

**CitySpring Infrastructure Trust
First Day of Trading Ceremony
12 February 2007, 1.40pm
Singapore Exchange**

**Remarks by Ms Ho Ching
Executive Director & CEO, Temasek Holdings (Pte) Ltd**

Mr Hsieh Fu Hua, CEO of the Singapore Exchange

Mr Sunny Verghese, Chairman of CitySpring

Ladies and gentlemen

Good afternoon, and welcome to the launch of trading for the CitySpring Infrastructure Trust.

Introduction

1 CitySpring Infrastructure Trust is the first infrastructure business trust registered with the Monetary Authority of Singapore (MAS).

2 CitySpring will enable not just institutions, but also retail investors to participate in the long-term growth of Asia and Singapore. This investment product will add to the diversity of Singapore's capital markets and support Singapore's growth as a regional and global financial hub¹.

¹ Since the launch of Singapore's first S-REIT four and a half years ago in July 2002, the S-REIT industry has now grown to 15 REITs with more than S\$26 billion in market capitalisation. Likewise, there is significant opportunity for the infrastructure business trust industry to grow as a new asset class in tandem with the increasing demand for infrastructure in Asia.

Infrastructure Business Trusts as a New Asset Class

3 The MAS has paved the way for infrastructure financing through Singapore's capital markets.

4 Under the Business Trust Act of 2004, a business trust can distribute pay-outs from its surplus cash rather than be limited by the accounting profits of the business. This makes it an attractive investment platform for a mature asset-rich infrastructure which is generating strong and predictable cash flows against high accounting depreciation.

5 Cash flows from such stable infrastructure assets can provide attractive yields for investors and mutual fund managers.

6 In addition, the tax incentives introduced by the MAS at the end of last year will further promote the use of Singapore's capital market to finance infrastructure projects in the region.

7 These developments have enabled infrastructure business trusts to be developed as a new asset class for investors. Such infrastructure trusts will also enable infrastructure owners, promoters or sponsors to access a long-term pool of global and regional capital to finance the growing demand for infrastructure in Asia.

Asia's Infrastructure Demands

8 In 2005, infrastructure investments accounted for some 60% of the lending by the Asian Development Bank (ADB)². To quote the ADB: “Commerce cannot thrive and the poor cannot improve their lives using potholed roads, archaic phone systems, weak irrigation and distant sources of drinking water³.”

9 According to the ADB estimates, East Asia and South Asia will require US\$250 billion every year for the next 4 years to fund new infrastructure as well as to maintain existing facilities⁴. These include electricity, telecommunications, major road and rail networks to connect cities, as well as water and sanitation for the public⁵. To cite an example, with its rapid urbanisation⁶, 250 kilometres of new roads are required each day in Asia.

10 East Asian developing countries will need an estimated US\$165 billion annually between 2006 and 2010. For South Asia, with its projected annual growth rate of 7.5% over the next few years, US\$88 billion is needed each year. Nearer home, the Southeast Asian region would require around US\$33 billion per annum to fund infrastructure needs.⁷

² Source : Asian Development Bank Annual Report 2005

³ Source : Asian Development Bank Annual Report 2005

⁴ Source: Asian Development Bank, World Bank, Japan Bank for International Cooperation, 2005

⁵ Source : Asian Development Bank, World Bank, Japan Bank for International Cooperation, 2005

⁶ Source: “Urbanisation and sustainability in Asia” by Asian Development Bank, 2006

⁷ Source : Asian Development Bank, World Bank, Japan Bank for International Cooperation, 2005

11 As such demands outstrip supply; governments are increasingly looking to the private sector and the global market to invest in new and existing infrastructure assets. Market liberalisation and the entry of new operators have also created opportunities for stand-alone infrastructure investments.

A Platform for Infrastructure Investments

12 Against this backdrop of rapid urbanisation, privatisation and market liberalisation in Asia, I am very happy and pleased that Temasek is pioneering this infrastructure trust product. CitySpring serves as an attractive platform for Temasek to invest in a diversified range of infrastructure in Asia. It fits well with our investment theme of tapping on the growing Asian economies and represents our commitment to Asia's growth and development.

13 Through CitySpring, we have created another opportunity for us to both contribute to, and benefit from the development of Asia and Singapore. For this, I owe deep thanks to the Temasek team driving this effort. Their perseverance, dedication, and innovation have created an attractive platform for us and our new investors.

Conclusion

14 In conclusion, Singapore is a full-service international financial centre with more than 500 local and foreign financial institutions⁸ providing a broad range of financial intermediaries and investment products.

15 As a new asset class, CitySpring Infrastructure Trust will add to the depth and vibrancy of the Singapore's capital market. I look forward to the growth of this asset class to meet the needs of yield-oriented investors and mutual funds from both Singapore and the global market.

16 May I congratulate the Board and Management of the Trustee-Manager and the many others who have worked very hard on making today's listing possible. I wish them all the very best for their journey ahead.

17 I thank all of you here today too for joining us on this happy occasion.

⁸ Source: Monetary Authority of Singapore