



Registration Number 2010002

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

ANNOUNCEMENT

- (I) **THE PROPOSED ACQUISITION OF A 51% EQUITY INTEREST IN KEPPEL MERLIMAU COGEN PTE LTD;**
 - (II) **THE PROPOSED COMBINATION OF KEPPEL INFRASTRUCTURE TRUST AND CITYSPRING INFRASTRUCTURE TRUST, AND THE APPOINTMENT OF KIFM (OR A RELATED ENTITY OF KIFM) AS TRUSTEE MANAGER OF THE COMBINED TRUST; AND**
 - (III) **THE PROPOSED EQUITY FUND RAISING.**
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1. INTRODUCTION

Keppel Infrastructure Fund Management Pte. Ltd. ("**KIFM**" or "**KIT Trustee-Manager**"), in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**"), has agreed to two separate transactions to create the largest Singapore infrastructure-focused business trust listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The first transaction is the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd ("**KMC**") which owns the Keppel Merlimau Cogen Plant ("**KMC Plant**"), a 1,300 MW combined cycle gas turbine generation facility on Jurong Island, Singapore. The purchase consideration is estimated to be S\$510 million which will be financed by an equity fund raising.

The second transaction combines KIT and CitySpring Infrastructure Trust ("**CIT**") at their respective market capitalizations of S\$658 million and S\$753 million, based on their respective volume weighted average price for the 180-day period ended on 13 November 2014¹. Each KIT unit holder will receive 2.106 CIT Units for every KIT unit held. The swap ratio is fixed and is not subject to any adjustment.

Upon completion of the combination of KIT and CIT, Keppel Infrastructure Holdings Pte Ltd ("**KI**"), the sponsor of KIT, will become the single largest unitholder of CIT which will be renamed as Keppel Infrastructure Trust ("**Combined Trust**"). KIFM (or another related entity of KIFM) will become the trustee-manager of the Combined Trust.

The transactions are expected to be DPU accretive² to both the unitholders of KIT ("**KIT Unitholders**") and CIT ("**CIT Unitholders**").

¹ 180-day VWAP for KIT = S\$1.0446; 180-day VWAP for CIT = S\$0.4960, both as of 13 November 2014, being the last full trading day of both KIT and CIT prior to this Announcement.

² Calculated on the bases and assumptions set out in Section 6.4 of this Announcement. This statement should not be interpreted to mean that the future distribution per unit of the Combined Trust will necessarily be greater than the distribution per CIT or KIT Unit before completion of the transactions.

KIT's total assets will increase from over S\$600 million currently to over S\$2 billion upon completion of KMC Acquisition (as defined in Section 2(a)(i) of this Announcement) and to over S\$4 billion after completion of combination with CIT, making the Combined Trust the largest Singapore infrastructure-focused business trust listed on the SGX-ST.

2. TRANSACTION OVERVIEW

- (a) The KIT Trustee-Manager has entered into the following separate agreements:
- (i) a conditional sale and purchase agreement (the "**KMC SPA**") to acquire 102 ordinary shares (the "**KMC Sale Shares**"), representing 51% of the issued and paid-up share capital of KMC, from Keppel Energy Pte. Ltd. ("**Keppel Energy**"), an indirect wholly-owned subsidiary of Keppel Corporation Limited ("**KCL**") (the "**KMC Acquisition**"). The purchase consideration for the KMC Acquisition will be paid in cash via an Equity Fund Raising (as defined in Section 2(b)(vi) of this Announcement); and
 - (ii) a conditional sale and purchase agreement (the "**CitySpring Contract**") with CitySpring Infrastructure Trust Management Pte. Ltd. ("**CSIM**"), in its capacity as trustee-manager of CIT, a business trust registered in Singapore and listed on the Main Board of the SGX-ST, in relation to CSIM acquiring the business undertaking and assets of KIT (the "**KIT Assets**") (the "**Combination**"). It is proposed that CIT shall fund the purchase consideration for the Combination entirely through an issuance of new units in CIT ("**CIT Units**") to KIT on the completion date of the CitySpring Contract; more details on the issuance of the consideration CIT Units are given in Section 5.4 of this Announcement;
- (the KMC Acquisition and the Combination shall hereafter be collectively referred as the "**Proposed Transactions**");
- (b) in the event that the Combination is completed:
- (i) CIT will be the surviving trust and will be renamed Keppel Infrastructure Trust and it is proposed that KIT will be dissolved;
 - (ii) KI will be the sponsor of the Combined Trust. KIFM (or a related entity of KIFM) will be appointed to replace CSIM and act as trustee-manager of the Combined Trust ("**Combined Trustee-Manager**");
 - (iii) the constituent trust deed of the Combined Trust will be amended to, *inter alia*, adopt the KIT Trustee-Manager's existing fee structure for the Combined Trustee-Manager. Based on a comparison of KIT Trustee-Manager's fee structure for KIT and CSIM's fee structure for CIT, had the Combination been completed and the KIT Trustee-Manager's fee structure for the Combined Trustee-Manager been adopted on 1 January 2013, the Combined Trust would have enjoyed a reduction in trustee-manager fees of approximately S\$3.6 million for the calendar year ended 31 December 2013 assuming no fees were payable for acquisitions or divestments;

- (iv) KI will be the single largest unitholder of the Combined Trust with approximately 22.9%. Temasek Holdings (Private) Limited ("**Temasek**") will through its wholly-owned subsidiaries hold approximately 19.97%³ of the Combined Trust;
 - (v) KIFM will offer employment to substantially all of CSIM's employees. The management team of the Combined Trustee-Manager will be led by Mr Khor Un-Hun as Chief Executive Officer; and
 - (vi) CIT will assume all rights and obligations of KIT for the KMC Acquisition and undertake an equity fund raising on the capital markets and issue CIT Units by a combination of (i) a placement to institutional and other investors (the "**Placement**") and (ii) a non-renounceable preferential offering ("**Preferential Offering**") held after the distribution-in-specie of the CIT Units to all eligible unitholders⁴ of the Combined Trust (the Preferential Offering, collectively with the Placement, the "**Equity Fund Raising**") at an issue price to be subsequently determined so as to raise gross proceeds of up to S\$525 million to fund the KMC Acquisition and its related expenses;
 - (vii) Both KI and Temasek intend to subscribe for their pro-rata entitlements under the Preferential Offering and do not intend to dispose of their units in the Combined Trust from the date of completion of the Combination to a date not earlier than 12 months following the completion of the Equity Fund Raising exercise; and
- (c) in the event that the Combination is **not** completed, KIT will proceed with the KMC Acquisition if the KMC Acquisition is approved by KIT Unitholders and in order to fund the KMC Acquisition, the KIT Trustee-Manager intends to undertake the Equity Fund Raising; and
 - (d) the Equity Fund Raising is expected to be managed by Credit Suisse (Singapore) Limited and UBS AG, Singapore Branch (collectively, the "**Joint Financial Advisers**"), who are also acting as joint financial advisers to KIT in the Proposed Transactions.

Each of the KMC Acquisition and the Combination is an "interested person transaction" (as defined in Chapter 9 of the Listing Manual of the SGX-ST ("**Listing Manual**")) of KIT and would require separate approvals of KIT Unitholders (other than KIT Unitholders who are interested persons) at an extra-ordinary general meeting ("**EGM**") of KIT to be convened. The Equity Fund Raising is also subject to the approval of KIT Unitholders to be obtained at the same EGM.

It should be noted that the unitholders' approval of the Combination is conditional upon the unitholders' approval of the KMC Acquisition. The approval of the KMC Acquisition is conditional upon the approval of the Equity Fund Raising. However, the completion of the KMC Acquisition and the completion of the Combination are not inter-conditional on each other, and provided the relevant conditions precedent are fulfilled, the KMC Acquisition may be completed without the Combination.

³ Prior to the Equity Fund Raising for the KMC Acquisition. Does not include Temasek's deemed interests through Keppel Corporation Limited.

⁴ Includes KIT Unitholders in possession of the CIT Units.

Under the terms of the CitySpring Contract, CIT shall undertake a one-time pre-completion distribution of S\$30 million to CIT Unitholders and, before the Equity Fund Raising, a one-time post-completion distribution of S\$30 million to its expanded base of unitholders. KIT Unitholders who receive CIT Units as part of the Combination will receive their share of this post-completion distribution.

In support of the Proposed Transactions, KI, the sponsor of KIT has agreed that the KIT Trustee-Manager shall only charge its acquisition fee for the KMC Acquisition and shall waive its divestment fee for the CitySpring Contract. Temasek, the sponsor of CIT, will not receive any compensation for relinquishing its role as trustee-manager of CIT.

3. RATIONALE AND BENEFITS OF THE PROPOSED TRANSACTIONS

3.1 The KMC Acquisition

The KMC Acquisition demonstrates KI's commitment to KIT as a sponsor, by creating a suitable investment that generates stable cashflows for KIT whilst preserving the option for KIT to enjoy potential upside from the Singapore power sector in the future.

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

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

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

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

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

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

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

Based on the pro forma financials for 1 January to 31 December 2013, the DPU (as defined at Section 6.1 of this Announcement) following the KMC Acquisition and the Equity Fund Raising is at least 7.86 cents.

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

Following the completion of the KMC Acquisition, KIT's consolidated asset base is expected to increase to over S\$2 billion.

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

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

3.2 The Combination

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

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

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

In addition, the KIT Trustee-Manager believes that CIT's assets are highly strategic. City Gas (as defined in Section 5.1 of this Announcement) is the sole producer and retailer of town gas, and SingSpring (as defined in Section 5.1 of this Announcement) is the first large-scale seawater desalination plant in Singapore, while Basslink (as defined in Section 5.1 of this Announcement) is the only electricity interconnector between Tasmania to mainland Australia. These assets serve fundamental needs and are not easily replicated.

Both SingSpring's and Basslink's operating cash flows are underpinned by availability based capacity payments under the Water Purchase Agreement (as defined in 5.2(b) of this Announcement) and the Basslink Services Agreement (as defined in 5.2(c) of this Announcement), respectively.

SingSpring and Basslink generate revenues from PUB (as defined in Section 5.2(b) of this Announcement) and Hydro Tasmania (as defined in Section 5.2(c) of this Announcement), respectively, both of whom are government related entities of good credit. City Gas, on the other hand, benefits from a large and diversified base of retail and industrial customers, thereby reducing its credit exposure to any single customer.

City Gas is the sole provider of piped town gas for non-contestable consumers, including residential consumers. The large existing customer base provides a steady recurring source of revenue as residential demand for piped gas is relatively stable. City Gas' tariff setting mechanism is regulated and designed to enable it recover its fuel costs over the period of time,

although short term fluctuations in revenue can occur due to timing difference between fuel price movements and tariff review periods.

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

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

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

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

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

The Combination will further enlarge and diversify KIT's portfolio, with the Combined Trust being the largest Singapore infrastructure-focused business trust and the second largest business trust listed in Singapore in terms of total assets. The Combined Trust would be the flagship investment vehicle for investors looking to get exposure to Singapore infrastructure.

After the completion of the Proposed Transactions, the Combined Trust's total assets are expected to further expand to over S\$4 billion and the market capitalisation would increase to over S\$1.9 billion⁵, which will further strengthen the Combined Trust's ability to pursue even larger acquisitions.

Moreover, the issue of CIT Units to KIT Unitholders in connection with the Combination will expand the free float of the Combined Trust and enhance the liquidity of the Combined Trust units, which could make the Combined Trust more attractive to investors.

3.3 Benefits from continued Keppel's sponsorship

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

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

As KI's businesses are complementary to that of the Combined Trust, the KIT Trustee-Manager believes that the Combined Trust will continue to benefit from KI's sponsorship in the following

⁵Based on the VWAP for KIT (S\$1.0446 as of 13 November 2014) and VWAP for CIT (S\$0.4960 as of 13 November 2014), respectively, for the 180-day period ended on 13 November 2014 and assuming an S\$525 million Equity Fund Raising. This statement should not be interpreted to mean that the Combined Trust will trade at such market capitalization at the completion of the transaction.

ways: (i) draw on KI's expertise and network in sourcing for and evaluating acquisitions; (ii) tap into KI's operational expertise in managing and operating CIT's assets; (iii) the first right of refusal to acquire assets developed or incubated by KI will help expand the Combined Trust's acquisition pipeline; and (iv) potential co-investment opportunities with KI.

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

Any transaction with KI will be on an arm's length basis, in accordance with the unitholders' mandate for interested party transactions.

4. THE KMC ACQUISITION

4.1 Information on KMC and the KMC Plant

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

The KMC Plant has been operating since 2007. The KMC Plant was constructed in two phases. Phase I of KMC has a generation capacity of 500MW, and commenced commercial operation in 2007. Phase II involved an addition of 820MW, which commenced commercial operations in 2013. The audited net tangible assets ("**NTA**") of KMC as at 31 December 2013 was approximately S\$151.7 million as KMC is now principally funded by shareholders' loan of S\$1.1 billion. The audited net profit after tax of KMC for the financial year ended 31 December 2013 was approximately S\$102.2 million.

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

4.2 Information on Keppel Energy and Keppel Electric

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

4.3 The KMC SPA

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

(a) KMC Purchase Consideration

The purchase consideration (the "**KMC Purchase Consideration**") for the 51% interest in KMC is S\$510 million, comprising S\$255 million for the KMC Sale Shares and S\$255 million for interest-bearing notes to be issued by KMC to KIT on the KMC Completion Date.

The KMC Purchase Consideration is payable wholly in cash on the KMC Completion Date and was negotiated on a willing-buyer and willing-seller basis between Keppel Energy and the KIT Trustee-Manager, based on an enterprise value of S\$1.7 billion for KMC, less a S\$700 million loan⁶, having regard to the future cash-flows to be generated by KMC after the Restructuring and the risk profile of KMC as an entity post-Restructuring.

(b) KMC Completion Date

The KMC Completion Date is expected to be in the second quarter of 2015.

(c) Conditions precedent

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

- (i) the approval of KIT Unitholders for the KMC Acquisition and the Equity Fund Raising;
- (ii) the receipt by Keppel Energy and/or KIT of all necessary consents and approvals required under any and all applicable laws for the sale of the KMC Sale Shares and the issuance of the notes in the aggregate principal amount of S\$500 million by KMC, and to give effect to the transactions contemplated in the KMC SPA;
- (iii) the Restructuring (further details of which are set out in Section 4.3(d) below) having been duly completed prior to, or on, the KMC Completion Date;
- (iv) the successful completion of the Equity Fund Raising or successful drawdown of an equity bridge loan agreement, in order to fund the KMC Purchase Consideration; and
- (v) the successful drawdown of the Facility Agreement (as defined at Section 4.3(d)(v) of this Announcement) of S\$700 million by KMC on the KMC Completion Date.

(d) Restructuring of KMC

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

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

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

- (i) the execution of the CTA by KMC and Keppel Electric;
- (ii) the execution of the Operations and Maintenance Service Agreement ("**OMSA**") by KMC and KMC O&M Pte. Ltd. ("**KMC O&M**"), which is an indirect, wholly-owned subsidiary of KI;

⁶The S\$700 million loan is to replace existing loans from KMC's related corporations. Please see also Clause 4.3(d)(v) of this Announcement.

- (iii) the transfer by KMC to KMC O&M of its employees who are in charge of operations and maintenance of the KMC Plant;
- (iv) the novation of certain agreements of KMC to Keppel Electric, such as its gas sales agreement with Keppel Gas Pte Ltd to supply piped natural gas as fuel to power the KMC Plant, and the execution of a master settlement agreement by KMC and Keppel Electric whereby Keppel Electric will assume the risks and benefits of fuel price and foreign exchange hedging arrangements that were put in place by KMC; and
- (v) a capital restructuring exercise to be carried out by KMC whereby it will replace existing loans from its related corporations with (a) the notes to be issued by KMC to KIT, Keppel Energy, Keppel Electric and Keppel Infrastructure Services and (b) credit facilities from commercial banks by signing a facility agreement for S\$700 million with financial institutions in Singapore ("**Facility Agreement**").

4.4 The CTA

It is envisaged that the principal terms of the CTA will include, among others, the following:

- (a) Keppel Electric (also known as the "**Toller**") will pay an availability-based capacity fee and a fixed O&M fee indexed to the Consumer Price Index (collectively, the "**Tolling Fees**") to KMC, in return for KMC making available the KMC Plant's electricity generation capacity. Under the CTA, the maximum capacity fee that KMC will receive is S\$108 million a year as long as KMC meets the availability and capacity test targets, with most of KMC's operating costs being passed through. The capacity fee does not have any indexation mechanisms. The availability target is set annually and take into account provision for downtime (i.e. when the KMC Plant will not be available for generating electricity) for plant testing, and planned and unplanned maintenance works;
- (b) the terms of the CTA are designed to ensure the costs of planned maintenance of the KMC Plant, fuel costs and fuel availability risk to run the KMC Plant are 'effectively passed' through and borne by the Toller. In addition, using the fixed O&M fee received from the Toller, KMC will bear the economic costs of paying KMC O&M as the operator of the KMC Plant, insurance premiums and property taxes associated with owning the KMC Plant and costs of maintaining its property leases and regulatory licences. The fixed O&M fee is indexed to Singapore CPI;
- (c) the duration of the CTA shall be for an initial term of 15 years from the completion date of the KMC SPA. The Toller is given certain rights to give a matching offer if KMC proposes to source for a third party to enter into a new capacity toller agreement after the CTA expires. If KMC cannot find such a third party within a prescribed time period, the Toller is given an option (but has no obligation) to extend the duration of the CTA by a 10-year period at the same terms; and
- (d) during the contract period of the CTA, the Toller may make a proposal to KMC to incur major capital expenditure to upgrade the KMC Plant ("**Required Modification**"). If KMC elects not to participate in the Required Modification, the Toller has the right to undertake the upgrading works at the Toller's sole costs without reducing the Toll Fees payable to KMC. If the Toller exercises such a right, in order for it to recover its costs, the Toller has the option (but has no obligation) to extend the duration of the CTA by a 20-year period at the same terms.

4.5 The OMSA

With effect from the KMC Completion Date, it is envisaged that the OMSA between KMC and KMC O&M will take effect for an initial term of 20 years with an operator extension option. KMC O&M will be responsible for maintaining the parts of the KMC Plant that are not under the purview of the ALSTOM group which is maintaining the gas turbine and steam turbine assemblies of the KMC Plant. KMC O&M is part of Keppel Infrastructure Services, which houses the technical support and Operations & Maintenance (O&M) capabilities within the KI group of companies.

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

In consideration of the due performance by KMC O&M of the aforesaid services, KMC shall pay to KMC O&M, a fixed O&M fee which shall be indexed to the Singapore CPI. KMC will also reimburse KMC O&M for costs of unplanned maintenance and repair works not included in the AOMP.

4.6 Method of Financing

The KIT Trustee-Manager intends to fund the KMC Acquisition either from the gross proceeds of the Equity Fund Raising to be subsequently undertaken, or from an equity bridge loan facility that it will seek to enter into with financial institutions.

5. THE COMBINATION

5.1 Information on CitySpring Infrastructure Trust

CIT was been established with the principal objective of investing in infrastructure assets and providing unitholders with long-term, regular and predictable distributions and the potential for long-term capital growth.

CIT's portfolio comprises 100% of City Gas Trust ("**City Gas**"), 70% of SingSpring Trust ("**SingSpring**"), 100% of Basslink Pty Ltd ("**Basslink**") (including 100% of Basslink Telecoms), 100% of CityNet Infrastructure Management Pte. Ltd. ("**CityNet**") and 100% of CityDC Pte Ltd ("**CityDC**").

5.2 Information on CIT assets

(a) City Gas Trust

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

(b) SingSpring Trust

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

(c) Basslink

Basslink's undersea electricity interconnector "**Basslink Interconnector**", which is the only electricity interconnector between Tasmania and mainland Australia, became fully operational in April 2006. Basslink Pty Ltd entered into a 25-year term Basslink Services Agreement ("**Basslink Services Agreement**"), which term commenced in April 2006, with Hydro-Electric Corporation ("**Hydro Tasmania**"), an entity owned by the State of Tasmania. The facility fee for Basslink under the Basslink Services Agreement is indexed to inflation, is largely based on availability of the Basslink Interconnector and is independent of utilisation. Since July 2009, the Basslink telecoms network has provided wholesale telecommunications services between Hobart, Tasmania and Melbourne, Victoria in Australia.

(d) CityNet Infrastructure Management

CityNet was awarded a mandate by SingTel to act as the trustee-manager of NetLink Trust ("**NetLink Trust**") on 22 July 2011. CityNet (in its capacity as trustee-manager of NetLink Trust) carries on the business of owning, installing, operating and maintaining the assets for the purpose of facilitating telecommunication activities. CityNet's appointment as the trustee-manager of NetLink Trust was recently extended to another three (3) years till 2017. This may be extended or terminated in accordance with the trust deed constituting NetLink Trust⁷.

(e) CityDC

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

⁷ Singapore Telecommunications Limited remains the 100% unitholder of NetLink Trust.

5.3 The CitySpring Contract

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

- (a) the approvals of KIT Unitholders and CIT Unitholders for the Combination;
- (b) the approval, consent or confirmation of no objection by the various regulatory authorities in Singapore and Australia for the Proposed Transactions, including (i) the Energy Market Authority (with respect to City Gas and KMC), (ii) the PUB (with respect to SingSpring's seawater desalination plant and Ulu Pandan plant), (iii) the National Environmental Agency (with respect to the Senoko and Tuas incineration plants), (iv) the Infocomm Development Authority of Singapore (with respect to CityNet, the trustee-manager of NetLink Trust), and (v) the Minister for Planning for the State of Tasmania, Australia and the Minister for Environment and Climate Change for the State of Tasmania, Australia (with respect to BassLink);
- (c) the approval of the SGX-ST for (i) the Cityspring Contract as "a very substantial acquisition" for CIT and (ii) the listing and quotation of the CIT consideration units on the Main Board of the SGX-ST;
- (d) the confirmation by Hydro Tasmania, to the extent applicable, that it has no objection to the change of control of Basslink, a subsidiary of CIT which owns and operates the Basslink Interconnector; and
- (e) the KIT Trustee-Manager successfully entering into either (i) a management and underwriting agreement for the Equity Fund Raising, or (ii) an equity bridge loan facility agreement which will provide loan facilities to the Combined Trust to pay for the KMC Purchase Consideration (as defined in Section 4.3(a) of this Announcement). Such agreement to be entered into by the KIT Trustee-Manager shall be novated to CIT upon completion of the Combination.

The Combination is expected to be in the second quarter of 2015.

5.4 Consideration receivable by KIT Unitholders

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

As the Combination is an acquisition of the entire assets of KIT, the KIT Trustee-Manager and CSIM had valued the KIT Assets using the market capitalisation of KIT as the benchmark. The swap ratio is derived using the 180-day volume weighted average price ("**VWAP**") of CIT Units and KIT Units on SGX-ST as at 13 November 2014⁸ to determine the market capitalisations of CIT and KIT respectively and based on 1,518,893,062 total units issued by CIT and 629,781,279 total units issued by KIT respectively on the same date.

The KIT Trustee-Manager shall make an *in-specie* distribution to KIT Unitholders of the consideration CIT Units received by KIT after the completion of the Combination. KIT Unitholders can therefore expect to receive 2.106 CIT Units for every KIT Unit held by them on a record date to be fixed prior to the completion date of the CitySpring Contract.

⁸ Being the last full trading day of both KIT and CIT prior to the date of this Announcement.

6. THE FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS AND THE EQUITY FUND RAISING

6.1 Assumptions and bases of comparison

The pro forma financial effects of the KMC Acquisition and the Equity Fund Raising on the net asset value ("**NAV**") per KIT Unit, the distribution per KIT Unit ("**DPU**") and the capitalisation of KIT presented below are **strictly for illustrative purposes** and were prepared based on the audited financial statements of KIT for the financial year ended 31 December 2013 (the "**KIT Audited Financial Statements**") and the audited financial statements of KMC for the financial year ended 31 December 2013, as well as the following assumptions:

- (a) the Equity Fund Raising will comprise the issue of new KIT Units through a combination of a Placement and Preferential Offering to eligible existing KIT Unitholders to raise gross proceeds of up to S\$525 million to fund the KMC Acquisition and its related expenses;
- (b) the Restructuring of KMC will take place as described in Section 4.3(d) of this Announcement;
- (c) as part of the Restructuring, KMC would incur external debt of S\$700 million at an all-in interest cost of 2.50% per annum; and
- (d) for purpose of the Combination, 1,326,319,374 consideration CIT Units will be issued for the KIT Assets based on an exchange ratio of 2.106 CIT Units for every 1 KIT Unit.

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

- (i) in relation to the NAV and the NAV per KIT Unit, is computed as at 31 December 2013, as if the respective transaction(s) had been completed on 31 December 2013;
- (ii) in relation to the distributable income of KIT and the DPU, is computed for the financial year ended 31 December 2013, as if KIT had completed the respective transaction(s) on 1 January 2013, and held the assets which were the subject of such acquisition(s) through to 31 December 2013; and
- (iii) in relation to the capitalisation of KIT, is computed as at 31 December 2013, as if KIT had completed the respective transaction(s) on 31 December 2013.

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

The pro forma financial effects of the KMC Acquisition and the Equity Fund Raising (excluding the Combination) on the NAV per KIT Unit, the DPU and the capitalisation of KIT are as follows:

	Effects of the KMC Acquisition and the Equity Fund Raising	
	Before the KMC Acquisition and the Equity Fund Raising	After the KMC Acquisition and the Equity Fund Raising
NAV (S\$'000)	627,636	1,137,636 ⁽¹⁾
NAV per KIT Unit (S\$)	1.00	0.98 ⁽¹⁾ / ⁽²⁾
Total Distribution (S\$'000)	49,249	91,257 ⁽¹⁾
DPU (cents)	7.82	7.86 - 8.09 ⁽³⁾
Capitalisation (S\$'000)	654,973 ⁽⁴⁾	1,908,043 ⁽¹⁾ / ⁽⁵⁾

Notes:

- (1) Assuming an Equity Fund Raising to raise gross proceeds of S\$525 million.
- (2) Based on a total number of 1,161,579,525 KIT Units, post an Equity Fund Raising of S\$525 million.
- (3) Based on an Equity Fund Raising to raise gross proceeds of S\$475 million to S\$525 million and debt of \$50 million to Nil at interest rate of 3% per annum.
- (4) Based on the market closing price of KIT units on 13 November 2014 and no debt outstanding.
- (5) Based on the market closing price of KIT Units on 13 November 2014 and debt outstanding of S\$700 million.

6.3 Pro forma financial effects of the sale of KIT Assets and distribution-in-specie of consideration CIT Units

The pro forma financial effects of the sale of KIT Assets and distribution-in-specie of consideration CIT Units on the NAV per KIT Unit, the DPU and the capitalisation of KIT are as follows:

	Effects of the sale of KIT Assets and distribution-in-specie of consideration CIT Units		
	Before the sale of KIT Assets	After the sale of KIT Assets and receipt of the consideration CIT Units	After the distribution-in-specie of consideration CIT Units
NAV (S\$'000)	627,636	659,854	2,000 ⁽²⁾
NAV per KIT Unit (S\$)	1.00	1.05 ⁽¹⁾	Nm ⁽³⁾
Total Distribution (S\$'000)	49,249	-	657,854 ⁽⁴⁾
DPU (cents)	7.82	-	104.46 ⁽⁴⁾
Capitalisation (S\$'000)	654,973 ⁽⁵⁾	654,973 ⁽⁵⁾	-

Notes:

- (1) Based on a total number of 629,781,279 KIT Units.
- (2) Estimated cash for winding up expenses. Any remaining cash balance after winding up will be transferred to CIT.
- (3) Less than S\$0.01.
- (4) Distribution-in-specie to KIT Unitholders based on the consideration CIT Units received.
- (5) Based on the market closing price of KIT units on 13 November 2014 and no debt outstanding.

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

The pro forma financial effects of the Proposed Transactions (i.e. the KMC Acquisition and the Combination) and the Equity Fund Raising on the NAV per Unit and the DPU of CIT based on the audited financial statements for CIT for the financial year-ended 31 March 2014 are as follows:

	Effects of the Proposed Transactions and the Equity Fund Raising		
	Before the Proposed Transactions and the Equity Fund Raising	After the Combination but before the KMC Acquisition and Equity Fund Raising	After the Proposed Transactions and the Equity Fund Raising
⁹ NAV per CIT Unit (S\$)	0.23	0.34 ⁽¹⁾⁽²⁾	0.37 ⁽³⁾⁽⁴⁾
¹⁰ DPU (cents)	3.28	3.73 ⁽²⁾⁽⁵⁾	3.73 - 3.79 ⁽⁵⁾⁽⁶⁾⁽⁷⁾

Notes:

- (1) Assuming a pre-Combination distribution of S\$30 million and transaction expenses of S\$14 million.
- (2) Based on a total number of 2,845,212,436 CIT Units, post-Combination.
- (3) Assuming an Equity Fund Raising to raise gross proceeds of S\$525 million and post-combination distribution of S\$30 million
- (4) Based on a total number of 3,940,400,902 CIT Units, post-Combination and an Equity Fund Raising to raise gross proceeds of \$525 million.
- (5) After taking into account the savings in trustee-manager's fees of approximately S\$3.6 million due to CIT's revised trustee-manager fee structure, and additional distribution of approximately S\$3 million.
- (6) Based on an Equity Fund Raising to raise gross proceeds of S\$475 million to S\$525 million and debt of \$50 million to Nil at interest rate of 3% per annum.
- (7) Based on a total number of 3,940,400,902 to 3,836,097,238 CIT Units, post-Combination.

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

	Effects of the Proposed Transactions and the Equity Fund Raising		
	Before the Proposed Transactions and the Equity Fund Raising	After the Combination but before the KMC Acquisition and Equity Fund Raising	After the Proposed Transactions and the Equity Fund Raising
DPU (cents)	7.82 ⁽¹⁾	7.86	7.86 - 7.98

Notes:

- (1) Based on the total distribution for the period from 1 April 2013 to 31 March 2014

⁹ Figures from CIT's announcement dated 18 November 2014.

¹⁰ Figures from CIT's announcement dated 18 November 2014.

6.5 The KMC Acquisition as a Major Transaction

Under Chapter 10 of the Listing Manual, the relative figures for the KMC Acquisition under Rules 1006 (a) to (e) (based on the unaudited consolidated financial statements of KIT for the nine-month period ended 30 September 2014) are as follows:

Criteria	KMC Acquisition	KIT	Relative Percentage
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable	Not applicable	Not applicable
(b) The net profits attributable to the assets acquired, compared with the group's net profits (S\$'million)	8.6 ⁽¹⁾	10.5	81.9%
(c) The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares (S\$'million)	510.0	655.5	77.8%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable	Not Applicable	Not Applicable
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable	Not Applicable	Not Applicable

Note:

⁽¹⁾ For a more meaningful comparison, the net profits of KMC is derived based on a 51% interest in the pro forma financials assuming the legal documentation for the KMC Restructuring had been implemented. The effect of KMC issuing the notes to its shareholders is not taken into account as it will be eliminated upon the consolidation of KMC and its parent entity.

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

7. INTERESTED PERSON TRANSACTION

7.1 Interested Person Transactions

Under Chapter 9 of the Listing Manual, where KIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of KIT's latest audited NTA, KIT Unitholders' approval is required in respect of the transaction. Based on the KIT Audited Financial Statements, the NTA of KIT was S\$627.6 million as at 31 December 2013. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by KIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$31.4 million, such a transaction would be subject to KIT Unitholders' approval. Given the estimated aggregate consideration for the KMC Acquisition and the Combination is S\$1,168 million, the value of the Proposed Transactions exceeds the said threshold.

The KMC Acquisition

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

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

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

The Combination

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

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

7.2 Independent Financial Adviser

An independent financial adviser (the "IFA") will be appointed to advise the independent directors of the KIT Trustee-Manager (the "**Independent Directors**") and the audit committee of the KIT Trustee-Manager (the "**Audit Committee**") on whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

7.3 Audit Committee's Statement

The Audit Committee of the KIT Trustee-Manager (comprising Mr Paul Ma Kah Woh, Mr Alan Ow Soon Sian and Ms Quek Soo Hoon) will be obtaining an opinion from the IFA before forming its views in relation to the Proposed Transactions, which will be set out in the circular to be issued by KIT to Unitholders.

8. HISTORICAL FINANCIAL INFORMATION OF KMC

As a disclosure required under Chapter 10 of the Listing Manual for the Proposed Transactions, please refer to the Appendix of this Announcement for the historical financial information of KMC for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013.

Unitholders should nonetheless take note that the historical financial information of KMC as set out in the Appendix is not in any manner representative of the investment that KIT is proposing to make in KMC as the Restructuring of KMC that will be implemented will render the past financial performance of KMC irrelevant for KIT. Instead, Unitholders should refer to the pro forma financial information to be set out in a circular to KIT's Unitholders which would be prepared on the basis that the KMC Acquisition and the Equity Fund Raising been completed on the last day of KIT's latest audited financial statements.

9. OTHER INFORMATION

9.1 Other interested person transactions

The value of all existing interested person transactions between KIT and Keppel Energy and their subsidiaries and the associates of KCL for the current financial year is approximately S\$97.9 million.

There were no interested person transactions between KIT and CIT and their subsidiaries for the current financial year.

9.2 Interests of the Directors and Substantial Unitholders

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

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

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

Notes:

1. Based on the total number of 629,781,279 issued and fully paid KIT Units as at the date of this Announcement.
2. Not meaningful.

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

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

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

Notes:

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

9.3 Directors' service contracts

No person is proposed to be appointed as a director of the KIT Trustee-Manager in connection with the Transactions or any other transactions contemplated in relation to the Proposed Transactions.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the KIT Trustee-Manager (prior appointment with the KIT Trustee-Manager will be required) at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 from the date of this Announcement up to and including the date falling three (3) months after the date of this Announcement:

- (a) the KMC SPA;
- (b) the CitySpring Contract; and
- (c) the KIT Audited Financial Statements.

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

11. CIRCULAR

Subject to the SGX-ST's approval, further details on the Proposed Transactions and the Equity Fund Raising will be set out in the Circular to be issued to KIT Unitholders in due course, together with a notice of the extraordinary general meeting that the KIT Trustee-Manager proposes to convene for the purpose of seeking KIT Unitholders' approvals in connection with the Proposed Transactions and the Equity Fund Raising.

12. CAUTION IN TRADING

KIT Unitholders are advised to exercise caution in trading their KIT Units as the Proposed Transactions and Equity Fund Raising are subject to certain conditions and there is no certainty or assurance as at the date of this Announcement that the Proposed Transactions and Equity Fund Raising will be completed. The KIT Trustee-Manager will make the necessary announcements when there are further developments on the Proposed Transactions and Equity Fund Raising.

KIT Unitholders are advised to read this Announcement and any further announcements by KIT carefully. KIT Unitholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

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

Ng Wai Hong / Winnie Mak
Company Secretaries
18 November 2014

APPENDIX

HISTORICAL FINANCIAL INFORMATION OF KMC

Unitholders should take note that the historical financial information of KMC as set out in this Appendix is not in any manner representative of the investment that KIT is proposing to make in KMC as the Restructuring of KMC that will be implemented will render the past financial performance of KMC irrelevant for KIT. Instead, Unitholders should refer to the pro forma financial information to be set out in a circular to KIT's Unitholders which would be prepared on the basis that the KMC Acquisition and the Equity Fund Raising been completed on the last day of KIT's latest audited financial statements.

Statement of Comprehensive Income

S\$'000	Audited FY 2013	Audited FY 2012	Audited FY 2011
Revenue	986,842	843,599	741,588
Cost of sales	(830,636)	(713,410)	(643,472)
Gross profit	156,206	130,189	98,116
Other income/(expenses)	(16,935)	(13,123)	(11,950)
Finance costs	(16,986)	(8,305)	(13,273)
Profit before income tax	122,285	108,761	72,893
Income tax	(20,127)	(18,898)	(4,625)
Profit for the year	102,158	89,863	68,268

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss:

Cash flow hedges	35,916	(19,549)	(232)
Income tax relating to components of other comprehensive income	-	524	459
Other comprehensive income, net of tax	35,916	(19,025)	227
Total comprehensive for the year	138,074	70,838	68,495

Statement of Financial Position

S\$'000	Audited FY 2013	Audited FY 2012	Audited FY 2011
Non-current assets			
Plant and equipment	1,209,213	1,116,974	762,424
Other non-current assets	3,008	1,359	86
Total non-current assets	1,212,221	1,118,333	762,510
Current assets			
Trade and other receivables	207,737	195,809	180,786
Inventories	26,404	17,707	15,881
Cash and cash equivalents	56,344	17,328	66,122
Total current assets	290,485	230,844	262,789
Total assets	1,502,706	1,349,177	1,025,299
Current liabilities			
Trade and other payables	242,621	225,552	174,019
Loans payable to related companies	-	351,000	46,351

Income tax payable	-	331	433
Total current liabilities	242,621	576,883	220,803
Non-current liabilities			
Loan payable to related companies	972,776	580,490	646,750
Deferred tax liabilities	125,451	99,621	81,246
Other non-current liabilities	10,182	18,581	17,736
Total non-current liabilities	1,108,409	698,692	745,732
Equity			
Share capital	*	*	*
Hedging reserve	12,724	(23,192)	(4,167)
Retained earnings	138,952	96,794	62,931
Total equity	151,676	73,602	58,764
Total equity and liabilities	1,502,706	1,349,177	1,025,299

*less than S\$1,000.