ii) below.

- (ii) *Borrowings*

In relation to the borrowings of funds from any Interested Person by any member within the EAR Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of KITCitySpring for interest rates and conditions of loans from such bankers. Such member within the EAR Group will borrow funds from such Interested Person only if the interest rate and conditions quoted are not less favourable than those quoted by such principal banker(s). In cases where such principal banker(s) is/are unable to quote a rate for the loan for any reason whatsoever (for example, where the banks have reached their exposure, credit or lending limits in respect of their lending activities, or in respect of their lending limits to the EAR Group), the member within the EAR Group shall be able to borrow the funds from the Interested Person. In addition, such member shall comply with the procedures set out in sub-paragraph (b)(i) below.

(iii) *Foreign exchange, swap and option transactions*

In relation to foreign exchange, swap and option transactions with any Interested Person by any member within the EAR Group, quotations shall be obtained from such Interested Person and at least one of the principal bankers of ~~KIT CitySpring~~. Such member within the EAR Group will enter into such foreign exchange, swap or option transactions with such Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such member shall comply with the procedures in sub-paragraph (b)(iii) below.

(iv) *Debt securities*

In relation to the subscription of debt securities issued by any Interested Person, or the purchase from any Interested Person of debt securities previously issued by such Interested Person, such transactions will be entered into by members within the EAR Group only if the consideration for such debt securities is not more than that at which such debt securities are subscribed or purchased by any other third parties. Conversely, members within the EAR Group will only issue new debt securities or sell debt securities (previously issued by any member within the EAR Group) to Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties.

In addition, in relation to debt securities issued or sold by a member within the EAR Group to any Interested Person, and to debt securities subscribed or purchased from any Interested Person, such member shall comply with the procedures in sub-paragraph (b)(i) and b(ii) respectively below.

(b) The monitoring procedures are:

(i) *Borrowings and debt securities issued or sold to Interested Persons*

In relation to borrowings by a member within the EAR Group from the same Interested Person during the same financial year, or debt securities issued or sold by any member within the EAR Group to the same Interested Person during the same financial year:

<u>Aggregate value of the interest expense<sup>(1)</sup> incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, any Interested Person</u>	<u>Monitoring procedures</u>
<u>Equals to or exceeds S\$100,000 but less than S\$10,000,000</u>	= <u>Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Review Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities</u>
<u>Equals to or exceeds S\$10,000,000 but less than S\$20,000,000</u>	= <u>Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Review Committee and the Chairman of the Board or, if he has an interest in the Interested Person Transaction, another member of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities. For the avoidance of doubt, the aforementioned Chairman of the Board or the Audit Committee member, as the case may be, shall not form part of the Review Committee</u>
<u>Equals to or exceeds S\$20,000,000</u>	= <u>Subsequent borrowings from, or issue or sale of debt securities to, that Interested Person is subject to review and approval by the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the borrowings and debt securities</u>

- (A) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds S\$500,000 but is less than S\$5,000,000, subsequent borrowings from that Interested Person, or issue or sale of debt securities to that Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of a committee comprising the executive Directors and the CFO of the Trustee-Manager for the time being and such other person as the Directors may from time to time appoint (“**Review Committee**”). In view of the capital intensive nature of CitySpring’s business and in the interest of operational efficiency, the Review Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of CitySpring from the time of review until the next review, but subject to such aggregate interest expense being less than S\$5,000,000;
- (B) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds S\$5,000,000 but is less than S\$10,000,000, subsequent borrowings from that Interested Person, or issue or sale of debt securities to that Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee, and the Chairman of the Board or, if he has an interest in the Interested Person Transaction, another member of the Audit Committee. In view of the capital intensive nature of CitySpring’s business and in the interest of operational efficiency, (i) the Review Committee and (ii) the Chairman or Audit Committee member (as the case may be), shall have power in their discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of CitySpring from the time of review until the next review, but subject to such aggregate interest expense being less than S\$10,000,000; and
- (C) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Interested Person equals to or exceeds S\$10,000,000, subsequent borrowings from that Interested Person, or issue or sale of debt securities to that Interested Person, by any member within the EAR Group, will be reviewed and approved by the Audit Committee.

**Note:**

- (1) Under Rule 909 of the Listing Manual, in respect of borrowings from, and debt securities issued or sold to, any Interested Person, the value of the transaction, being the amount at risk to KIT, is the interest payable on such borrowings and debt securities.

(ii) *Placements with and subscription and purchase of debt securities from Interested Persons*

In relation to placements with the same Interested Person by any member within the EAR Group of its funds, or debt securities subscribed or purchased from the same Interested Person by any member within the EAR Group, during the same financial year:

<u>Aggregate of the principal amount of funds placed with, and all debt securities subscribed and/or purchased from, any Interested Person</u>	<u>Monitoring procedures</u>
<u>Equals to or less than S\$100,000,000</u>	<ul style="list-style-type: none"> <li data-bbox="959 622 1394 689">– <u>No prior approval required from Audit Committee</u></li> <li data-bbox="959 725 1394 1030">– <u>Reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have the power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT</u></li> </ul>
<u>Exceeds S\$100,000,000</u>	<ul style="list-style-type: none"> <li data-bbox="959 1048 1394 1420">– <u>Additional placements of funds with, or debt securities subscribed and/or purchased from, that Interested Person shall require the prior approval of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the funds and debt securities</u></li> </ul>

~~(A) Where the aggregate of the principal amount of funds placed with and all debt securities subscribed and/or purchased from, the same Interested Person shall at any one time exceed S\$100,000,000, additional placements of funds with, subscription of debt securities issued by, or purchase of debt securities from, that Interested Person by any member within the EAR Group shall require the prior approval of the Audit Committee. The Audit Committee shall have power in its discretion to pre-approve any such further placements of funds with, subscription of debt securities issued by, or purchase of debt securities, up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of CitySpring from the time of review until the next review.~~



~~(B) Placement of funds with, subscription of debt securities issued by, and/or purchase of debt securities from, the same Interested Person where the aggregate of the principal amounts thereof does not at any one time exceed the limit or interim sub-limits set out above or from time to time, will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to CitySpring.~~

(iii) *Foreign exchange, swap and option transactions*

In relation to any foreign exchange, swap and option transactions with the same Interested Person by any member within the EAR Group during the same financial year:

<u>Aggregate of the principal amount of foreign exchange, swap and option transactions with any Interested Person</u>	<u>Monitoring procedures</u>
<u>Equals to or less than S\$100,000,000</u>	<ul style="list-style-type: none"> <li data-bbox="957 900 1391 967">– <u>No prior approval required from Audit Committee</u></li> <li data-bbox="957 1003 1391 1308">– <u>Reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have the power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KIT</u></li> </ul>
<u>Exceeds S\$100,000,000</u>	<ul style="list-style-type: none"> <li data-bbox="957 1330 1391 1684">– <u>Each additional foreign exchange, swap and option transaction entered into with, that Interested Person shall require the prior approval of the Audit Committee, taking into consideration the relevant terms and conditions which includes pricing of the transaction</u></li> </ul>

~~Where the aggregate of the principal amount of all foreign exchange, swap and option transactions entered into with the same Interested Person shall at any one time exceed \$100,000,000, each additional foreign exchange, swap and option transaction entered into with the same Interested Person by any member within the EAR Group will require the prior approval of the Audit Committee.~~

~~Entry into foreign exchange, swap and option transactions with the same Interested Person where the aggregate of the principal amounts thereof do not at any one time exceed the limit set out above will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to CitySpring.~~

**7.3** Unless otherwise provided, Apart from the specific review procedures described above, the following general review procedures will apply to all Interested Person Transactions under the Unitholders' IPT Mandate:

**7.3.1** The Trustee-Manager will maintain a register of Interested Persons listing and a register of transactions carried out with Interested Persons pursuant to the Unitholders' IPT Mandate. ~~(recording t~~The basis, including the quotations obtained to support such basis, on which new and renewed Interested Person Transactions they were entered into, will also be documented). A copy of the register of Interested Persons will be circulated to the Audit Committee, CEO, CFO and the company secretary of the Trustee-Manager on an annual basis or whenever there is any change. The register of Interested Persons will be sent to the EAR Group on a quarterly basis for their necessary monitoring.

Interested Persons in the EAR Group will submit an annual declaration of their interests in the EAR Group at the end of each financial year.

**7.3.2** In order to ensure that the Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of KITCitySpring and its mMinority Unitholders, the Trustee-Manager has internal control procedures which detail matters such as the constitution of internal Approving Authorities and their monetary jurisdictions.

In the event that a member of the Approving Authority (where applicable) has an interest in relation to any Interested Person Transaction, whether direct or indirect, he will abstain from reviewing that particular transaction. In such instances, an alternate Approving Authority will be responsible for reviewing that transaction.

7.3.3 Save in respect of the Treasury Transactions, All Interested Person Transactions cannot be executed until the approval of the relevant Approving Authority (as set out in this paragraph 7.3.3) has been obtained. Approval limits (not applicable to any transaction below S\$100,000) for Interested Person Transactions under the Unitholders' IPT Mandate (except Treasury Transactions) are as follows:

Approval limits based on individual transaction value	Approving Authority
Equals to or exceeds S\$100,000 but less than S\$10,000,000	– Subject to review and approval by the Review Committee
Equals to or exceeds S\$10,000,000 but less than S\$20,000,000	– Subject to review and approval by the Review Committee and the Chairman of the Board or, if he has an interest in the Interested Person Transaction, another member of the Audit Committee. For the avoidance of doubt, the aforementioned Chairman of the Board or the Audit Committee member, as the case may be, shall not form part of the Review Committee
Equals to or exceeds S\$20,000,000	– Subject to review and approval by the Audit Committee
<p><del>Transactions size (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) of:</del></p> <p><del>(a) where the latest audited consolidated NTA of CitySpring is negative, CitySpring's market capitalisation upon completion of the proposed combination of CitySpring and Keppel Infrastructure Trust; or</del></p> <p><del>(b) where the latest audited consolidated NTA of CitySpring is positive, CitySpring's latest audited consolidated NTA,</del></p> <p><del>(each, the "Relevant Benchmark")</del></p>	<p><del>Approval required from relevant Approving Authority</del></p>
All transactions below 3% of the Relevant Benchmark	The board of directors, chief executive officer, chief financial officer or heads of departments of the respective EARs, provided that such transaction is within the authorised monetary limits of such Approving Authority.

<u>Approval limits based on individual transaction value</u>	<u>Approving Authority</u>
Equal to or exceeding 3% but below 5% of the Relevant Benchmark	Review and prior approval by Audit Committee
Equal to or exceeding 5% of the Relevant Benchmark	Review and prior approval by the Board

The EAR Group shall inform the Trustee-Manager of any Interested Person Transactions that they intend to enter into with values equal to or exceeding 1% of the Relevant Benchmark prior to obtaining approval of the transaction at their respective entities. This is to enable the Trustee-Manager to review if the transaction aggregated with other transactions with the same Interested Person during the financial year triggers the levels that requires the Audit Committee's prior approval of the transaction.

For clarity, the review procedures which apply to the Treasury Transactions are set out in paragraph 7.2.5.

#### **7.4 Recording of Interested Person Transactions**

Details of all Interested Person Transactions will be fully disclosed to the internal auditors and the Audit Committee in a timely manner or immediately upon their request.

#### **7.5 Review of Interested Person Transactions**

**7.5.1** Independent internal auditors will review all Interested Person Transactions of the EAR Group on a quarterly basis and submit report for Audit Committee's review. The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor Interested Person Transactions have been complied with.

**7.5.2** All the transactions reported in EAR's Interested Person Transactions reports will be aggregated according to the aggregation and disclosure requirements. All present and on-going Interested Person Transactions will be included in the transactions report. This will be reviewed by the CFO and in his absence, the Senior Vice President – Finance & Corporate Services.

**7.5.3** Audit Committee's review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee.

### **8. VALIDITY PERIOD OF THE UNITHOLDERS' IPT MANDATE**

If approved by Unitholders at the EGM scheduled to be held on 30 April 2015 and subject to the passing of ordinary resolutions (1) to (4) set out in the Notice of EGM dated 5 April 2015, the IPT Mandate will take effect from the completion of the proposed acquisition of all the assets and liabilities of Keppel Infrastructure Trust by CitySpring, and will (unless revoked or varied by CitySpring or the Enlarged Trust (as defined in the Notice of EGM) (as the case may be) in general meeting) continue in force until the next AGM of the Enlarged Trust. Approval from the Enlarged Trust Unitholders will, if applicable, be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM of the Enlarged Trust, subject to satisfactory review by the Replacement Trustee-Manager's audit committee of its continued application to

transactions with the Interested Persons. If approved by Unitholders at the AGM scheduled to be held on 28 July 2015, the Unitholders' Mandate will take effect from the date of passing of the ordinary resolution relating thereto, and will (unless revoked or varied by KIT in general meeting) continue in force until the next AGM of KIT. Approval from Unitholders will be sought for the renewal of the Unitholders' Mandate at the next AGM and at each subsequent AGM of KIT, subject to satisfactory review by the Audit Committee of its continued application to transactions with the Interested Persons.

## **9. DISCLOSURE IN ANNUAL REPORT**

Disclosure will be made in KIT CitySpring's annual report of the aggregate value of all Interested Person Transactions conducted with the Interested Persons pursuant to the Unitholders' IPT Mandate during the current financial year, and in the annual reports for subsequent financial years that the Unitholders' IPT Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

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