



## CITYSPRING INFRASTRUCTURE TRUST RESULTS FOR THE QUARTER ENDED 30 JUNE 2011

**Singapore, 1 Aug 2011** – CitySpring Infrastructure Management Pte Ltd (“Trustee-Manager”), the Trustee-Manager of CitySpring Infrastructure Trust (“CitySpring”), had explained in its Trading Update issued on 28 June 2011 that this quarter’s results would be affected by significant fuel costs under-recovery at City Gas Trust (“City Gas”), one-off payments and the negative Commercial Risk Sharing Mechanism (“CRSM”)<sup>1</sup> payments.

In line with this Trading Update, the cash earnings recorded for the first quarter ended 30 June 2011 (“1Q FY12”) was S\$3.6 million. The 1Q FY12 cash earnings was affected by, as explained in the Trading Update, the significant fuel costs under-recovery at City Gas, one-off S\$3.8 million upfront fees for re-financing of the corporate loan and City Gas senior term loan, A\$1.9 million (approximately S\$2.5 million) costs for a marine cable survey which is required once in two years, and negative CRSM of A\$4.9 million (approximately S\$6.4 million).

The Trustee-Manager has maintained a distribution per unit (“DPU”) of 1.05 Singapore cents for the quarter, which is in line with its guidance. This translates to a total distribution amount of S\$10.3 million for the period, unchanged from the same period last year.

### Summary of Results

(S\$'000)	1Q FY12	1Q FY11	Change (%)
Revenue	110,664	103,870	6.5
Other income	994	700	42.0
Other losses – net	(1,219)	(7,420)	83.6
Total expenses	(123,872)	(106,315)	(16.5)
Loss before income tax	(13,433)	(9,165)	(46.6)
Income tax expense	(862)	(12,691)	93.2
Net loss after tax	(14,295)	(21,856)	34.6
Cash earnings <sup>2</sup>	3,626	17,800	(79.6)
DPU (cents)	1.05	1.05	-

<sup>1</sup> Commercial Risk Sharing Mechanism (“CRSM”) is a mechanism provided under the Basslink Services Agreement (“BSA”) between Hydro Tasmania and Basslink for the sharing of the market risk associated with participating in the National Electricity Market of Australia. The objective of the parties in setting this mechanism was for the net payments to be zero in the long term, though there is no assurance such objective could be met. However, in the short term, CRSM payments could fluctuate and affect the revenues of Basslink under the BSA. CRSM payments are based on the differences between the high and low Victorian electricity pool prices, subject to a maximum of a 25% increase (i.e., a payment to Basslink) and 20% decrease (i.e., a payment from Basslink) of the unadjusted facility fee under the BSA.

<sup>2</sup> Cash earnings is defined as EBITDA adjusted for cash and non-cash items, less cash interest, cash tax, upfront financing fees and maintenance capital expenditure and before principal repayment of debt and non-controlling interest.

City Gas, CitySpring's town gas production and retail subsidiary, was affected by periodic fluctuations in fuel costs, which reduced its cash earnings for the first quarter. Such short term fluctuations in cash earnings take place quarter to quarter due to a time-lag in the adjustment of gas tariffs to reflect actual fuel cost. For 1Q FY12, City Gas recorded cash earnings of S\$4.1 million compared to S\$13.1 million in 1Q FY11. Reflecting its strong operating performance, City Gas recorded 3.9% higher average daily town gas sales volume in 1Q FY12, compared to 1Q FY11. As announced on 30 June 2011, City Gas has obtained approval from the Energy Market Authority to increase its town gas tariff by 9% with effect from 1 August 2011.

SingSpring Trust reported stable cash earnings of S\$4.4 million in 1Q FY12 compared to S\$4.1 million in 1Q FY11. The water desalination plant achieved 100% availability during the period.

Basslink Pty Ltd ("Basslink") posted a negative A\$0.5 million cash earnings in 1Q FY12 compared to A\$2.5 million in 1Q FY11. This decline in cash earnings was mainly attributable to the negative CRSM payment of A\$4.9 million, offset by contributions from Basslink Telecoms. Basslink also incurred costs for a marine cable survey which is required to be performed once every two years.

## **Capital Management**

To strengthen CitySpring's financial position and position it for growth, the Trustee-Manager has on 30 June 2011 announced a renounceable rights issue to raise net proceeds of approximately S\$204.8 million (the "Rights Issue"). This will be used to reduce the gearing of the CitySpring Group, giving it the flexibility to prepay or refinance the bonds issued by Basslink or to provide support for the refinancing of Basslink, as well as for the Group's general corporate purposes as the Trustee-Manager may determine.

The Trustee-Manager has, on 15 July 2011, received in-principle approval from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the rights units on the Main Board of the SGX-ST. This in-principle approval is subject to the approval of Unitholders at an Extraordinary General Meeting to be convened on 8 August 2011.

## **Recent Development**

Commenting on the appointment of CityNet Infrastructure Management Pte Ltd, ("CityNet"), a wholly owned subsidiary of CitySpring Infrastructure Trust, as the trustee-manager of NetLink Trust, which will own telecommunications infrastructure assets to be transferred from Singapore Telecommunications Limited, Mr Tong Yew Heng, Chief Executive Officer of the Trustee-Manager said, "We believe that CityNet's trustee-manager role of NetLink Trust is a unique, valuable opportunity to manage telecommunication infrastructure assets in Singapore, which could be leveraged for future investment and growth in the telecommunication sector in Singapore and elsewhere."

## **Distribution Books Closure Date**

The Books Closure Date for the distribution of 1.05 Singapore cents per unit for 1Q FY12 is 10 August 2011\*, and payment to Unitholders of the distribution will be made on 31 August 2011.

\* The Books Closure Date for the Rights Issue is 15 August 2011. The SGX-ST has granted a waiver of the requirement under Rule 704(25) of the SGX-ST Listing Manual that there must be at least eight market days between the dates on which books are closed. The waiver was granted on the ground that the earlier Books Closure Date for the distribution will give unitholders the option of receiving the distribution before deciding whether to participate in the Rights Issue or sell their entitlements under the Rights Issue.

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## **About CitySpring Infrastructure Trust**

CitySpring ([www.cityspring.com.sg](http://www.cityspring.com.sg)) is the first infrastructure trust registered with the Monetary Authority of Singapore. As a pioneer in a new asset class in Singapore, and with the sponsorship of Temasek Holdings, CitySpring aims to position itself as a leading player in a growing sector and achieve significant growth through acquisitions. It has been established with the principal objective of investing in infrastructure assets and providing unitholders with long-term, regular and predictable distributions.

CitySpring's assets comprise 100% of City Gas Trust ([www.citygas.com.sg](http://www.citygas.com.sg)), the sole producer and retailer of town gas and the sole user of the low-pressure piped town gas network in Singapore, 70% of SingSpring Trust ([www.cityspring.com.sg/assets\\_ss.html](http://www.cityspring.com.sg/assets_ss.html)), the sole supplier of desalinated water to the Public Utilities Board, Singapore's national water agency and 100% of Basslink ([www.basslink.com.au](http://www.basslink.com.au)), the electricity interconnector linking Tasmania to mainland Australia.

CitySpring (Reuters: CITY.SI, Bloomberg: CITY SP) has been listed on the Main Board of the Singapore Exchange Securities Trading Limited ([www.sgx.com](http://www.sgx.com)) since 12 February 2007.

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