Keppel Infrastructure Trust

Scaling to Deliver

Report to Unitholders 2018

Vision

To be the preferred infrastructure business trust, serving as a trusted partner to our stakeholders.

Mission

Guided by the Keppel Group's operating principles and core values, we will create value for our investors by growing a well-diversified portfolio of infrastructure assets that generates long-term, regular and sustainable distributions.

Keppel Group's Operating Principles

1. Best value propositions to customers.
2. Tapping and developing best talents from our global workforce.
3. Cultivating a spirit of innovation and enterprise.
4. Executing our projects well.
5. Being financially disciplined to earn best risk-adjusted returns.
6. Clarity of focus and operating within our core competence.
7. Being prepared for the future.

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Scaling to Deliver

We are scaling up our competencies as well as building up our portfolio of infrastructure assets and businesses to generate long-term stable cash flows. We will focus on executing and delivering on our growth initiatives to create value for all our stakeholders.

Key Figures for 2018

Distributable Cash Flows (DCF)

$141.2m

DCF was slightly lower year-on-year (YoY) mainly due to time lag in adjustment of gas tariffs to reflect actual fuel cost at City Gas.

Funds From Operations (FFO)

$161.1m

FFO declined 9.3% YoY mainly due to the March 2018 outage at Basslink. KIT does not rely on Basslink's cash flows for its distributions.

Waste Recycled

10,122 tonnes

Scrap metal is collected at our Waste-to-Energy plants for recycling, reducing demand for raw materials.

Distribution Per Unit (DPU)

3.72cts

DPU remained stable YoY, underpinned by a portfolio of infrastructure assets and businesses that provide resilient returns to Unitholders.

Distribution Yield

7.7%

Based on DPU of 3.72 cents and the Unit closing price of $0.485 on the last trading day of 2018.

Energy From Renewable Sources

5.0%

KIT seeks to increase usage of green energy as part of its total energy consumption.

Hedged Loans

91.0%

Hedged loans allow KIT to mitigate potential interest rate volatility.

Gearing

40.6%

Gearing remained at a sustainable level.

Average Training Hours Per Full-Time Employee

12.8hrs

Ongoing training and development ensure employees stay up to date with relevant skills in a fast-changing business landscape.

Financial Highlights

Financial Summary
for the financial year ended 31 December

	2018 $'000	2017 $'000	Change %
Total distribution	**143,518**	143,490	0.0
Distribution per Unit (cents)	**3.72**	3.72	–
Distribution yield[1] (%)	**7.7**	6.5	18.5
Funds from operations[2]	**161,105**	177,672	(9.3)
Distributable cash flows	**141,190**	144,229	(2.1)

Balance Sheet
for the financial year ended 31 December

	2018 $'000	2017 $'000	Change %
Total assets	**3,805,007**	3,956,416	(3.8)
Total liabilities	**2,626,751**	2,644,522	(0.7)
Unitholders' funds	**1,052,476**	1,152,935	(8.7)
Market capitalisation[1]	**1,871,275**	2,217,993	(15.6)
Number of Units in issue ('000)	**3,858,298**	3,857,379	0.0
Net asset value per Unit (cents)	**27.3**	29.9	(8.7)
Adjusted net asset value per Unit (cents)[3]	**32.5**	35.4[4]	(8.2)

1 Based on Unit closing price of $0.575 and $0.485 on the last trading days of 2017 and 2018 respectively.
2 Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capex, non-cash adjustments and non-controlling interest adjustments.
3 Based on net asset value before hedging and translation reserves.
4 2017 number restated to take into account effect of new accounting framework.

Corporate Profile and Strategic Direction

Keppel Infrastructure Trust (KIT) is a business trust listed on the Singapore Exchange with $3.8 billion of assets under management (AUM) as at 31 December 2018. On 19 February 2019, KIT completed the acquisition of Ixom HoldCo Pty Ltd (Ixom), one of the leading industrial and infrastructure businesses in Australia and New Zealand. Including Ixom, KIT's AUM would be $5.2 billion.

KIT's stable base of strategic infrastructure assets provides essential products and services to a wide multitude of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers.

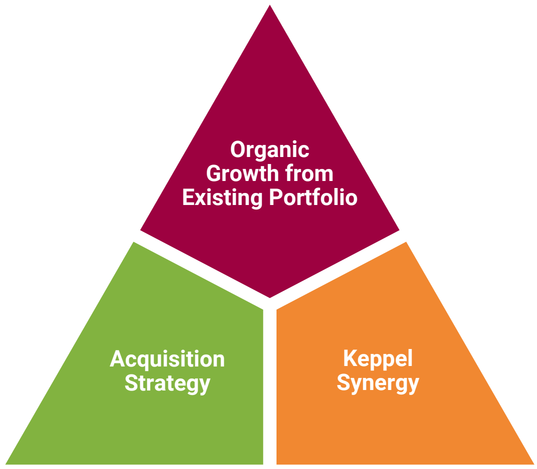
KIT's assets are segmented into three categories, namely: Energy, Distribution & Network, and Waste & Water.

The Energy and Waste & Water segments consist of assets that are integral to the provision of power, waste treatment and water purification. The contract terms for these assets are backed by recurring fixed capacity/availability payments, providing KIT with stable and defensive cash flows.

Assets in the Distribution & Network segment provide essential products and services in the areas of gas production, telecoms and electricity transmission, data centres and manufacturing and distribution of critical water treatment chemicals. These assets are well-positioned to deliver resilient cash flows with potential for growth that is supported by favourable market dynamics and demand over the long term.

Keppel Infrastructure Trust's long-term strategic goal is to deliver sustainable returns to its Unitholders, through a combination of recurring distributions and capital growth over the long term.

The Trustee-Manager will harness the synergies of our three-pronged growth strategy to deliver on its goal towards long-term value creation.



Organic Growth from Existing Portfolio

Solid Stable Base
- Stable cash flows
- Scale and liquidity
- Strong balance sheet

Potential Upsides
- Organic growth of City Gas from expected growth of public and private residential units in Singapore
- Favourable long-term industry trends underpinning growth at Ixom

Keppel Synergy

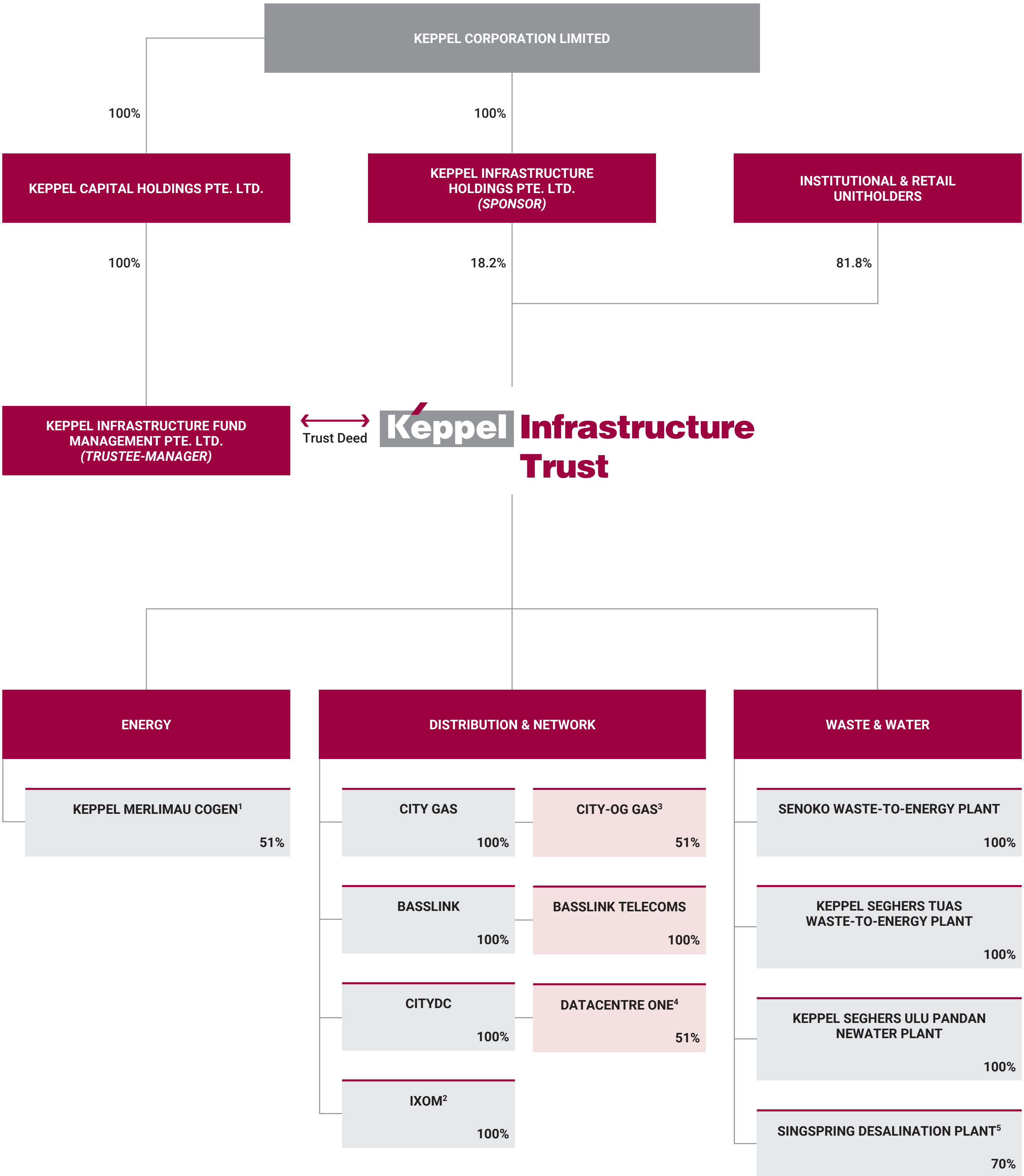
Keppel Capital
- Bridge financing
- Co-investment and incubation opportunities
- Non-energy and non-environmental opportunities

Keppel Infrastructure (Sponsor)
- Keppel Group's energy and environmental infrastructure arm
- Operations and maintenance, as well as development and industry expertise
- Rights of First Refusal for 49% of KMC, as well as other assets owned and developed by Sponsor
- Co-investment and incubation opportunities

Acquisition Strategy

- Businesses/assets that generate long-term, stable cash flows with potential for growth
- Businesses/assets with creditworthy off-takers or a large and stable customer base
- Investment characteristics:
  - Availability-based assets
  - Equity, equity-linked as well as customised sale and leaseback transactions
  - Inflation-linked assets
  - Defensive industrial infrastructure
  - Businesses with infrastructure-like characteristics
- Selected greenfield investments with experienced operators and limited construction exposure

Trust Structure



Notes:
1 Keppel Energy Pte. Ltd. holds the remaining 49% equity interest in Keppel Merlimau Cogen.
2 On 19 February 2019, KIT completed the acquisition of 100% of shares in Ixom HoldCo Pty Ltd.
3 Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City-OG Gas Energy Services Pte. Ltd.
4 WDC Development Pte. Ltd. holds the remaining 49% equity interest in DataCentre One.
5 Hyflux Ltd holds the remaining 30% equity interest in SingSpring Trust.

Chairman's Statement

This is the start of an exciting growth journey for Keppel Infrastructure Trust, as we embark on our strategy to increase our portfolio exposure to businesses that will enhance our long-term value proposition of delivering sustainable returns to Unitholders.

Dear Unitholders,

On behalf of the Board and management of the Trustee-Manager, Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), I am pleased to present Keppel Infrastructure Trust's (KIT) annual report for the financial year ended 31 December 2018.

Delivering Sustainable Performance
2018 was an eventful year, with the latter half dominated by growing trade tensions and interest rate hike concerns, resulting in global market volatilities and a demanding operating environment.

Notwithstanding the challenges, KIT maintained a steady distribution per Unit (DPU) of 3.72 cents, which translated to a distribution yield of 7.7% based on the Unit closing price of $0.485 as at the last trading day of 2018. The stable performance is underpinned by KIT's highly defensive and resilient businesses, as well as predictable and stable cash flows. At the same time, these businesses present potential growth upside.

On 15 November 2018, we announced the proposed acquisition of Ixom HoldCo Pty Ltd (Ixom), which was approved by Unitholders at an extraordinary general meeting (EGM) on 12 February 2019. The acquisition was completed on 19 February 2019. The strategic addition of Ixom will provide KIT with stable cash flows over the longer term.

Optimising Operational Excellence
During the year, we regrouped KIT's assets into three core sectors to provide the investment community greater clarity of KIT's businesses. The three sectors are:

- **Energy:** Keppel Merlimau Cogen (KMC)
- **Distribution & Network:** City Gas, Basslink, DataCentre One and Ixom
- **Waste & Water:** Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant and SingSpring Desalination Plant

On the operational front, KMC achieved 98.9% contractual availability in 2018. In KIT's Distribution & Network sector, City Gas continued to grow, driving stable cash flows for KIT. As a provider of essential services of town gas, its client base saw sustained growth of 3.5% year-on-year (YoY) to reach 840,000 customers by end-2018, while town gas consumption rose 0.9% YoY to 1,746 million kWh. City Gas' Senoko Gasworks plant also achieved 100% plant availability in 2018. DataCentre One also fulfilled its contractual performance requirements in 2018 and received full lease payments.

In Australia, Basslink's Commercial Risk Sharing Mechanism was also positive for 2018 at 3.5% due to increased volatility in the electricity market in Victoria. Regrettably, there was an unplanned outage in March 2018 as a result of equipment damage by a third-party contractor during routine maintenance work. Relevant costs relating to this outage are covered by insurance.

In relation to the December 2015 outage of the Basslink interconnector, Basslink received Notices of Dispute from the State of Tasmania (the State) and Hydro Tasmania (HT) in 2018 alleging that it had breached the Basslink Operations Agreement (BOA) and Basslink Services Agreement (BSA). On 14 September 2018, Basslink issued a Notice of Dispute to HT asserting a breach of the BSA by HT, and seeking to recover withheld monies from HT. Basslink has in good faith tried to resolve the disputes in accordance with the BOA and BSA. Unfortunately, the disputes have not been resolved and have since been referred to arbitration.

On 30 November 2018, Cable Consulting International (CCI), one of the world's leading submarine power cable experts, completed a further independent investigation and report into the December 2015 cable failure. The exact cause of the subsea cable failure that led to the December 2015 outage of the Basslink interconnector continues to be described as "cause unknown" by CCI, entirely refuting the allegations made by HT and the State. The CCI Report further supports Basslink's view that the cable failure was a force majeure event under both the BSA and BOA. Basslink has since provided the complete CCI Report to HT and the State.

Based on the current circumstances and professional advice received, Basslink has defended and will continue to defend

Koh Ban Heng
Chairman

the claims made against it by HT and the State, and advance its claim to recover withheld monies from HT. At the same time, Basslink continues to engage and work with HT with respect to ongoing operational matters. Currently, KIT does not rely on Basslink for distributions. Nonetheless, we are working towards an outcome where Basslink will start to contribute to KIT.

Meanwhile, all our Singapore-based concession assets in the Waste & Water sector met their contractual performance requirements in 2018 and received full availability payments for the year.

Scaling to Deliver
On the acquisition of Ixom, the company is amongst the leading industrial infrastructure businesses in Australia and New Zealand. It supplies and distributes water treatment chemicals which are key to fundamental industries including dairy, agriculture and mining, as well as industrial and specialty chemicals to more than 8,000 customers across diverse industries.

Ixom is a robust, stable and defensive business with potential for long-term growth, and is a logical fit with KIT's existing portfolio of infrastructure assets. It increases KIT's exposure towards going concern and growing businesses, as well as strengthens KIT's overall portfolio mix.

This is the start of an exciting growth journey for KIT, as we embark on our strategy to increase KIT's portfolio exposure to businesses that will enhance our long-term value proposition of delivering sustainable returns to Unitholders through a combination of regular distributions and capital growth.

Committing to Sustainable Practices
We are committed to best practices in environmental, social and governance (ESG) matters. Sustainability is considered in all aspects of KIT's operations and

business decisions. During the year, we further enhanced our practices and sharpened our focus on KIT's sustainability targets.

The Board of Directors has reviewed and approved the material ESG issues for KIT and considers them as part of KIT's strategy formulation. At the same time, the Board oversees the management and monitoring of these issues and evaluates them periodically.

I am also pleased to report that we have performed better than our accident frequency and severity targets as we proactively worked with our operations & maintenance contractors to continue upholding safety performance and promoting workplace safety. There were no fatal incidents in 2018.

As Singapore pushes efforts to enhance the nation's preparedness against cyber intrusions, KIT too has strengthened its cybersecurity strategy and continues to implement key initiatives covering critical information infrastructure. This includes putting in place measures to prevent, detect, respond to and recover from cybersecurity threats and potential incidents.

Acknowledgements

On 1 July 2018, Mr Matthew Pollard joined us as CEO of KIFM. Mr Pollard has over 28 years of investment banking, direct investment and entrepreneurial experience, as well as deep expertise and experience in the energy, power, renewables and infrastructure sectors.

The strategic addition of Ixom will provide KIT with long-term stable cash flows underpinned by multiple core assets and a well-positioned network of infrastructure.

1

2

1
City Gas continued to grow in 2018, driving stable cash flows for KIT.

2
Ixom is a robust, stable and defensive business with potential for long-term growth.

We would like to thank the former CEO, Mr Khor Un-Hun, for his service and contributions to the Trust from 2014 to 2018. I am also pleased to welcome Ms Cindy Lim Joo Ling, Director of Group Corporate Development at Keppel Corporation Limited, and Managing Director of Keppel Urban Solutions, on our Board as a non-executive director since 18 July 2018. We look forward to leveraging both Ms Lim and Mr Pollard's experience and know-how in KIT's next stage of growth.

I would also like to thank my fellow Board members for their wise counsel and management, as well as our management and staff for their contributions, dedication and commitment. My heartfelt gratitude to all our Unitholders and business partners for your continued confidence and support over the years.

2019 will be an exciting year for KIT as we look to continue driving growth and sustainable returns for Unitholders over the long term. Our goal remains unchanged—to be the preferred infrastructure business trust, serving as the trusted partner to our stakeholders, and we look forward to having you alongside on our growth journey.

Yours sincerely,

Koh Ban Heng
Chairman
Keppel Infrastructure Fund Management Pte. Ltd. (as Trustee-Manager of Keppel Infrastructure Trust)
28 February 2019

Board of Directors

Board Committees

- (A) Audit and Risk Committee
- (N) Nominating and Remuneration Committee
- (C) Conflicts Resolution Committee

Koh Ban Heng, age 70
Chairman and Independent Director

A N

Date of first appointment as a director:
1 May 2015

Length of service as a director (as at 31 December 2018):
3 years 8 months

Board Committee(s) served on:
Audit and Risk Committee (Member);
Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Applied Chemistry),
Post-Graduate Diploma in Business Administration, University of Singapore

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Tipco Asphalt Company PLC (listed on the Stock Exchange of Thailand)

Other principal directorships
Keppel Infrastructure Holdings Pte. Ltd.;
Chung Cheng High School Ltd

Major Appointments (other than directorships):
Advisor of Dialog Group Bhd

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Keppel Energy Pte. Ltd.;
Singapore Petroleum Venture Private Limited;
Singapore Refining Company Private Limited;
Linc Energy Ltd;
Cue Energy Resources Limited (listed on the Australian Securities Exchange)

Others:
Nil

Thio Shen Yi, age 52
Independent Director

N C

Date of first appointment as a director:
11 February 2010

Length of service as a director (as at 31 December 2018):
8 years 11 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Chairman);
Conflicts Resolution Committee (Member)

Academic & Professional Qualification(s):
Master of Arts, University of Cambridge;
Barrister at Law (Middle Temple), England;
Senior Counsel;
Master of the Bench of The Honourable Society of The Middle Temple, England;
Fellow of the Singapore Institute of Arbitrators;
Fellow of the Singapore Academy of Law

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
TSMP Law Corporation (Joint Managing Partner);
OUE Realty Pte Ltd;
St John's Cambridge (Singapore);
Law Society Pro Bono Services Limited

Major Appointments (other than directorships):
Immediate Past President, Law Society of Singapore;
Senate Member of the Singapore Academy of Law;
Chair, International Relations Committee, Law Society of Singapore;
Panel of Arbitrators of the Singapore International Arbitration Centre;
Chairman, Corporate Social Responsibility Sub-Committee, Singapore Academy of Law;
Member, SIAC Users Council

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
The Community Justice Centre;
CWG International Limited

Others:
Nil

Mark Andrew Yeo Kah Chong, age 56
Independent Director

A

Date of first appointment as a director:
1 August 2015

Length of service as a director (as at 31 December 2018):
3 years 5 months

Board Committee(s) served on:
Audit and Risk Committee (Chairman)

Academic & Professional Qualification(s):
Master of Arts, Oxford University;
Master of Laws, National University of Singapore;
Advanced Management Programme, INSEAD

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Changi Airports International Pte Ltd

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
CitySpring Infrastructure Management Pte. Ltd. (the Trustee-Manager of CitySpring Infrastructure Trust)

Others:
Nil

Daniel Cuthbert Ee Hock Huat, age 66
Independent Director

C A

Date of first appointment as a director:
18 May 2015

Length of service as a director (as at 31 December 2018):
3 years 7 months

Board Committee(s) served on:
Conflicts Resolution Committee (Chairman);
Audit and Risk Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Science (Systems Engineering) (First Class Honours), University of Bath, UK;
Master of Science (Industrial Engineering), National University of Singapore

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Olive Tree Estates Limited;
Ascendas Funds Management (S) Limited (the Manager of Ascendas REIT)

Other principal directorships
Singapore Mediation Centre

Major Appointments (other than directorships):
Worldwide Marriage Encounter

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Citibank Singapore Limited;
CitySpring Infrastructure Management Pte. Ltd. (the Trustee-Manager of CitySpring Infrastructure Trust);
Singapore Institute of Directors

Others:
Member, Securities Industry Council (2006 – 2015);
Deputy Chairman, Securities Industry Council (2012 – 2015)

Kunnasagaran Chinniah, age 61
Independent Director

N C

Date of first appointment as a director:
1 August 2015

Length of service as a director (as at 31 December 2018):
3 years 5 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Member);
Conflicts Resolution Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Engineering (Electrical), National University of Singapore;
Master of Business Administration, University of California (Berkeley);
Chartered Financial Analyst®

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Edelweiss Tokio Life Insurance Company Ltd;
Edelweiss Finvest Private Ltd

Other principal directorships
Changi Airports International Pte Ltd;
Edelweiss Financial Services Limited;
Edelweiss Capital (Singapore) Pte Ltd;
Edelweiss Commodities Services Limited;
Edelweiss Agri Value Chain Limited;
Hindu Endowments Board;
Greenko Energy Holdings; Nirlon Limited;
Azalea Asset Management Pte Ltd;
Azalea Investment Management Pte Ltd;
Astrea III Pte Ltd;
Edelweiss Securities Limited; Astrea IV Pte Ltd

Major Appointments (other than directorships):
Consultant, Pavilion Capital International Pte Ltd; Corporate Advisor, Temasek International Advisors Pte Ltd; Advisor, Archipelago Capital Partners Pte Ltd;
Investment Committee Member, Keppel Asia Infra Fund (GP) Pte. Ltd.

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Nil

Others:
Nil

Board of Directors

Christina Tan Hua Mui, age 53
Non-Executive Director

N

Date of first appointment as a director:
15 September 2016

Length of service as a director (as at 31 December 2018):
2 years 4 months

Board Committee(s) served on:
Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
Bachelor of Accountancy (Honours), National University of Singapore;
CFA® Charterholder

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT);
Keppel REIT Management Limited (the manager of Keppel REIT)

Other principal directorships
Keppel Capital Holdings Pte. Ltd.;
Alpha Investment Partners Limited

Major Appointments (other than directorships):
Chief Executive Officer, Keppel Capital Holdings Pte. Ltd.

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited

Others:
Nil

Cindy Lim Joo Ling, age 41
Non-Executive Director

Date of first appointment as a director:
18 July 2018

Length of service as a director (as at 31 December 2018):
0 years 5 months

Board Committee(s) served on:
Nil

Academic & Professional Qualification(s):
Bachelor of Engineering (Mechanical & Production) (Second Upper Honours), Nanyang Technological University;
Executive MBA, Singapore Management University; General Management Programme, Harvard Business School

Present Directorships (as at 1 January 2019):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Keppel Urban Solutions Pte. Ltd.;
Keppel Infrastructure Services Pte. Ltd.

Major Appointments (other than directorships):
Director, Group Corporate Development, Keppel Corporation Limited;
Managing Director, Keppel Urban Solutions Pte Ltd

Past Directorships held over the preceding 5 years (from 1 January 2014 to 31 December 2018):
GE Repair Solutions Singapore Pte. Ltd. (formerly known as GE Keppel Energy Services Pte. Ltd.); Keppel Seghers Engineering Singapore Pte. Ltd.; Travelmore (Pte.) Ltd; Engie Services Singapore Pte. Ltd. (formerly known as Keppel FMO Pte. Ltd.); Keppel Environmental Technology Centre Pte. Ltd.; Prime Steelkit Pte. Ltd.; Kepfels Engineering Pte. Ltd.; Alpine Engineering Services Pte. Ltd.; KMC O&M Pte. Ltd.; Keppel Seghers Pte. Ltd.; Keppel FMO (India) Pte. Ltd; Keppel Seghers O&M Pte. Ltd.; Keppel DHCS O&M Pte. Ltd.

Others:
Nil

The Trustee-Manager

Matthew Pollard, age 51
Chief Executive Officer

Mr Matthew Pollard was appointed Chief Executive Officer (CEO) of the Trustee-Manager with effect from 1 July 2018.

As CEO of the Trustee-Manager, he is responsible for working with the Board to determine the strategy for Keppel Infrastructure Trust (KIT). He works with other members of the Trustee-Manager's management team to execute the stated strategy of the Trustee-Manager.

Mr Pollard joined Keppel Capital Pte. Ltd. (Keppel Capital) as Managing Director, Infrastructure, in November 2017.

Prior to joining Keppel Capital, Mr Pollard spent more than 28 years of his career in investment banking, direct investment and entrepreneurship, 25 of which have been in Asia. He has been involved in the energy, power, renewables and infrastructure sectors his entire career.

Mr Pollard was Founder and Managing Director of Capital Partners Group (Singapore) from 2014 to 2017. He was Head of Infrastructure (Asia) at Arcapita Bank from 2008 to 2013. In addition, he was Chairman of China-based Honiton Energy Group from 2009 to 2015. Prior to joining Arcapita Bank, Mr Pollard held senior positions in the energy and utilities teams of Citigroup, Dresdner Kleinwort, Enron Corp, and Power Pacific Co.

Mr Pollard holds a Master in Business Administration from the University of Chicago and a Bachelor's Degree in Economics from Columbia University in New York.

Eric Ng, age 43
Head, Finance

Mr Eric Ng was appointed Head of Finance of the Trustee-Manager with effect from 16 October 2018.

Mr Ng has more than 18 years of experience in large infrastructure companies, handling roles in group reporting, corporate finance, financial control, corporate tax and treasury.

Prior to joining the Trustee-Manager, Mr Ng was Vice President, Finance, at Hyflux Ltd. Before that, he was Finance Director at Orka Energy Pte Ltd, a geothermal power development company. From 2003 to 2013, Mr Ng held various finance roles within the Singapore Power Group, with his last held role as head of the Group's treasury settlements division. Mr Ng started his career at KPMG Singapore as an auditor.

Mr Ng holds a Master in Business Administration from Alliance Manchester Business School, United Kingdom, and a Bachelor of Accountancy degree from Nanyang Technological University, Singapore. He is also a CFA® Charterholder and a Chartered Accountant of Singapore with the Institute of Singapore Chartered Accountants.

Jacqueline Ong, age 47
Senior Vice President, Investment

Ms Jacqueline Ong has been with the Trustee-Manager since May 2015.

Ms Ong is responsible for origination and execution of deals. She also serves as General Manager of DataCentre One, the joint venture with Shimizu Corporation that has developed and leased out a data centre in Singapore.

Prior to joining the Trustee-Manager, Ms Ong was Vice President, Investments at CitySpring Infrastructure Management Pte. Ltd. From 2011 to 2014, she served as Acting CEO of CityNet Infrastructure Management Pte. Ltd.

Ms Ong was previously Vice President Investments and Economist with AIMAC, an infrastructure fund management company focused on Asian infrastructure. She was responsible for deal sourcing, due diligence, deal finalisation, post-investment management, divestments and analysis of country/sector developments in areas of interest.

Ms Ong was previously a Senior Regional Economist with IDEAglobal, where she helped lead the emerging market research team in macroeconomic analysis and formulating strategies, and regularly conducted seminars and talks for the banking community on various economic issues.

Ms Ong holds a Master's degree in Applied Economics and a Bachelor of Arts degree in Economics/Statistics from the National University of Singapore.

The Trustee-Manager

Marc Liu, age 50
Head, Asset Management

Mr Marc Liu has been with the Trustee-Manager since May 2015.

Mr Liu develops and implements asset management plans to ensure safety, compliance, risk management and emergency response. He is responsible for operational performance and implements asset management plans for KIT's asset portfolio. Mr Liu also leads in the execution of and works on asset enhancement and upgrading projects.

Mr Liu also serves as General Manager of SingSpring Pte. Ltd. the trustee-manager of SingSpring Trust, since 2014.

Prior to joining the Trustee-Manager, Mr Liu was Vice President, Investment, at CitySpring Infrastructure Management Pte. Ltd. Before that, he was Senior Manager, Business Development at City Gas from 2005 to 2006.

Mr Liu received his Masters in Finance from San Diego State University, where he graduated with honours as Beta Gamma Sigma and earned his Bachelor of Economics degree from Shanghai University. He is a CFA® Charterholder.

Kenny Tan, age 52
Chief Executive Officer, City Gas

Mr Kenny Tan has been the CEO of City Gas Pte. Ltd. as trustee of City Gas Trust, since August 2016.

Mr Tan brings with him more than 20 years of experience in the energy industry. He began his career at PowerGas Ltd, which was subsequently divested to City Gas Pte. Ltd. holding several engineering and marketing positions. He moved on to join Gas Supply Pte Ltd as Deputy General Manager in Marketing/Supply and Operations/Engineering.

Mr Tan has held senior appointments as Director of Gas System Operations in SP PowerGrid Ltd, and Head of Energy and Feedstock (Asia Pacific) at Linde Gas Asia Pte Ltd.

Mr Tan holds a Masters in Mechanical Engineering from Nanyang Technological University, Singapore, and a Bachelor of Mechanical Engineering degree with First Class Honours from the University of Bradford, United Kingdom.

Malcolm Eccles, age 49
Chief Executive Officer, Basslink

Mr Malcolm Eccles has been with Basslink since April 2005. Mr Eccles is responsible for determining the overall business and operational strategies of Basslink.

Before his appointment as CEO, Mr Eccles was responsible for all operational and engineering functions on the Basslink Interconnector, including leading the commissioning of the facility.

Prior to joining Basslink, Mr Eccles worked on various projects in Europe, North America and Asia for Siemens Power Services from 2002 to 2005 and British Nuclear Fuels Ltd from 1986 to 2002.

Mr Eccles is a non-executive director of Gippsland Water in Australia and a director and Executive Committee member of the International Cable Protection Committee Ltd.

Mr Eccles is a Chartered Engineer and member of the Institute of Engineering Technology (UK) and a senior member at the Institute of Electrical and Electronic Engineers (USA). He is also a member of the Australian Institute of Company Directors and a Fellow of the Chartered Management Institute (UK).

Mr Eccles holds a Master of Science degree in Electrical Engineering and Management Studies, post-graduate diplomas in project management and strategic management, and is a graduate of the prestigious Advanced Management programme delivered by the Henley Management College (UK).

Operations Review

Keppel Infrastructure Trust is committed to achieve operational excellence as it seeks to deliver stable and sustainable returns to Unitholders.

Energy
Keppel Merlimau Cogen
Refer to page 17

Distribution & Network
City Gas, Basslink, DataCentre One
Refer to page 18

Waste & Water
Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant
Refer to page 22

Portfolio Overview

Keppel Infrastructure Trust (KIT) is committed to ensure smooth operations in the day-to-day management of its assets. The Trustee-Manager actively engages and works closely with its operations & maintenance personnel and contractors for technical, operational, and engineering support.

In doing so, KIT is able to:
- provide sustainable distributions through proactive asset management;
- improve operational efficiencies and quality controls;
- leverage technology to improve operational performances;
- uphold health, safety and environmental standards; and
- strengthen risk management practices through robust business continuity plans and regulatory compliance.

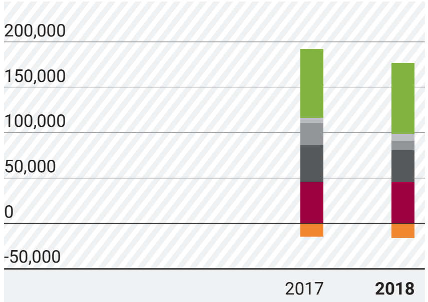
On 15 November 2018, KIT announced the proposed acquisition of Ixom HoldCo Pty Ltd (Ixom). Ixom is one of the leading industrial and infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals as well as industrial and specialty chemicals which are key to fundamental industries. The acquisition of Ixom was completed on 19 February 2019.

Total Assets (%)
as at 31 December 2018

Energy (27.9%)	
KMC[1]	27.9
Distribution & Network (53.4%)	
City Gas	19.6
Basslink	33.1
DataCentre One	0.7
Waste & Water (18.7%)	
Concessions	18.7
Total	**100.0**

[1] Based on KIT's 51% stake in KMC.

Funds from Operations ($'000)



	2017	2018
Energy		
KMC	45,717	**45,141**
Distribution & Network		
City Gas	40,669	**35,257**
Basslink	23,999	**10,397**
DataCentre One	6,006	**7,419**
Waste & Water		
Concessions	75,758	**78,653**
Others		
Others[2]	(14,477)	**(15,762)**
Total	177,672	**161,105**

[2] Comprises mainly Trust expenses.

Keppel Infrastructure Trust's portfolio comprises:

Asset	KIT's Interest	Business	Customer	Contract Terms
Energy				
Keppel Merlimau Cogen Plant (KMC)	51%/Keppel Energy Pte. Ltd. owns 49% interest in KMC	1,300 MW combined cycle gas turbine power plant capacity tolling agreement	Keppel Electric	2030, with option for 10-year extension (underlying land lease till 2035, with option for 30-year extension)
Distribution & Network				
City Gas	100%/City Gas Trust owns 51% interest in City-OG Gas	Sole producer and retailer of town gas	Over 840,000 residential, commercial and industrial customers	n.a.
Basslink	100%/Basslink owns 100% interest in Basslink Telecoms	Owner and operator of the Basslink Interconnector between the States of Victoria and Tasmania	Hydro Tasmania (Owned by the Tasmania state government)	2031, with option for 15-year extension
DataCentre One (DC One)	51%/WDC Development Pte. Ltd. owns 49% interest in DC One	Data centre	1-Net, 100% subsidiary of MediaCorp, national broadcaster	2036, with option for 8-year extension
Waste & Water				
Senoko Waste-to-Energy (WTE) Plant	100%	2,310 tonnes/day waste incineration concession	NEA, Singapore's national environment agency	2024
Keppel Seghers Tuas WTE Plant	100%	800 tonnes/day waste incineration concession	NEA, Singapore's national environment agency	2034
Keppel Seghers Ulu Pandan NEWater Plant	100%	148,000m^3/day[1] NEWater concession	PUB, Singapore's national water agency	2027
SingSpring Desalination Plant (SSDP)	70%/Hyflux Ltd owns 30% interest in SSDP	136,380m^3/day seawater desalination concession	PUB, Singapore's national water agency	2025 (underlying land lease till 2033)

[1] Keppel Seghers Ulu Pandan NEWater Plant has an overall capacity of 162,800m^3/day, of which 14,800m^3/day is undertaken by Keppel Seghers Engineering Singapore.

Energy

The Keppel Merlimau Cogen Plant was the first independent power project to enter the Singapore electricity market.

Revenue

$129.1m

From $129.9 million in 2017

Funds From Operations

$45.1m

From $45.7 million in 2017

Keppel Merlimau Cogen

Overview

Located on Jurong Island, the Keppel Merlimau Cogen Plant (KMC) is a 1,300 MW combined cycle gas turbine generation facility. Since 2007, the facility has delivered to expectations, with a good track record of reliability and efficiency. Connected to Singapore's electricity transmission network, the plant is well-positioned to support the surrounding industries in their electricity, steam supply and demineralised water requirements.

KMC was the first independent power project to enter the Singapore electricity market when the New Energy Market of Singapore was implemented in January 2003, and was constructed in two phases. Phase I has a generation capacity of 500 MW and commenced commercial operation in April 2007. The plant completed an expansion of another two power trains of 400 MW each in March and July 2013 respectively.

KMC entered into a 15-year Capacity Tolling Agreement (CTA) with Keppel Electric after KIT completed its acquisition of a 51% stake in KMC on 30 June 2015, with an option to extend the agreement for a further 10 years. Under the terms of the CTA, KMC receives capacity payment from Keppel Electric for making available the full capacity of the Plant. The capacity payment is paid monthly regardless of actual power production of the plant and does not vary with electricity demand.

The CTA ensures long-term and predictable cash flows for KMC, while allowing most of KMC's operating costs to be passed through.

Operating Review

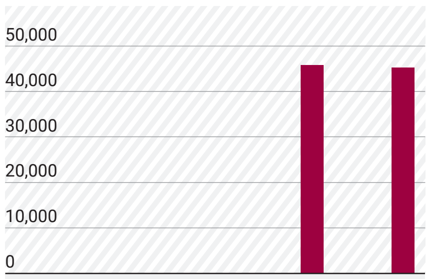
In 2018, the plant achieved a contractual availability of 98.9%, which excluded planned maintenance and outage allowance. There were unplanned maintenance works during the year, which led to slightly lower capacity payments in 2018.

There were zero environmental and health incidents and one reportable workplace safety incident in 2018.

Key Developments in 2018

Achieved a contractual availability of 98.9%.

Funds from Operations ($'000)



	2017	**2018**
KMC	45,717	**45,141**

Operations Review
Distribution & Network

Distribution & Network
The Distribution & Network assets provide essential products and services to commercial, industrial and retail customers.

Revenue

$414.8m

From $405.8 million in 2017

Funds From Operations

$53.1m

From $70.7 million in 2017

City Gas
Overview
City Gas is the sole producer and retailer of town gas, and the sole user of the low-pressure piped town gas supply network in Singapore. Its production facility, Senoko Gasworks, is Singapore's only town gas production facility.

City Gas also retails natural gas to commercial and industrial customers in Singapore, through City-OG Gas Energy Services Pte. Ltd. (City-OG Gas), a joint business venture between City Gas (51%) and Osaka Gas (49%). The City-OG Gas joint venture allows City Gas to combine Osaka Gas' technology and expertise in cogeneration systems and industrial furnaces with City Gas' own customer knowledge and network, to grow the natural gas retail business in Singapore. Its industrial and commercial customers include food and beverage (F&B) establishments, hotels, food processing and manufacturing plants and printing companies.

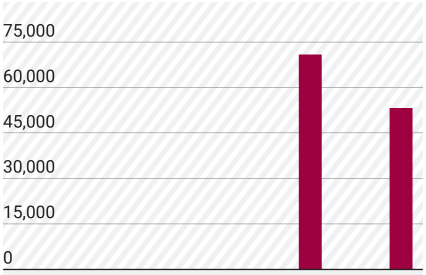
Through its facilities, City Gas provides safe, reliable and clean energy solutions including a variety of energy-efficient gas applications to its broad customer base in the residential, commercial and industrial segments. Residential customers for town gas make up the majority of City Gas' customer base.

Operating Review
City Gas continued to maintain 100% gas production availability at its Senoko Gasworks facility in 2018, supplying a constant energy source for homes and businesses.

Demand for town gas from the residential sector remained healthy in 2018, underpinned by a steady stream of housing supply. To encourage the adoption of gas appliances given their affordability and lower carbon footprint, City Gas continues to market co-branded appliances in various product categories including gas water heaters and gas clothes dryers.

Key Developments in 2018
City Gas customer base grew by 3.5% to more than 840,000 as at the end of 2018.

Funds from Operations ($'000)



	2017	2018
Distribution & Network	70,674	**53,073**

In the public housing segment, City Gas installed gas supply infrastructure for approximately 14,180 newly constructed Housing Development Board flats across 93 Build-To-Order projects. In the private residential segment, City Gas installed gas supply infrastructure for 7,736 private residential homes across 21 condominium developments, with 5,089 units installing gas water heaters, representing a healthy adoption rate of 66%. As at the end of 2018, City Gas' customer base was more than 840,000, up 3.5% from the previous year. The pipeline for new residential homes remains encouraging, with more than 45,000 new units expected over 2019 and 2020 in the combined public and private segments of the market.

In 2018, City Gas expanded its suite of appliances and products in the kitchen safety segment to include a gas leak detector, a smoke detector, and a new fire-fighting supplement with patented technology from Japan. At the same time, City Gas rolled out enhanced products including therapeutic showerheads for its gas water heaters. City Gas also launched a new range of gas hobs in various sizes, materials and burner combinations to suit different household needs, and at affordable price points without compromising design, quality and safety.

As part of ongoing efforts to expand its client base and drive sales, quarterly events were conducted at the City Gas Gallery, along with roadshows at various locations across Singapore. City Gas also partnered Keppel Electric to introduce and extend its range of products to Keppel Electric's customers.

In the commercial sector, City Gas' performance in 2018 continued to be supported by stable margins driven by growth in the F&B and hospitality segments.

City Gas expects earnings from the commercial sector to strengthen in 2019 with the expected opening of major shopping malls giving rise to new town gas demand from F&B outlets. On the hospitality front, more than five hotels are slated to open in 2019, catering to the increasing tourist arrivals in Singapore. City Gas expects these developments to contribute positively to the commercial sector.

In the industrials sector, industry-specific constraints had some impact on operational performance in 2018. At the same time, growth from the food processing industry is expected to plateau after years of consistent growth. The printing industry continues to face challenges from disruptive technologies, though anecdotal indicators suggest that the downturn is bottoming out. Gas consumption from the local electronics segment is expected to stabilise after the completion of energy saving initiatives by a major customer in 2018.

On the industry development front, City Gas continues to engage key industry stakeholders including government agencies, professional engineers, developers and consultants through knowledge-based sharing on gas-related topics. The fourth edition of the City Gas Technical Seminar organised in 2018 was attended by more than 200 industry professionals, with professional engineers making up the majority of attendees.

City Gas will continue to deliver service excellence for its diversified customer base, while exploring new applications and growth initiatives for the commercial and industrial sales sectors.

In 2018, City Gas achieved a zero reportable incident rate with respect to health, safety and environmental issues.

City Gas' performance remains robust, and its customer base grew by 3.5% to more than 840,000 as at the end of 2018.

Operations Review
Distribution & Network


1

Basslink
Overview
Basslink Pty Ltd owns and operates a 370-km high-voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. The Basslink Interconnector allows Tasmania to participate in the National Electricity Market of Australia, as well as to import electricity from Victoria in times of high power demand in Tasmania. Basslink generates long-term and regular cash flows under a 25-year Basslink Services Agreement (BSA) with Hydro Tasmania (HT), an entity owned by the State of Tasmania. The BSA commenced in 2006.

As part of the original construction of the Basslink Interconnector, a 12-core fibre optic telecommunications cable was incorporated in the electricity interconnector. Basslink Telecoms has been offering broadband capacity to telecoms carriers and service providers between Hobart, Tasmania, and Melbourne, Victoria since July 2009.

As the only electricity interconnector between Tasmania and mainland Australia, Basslink enhances the availability and security of electricity supply to both Tasmania and Victoria.

Basslink's principal source of revenue is a facility fee paid monthly by HT for the operation of the interconnector. The facility fee is based on the interconnector's availability and is payable in full if the cumulative availability, based on a calendar year, is equal to or greater than 97%. If the cumulative availability is less than 97%, the facility fee is reduced, with greater deductions as the shortfalls increase and deviate from 97%.

At the same time, the BSA includes a Commercial Risk Sharing Mechanism (CRSM) which allows Basslink to share the market risk associated with participating in the National Electricity Market of Australia with HT. The CRSM payments are based on the differences between the high and low spreads of the Victoria electricity pool prices. The CRSM cap and floor is +12.5% (when payment is made from HT to Basslink) and -12.5% (when payment is made from Basslink to HT) of the unadjusted facility fee.

Operating Review
For 2018, Basslink and Basslink Telecoms achieved an availability of 99.6% and 100% respectively. Basslink also recognised a positive CRSM of 3.5%, due to increased volatility in the energy market in Victoria.

On 25 March 2018, the Basslink Interconnector experienced an unplanned outage as a result of equipment damage by a third-party contractor during routine maintenance work, and returned to service on 5 June 2018. The repair costs incurred and revenue lost during the outage are covered by insurance, subject to the relevant terms of the insurance policy.

Basslink has met all its statutory reporting obligations to, amongst others, the Office of the Tasmanian Energy Regulator, EnergySafe Victoria, and the Australian Energy Regulator for the year.

Basslink is firmly committed to maintain the highest standards of operational performance to ensure a safe and injury-free workplace for its employees, as well as to protect the safety of the public and the environment.

In 2018, Basslink achieved a zero incident rate with respect to health, safety and environmental issues. Basslink has an operational environmental management plan to ensure that its operations are carried out with minimal impact on the environment. It is a requirement for all employees and contractors to be trained in accordance with the plan.

DataCentre One

Overview

KIT owns a 51% stake in DataCentre One through its wholly-owned subsidiary, City DC Pte. Ltd. The remaining 49% stake is held by WDC Development Pte. Ltd., a wholly-owned subsidiary of Shimizu Corporation (Shimizu).

Jointly developed and built by KIT and Shimizu, the 1-Net North data centre was completed on 12 April 2016 and is a Tier 3 (Uptime Institute-certified) and Threat Vulnerability Risk Assessment compliant data centre. It offers over 200,000 sq ft spread across four floors of data centre halls and one floor of office and ancillary space.

1-Net North is a Green Mark Gold[Plus] certified facility under the Green Mark for Data Centres rating system jointly developed by Singapore's Building and Construction Authority and Info-communications Media Development Authority. The rating system recognises performance efficiencies in areas such as energy, water and environment, with a significantly higher emphasis placed on energy performance.

The data centre was handed over to 1-Net Singapore Pte Ltd (1-Net), a wholly-owned subsidiary of MediaCorp Pte Ltd, on the day of completion under a 20-year triple-net lease agreement.

The lease agreement, which was signed on 30 June 2014, commenced the same day the data centre was handed over to 1-Net, and includes an option for further extension.

Operating Review

DataCentre One fulfilled all contractual performance requirements in 2018 and received full lease payments. At the same time, higher distributable cash flows were recognised in the year due to the rental step-up in 2018.

During the year, DataCentre One achieved a zero incident rate with respect to health, safety and environmental issues. All relevant licenses and contracts have also been attained and renewed in a timely manner.

2

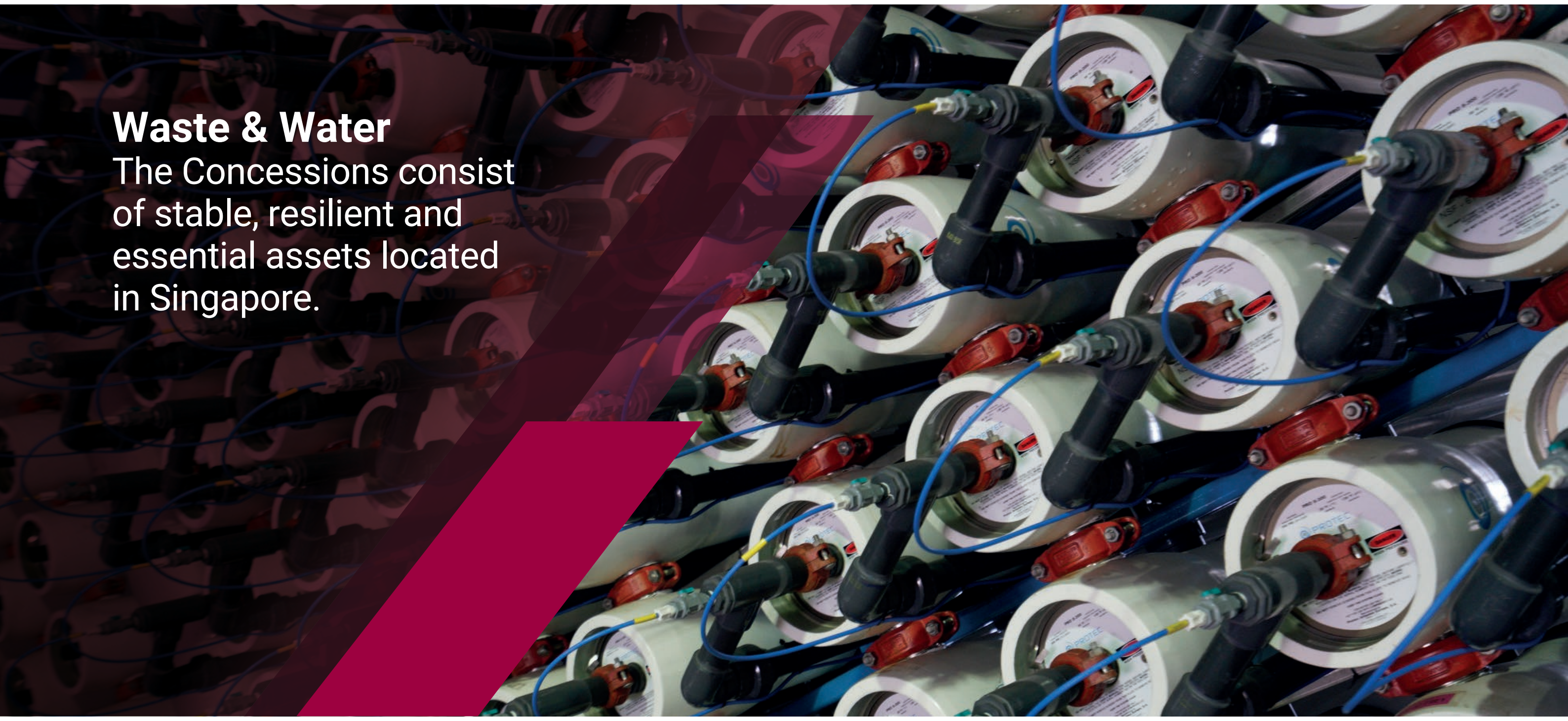
1

Basslink enhances the availability and security of electricity supply to both Tasmania and Victoria.

2

DataCentre One fulfilled all contractual performance requirements in 2018 and received full lease payments.

Operations Review
Waste & Water



Waste & Water
The Concessions consist of stable, resilient and essential assets located in Singapore.

Revenue

$93.5m

From $95.6 million in 2017

Funds From Operations

$78.7m

From $75.8 million in 2017

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant

Overview

The Senoko WTE and Keppel Seghers Tuas WTE Plants have the combined capacity to treat close to half of Singapore's incinerable waste. In diverting waste away from landfills, incineration plants help mitigate greenhouse gas emissions as landfills release methane gas when organic waste decomposes. Modern incineration plants can also reduce the volume of waste by as much as 90%, thus significantly extending the lifespan of landfills. By using waste as fuel, incineration plants produce green energy, helping to reduce dependency on fossil fuels.

The Senoko WTE Plant is the only waste incineration plant located outside of Tuas to serve the eastern, northern and central parts of Singapore. It was acquired by Senoko Trust, which is wholly-owned by KIT, on 31 August 2009.

The Keppel Seghers Tuas WTE Plant is Singapore's fifth waste incineration plant and the first to be built under the National Environment Agency of Singapore's (NEA) Public-Private Partnership initiative. The plant incorporates Keppel Seghers' proprietary technologies such as the air-cooled grate and flue gas treatment system and is the first waste incineration plant in Singapore to showcase proprietary WTE technology from a local company.

Both the Senoko WTE and Keppel Seghers Tuas WTE Plants have long-term Incineration Services Agreements (ISA) with NEA for 15 years (from September 2009), and 25 years (from October 2009) respectively. The majority of their income is from fixed capacity payments, which deliver stable cash flows to the Trust.

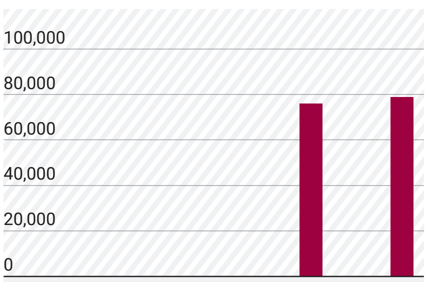
Operating Review

The Senoko WTE and Keppel Seghers Tuas WTE Plants met the required Performance and Customer Service Standards under their respective ISAs in 2018. In addition to full fixed capacity payments from NEA for meeting their Contracted Incineration Capacities (CICs), the plants also received variable payment for refuse incineration service and electricity exported.

Key Developments in 2018

The Concessions fulfilled all contractual obligations in 2018.

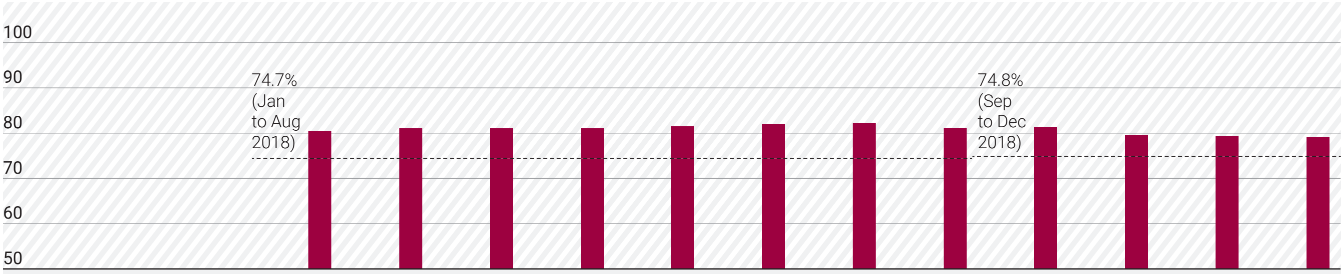
Funds from Operations ($'000)



	2017	**2018**
Waste & Water	75,758	**78,653**

Senoko WTE Plant
Time Availability Factor (12-Month Moving Average) (%)

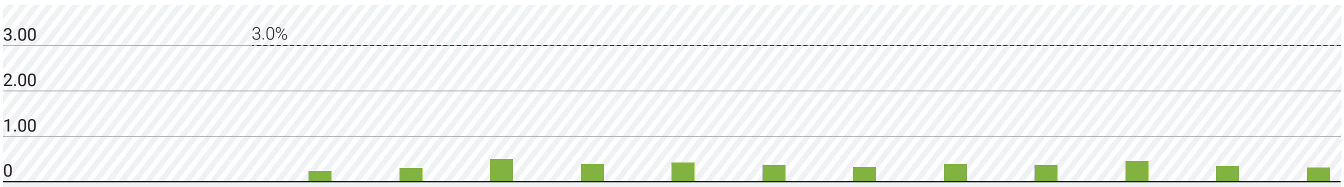
--- Availability required to meet CIC



Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
80.4	81.0	81.0	81.0	81.4	82.0	82.3	81.1	81.3	79.4	79.3	79.0

Senoko WTE Plant
Average Total Organic Content of Bottom Ash (%)

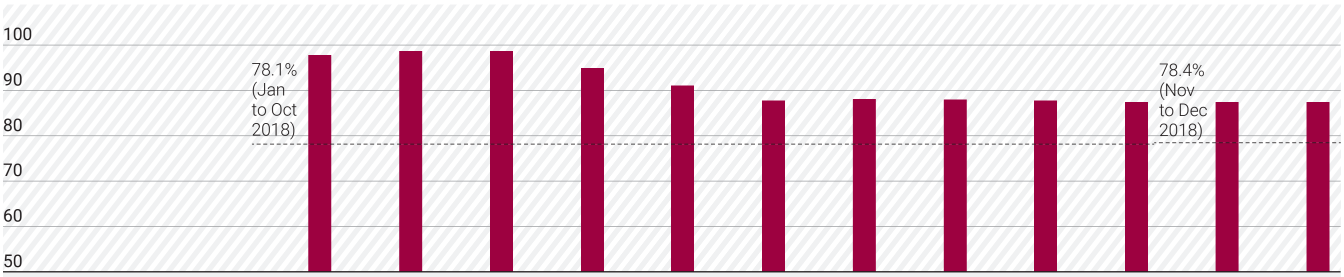
--- Level of organic content in incineration bottom ash at which penalty payment is triggered



Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
0.24	0.30	0.50	0.39	0.42	0.37	0.33	0.39	0.37	0.46	0.35	0.31

Keppel Seghers Tuas WTE Plant
Time Availability Factor (12-Month Moving Average) (%)

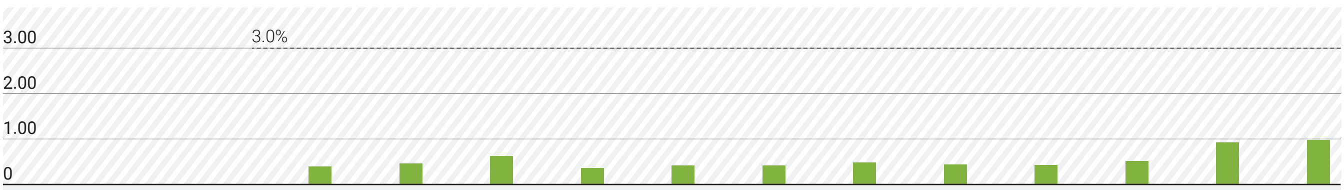
--- Availability required to meet CIC



Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
97.7	98.6	98.6	94.9	91.0	87.7	88.0	87.9	87.7	87.4	87.4	87.4

Keppel Seghers Tuas WTE Plant
Average Total Organic Content of Bottom Ash (%)

--- Level of organic content in incineration bottom ash at which penalty payment is triggered



Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
0.40	0.46	0.63	0.36	0.42	0.42	0.48	0.44	0.43	0.52	0.93	0.98

Operations Review
Waste & Water

During the review period, both plants met the requirements under their respective ISAs. Senoko WTE Plant achieved a Time Availability Factor exceeding the 74.7% threshold (for the ninth contract year ended 31 August 2018) and 74.8% threshold (for the tenth contract year) required to receive full fixed capacity payments from NEA.

Keppel Seghers Tuas WTE Plant achieved a Time Availability Factor above the 78.1% threshold (for the ninth contract year ended 29 October 2018) and 78.4% threshold (for the tenth contract year) required to receive full fixed capacity payments from NEA.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant also met their other obligations under the ISA for the review period. This included average total organic content of bottom ash, turnaround time of refuse trucks and electricity generation.

Both plants achieved Tested Incineration Capacities (TICs) above their CICs. Senoko WTE Plant completed its ninth contract year on 31 August 2018. The new TIC was 3,088 tonnes per day. Keppel Seghers Tuas WTE Plant completed its ninth contract year on 29 October 2018. The new TIC was 1,020 tonnes per day.

There was one reportable workplace safety incident in 2018 at the Senoko WTE Plant.

Keppel Seghers Ulu Pandan NEWater Plant

Overview

KIT, through Ulu Pandan Trust, owns the Keppel Seghers Ulu Pandan NEWater Plant, one of the largest NEWater plants in Singapore. The Keppel Seghers Ulu Pandan NEWater Plant has had a 20-year NEWater Agreement (NWA) with PUB, Singapore's national water agency, since March 2007, and is responsible for meeting the water demands of Singapore's industrial and commercial sectors.

Operating Review

Keppel Seghers Ulu Pandan NEWater Plant received full availability payment in 2018 as the warranted capacity was greater than or equal to 148,000 m^3 per day.

The plant also achieved 100% plant availability in 2018, while fulfilling other requirements under the NWA, namely the required storage level, quality specifications of NEWater and residual waste produced.

Ulu Pandan Trust's cash flows fluctuate with changes in power revenue received from PUB, which is tied to changes in electricity price. To mitigate the fluctuations in electricity price, the Trustee-Manager had taken measures to fix the electricity price in 2018, ensuring stability in cash flows.

The plant features a solar photovoltaic system on its rooftops, which helps lower the carbon footprint of the plant and contributes to the national effort to reduce dependency on non-renewable sources of energy. In 2018, the plant generated close to 1.2 GWh of renewable energy, equivalent to the total energy consumption of approximately 250 four-room HDB households annually.

The Keppel Seghers Ulu Pandan NEWater Plant achieved a zero reportable incident rate with respect to health, safety and environmental issues in 2018.

SingSpring Desalination Plant

Overview

SingSpring Trust, which is 70% owned by KIT, owns SingSpring Desalination Plant, Singapore's first large-scale seawater desalination plant. The remaining 30% equity stake is owned by Hyflux Ltd.

With a supply capacity of 136,380 m^3 of potable desalinated water per day, the SingSpring Plant has been providing close to 10% of Singapore's water needs since it commenced commercial operations in December 2005.

Both WTE plants consistently meet and exceed requirements in their Incineration Services Agreements.

The SingSpring Plant contributes to one of the "Four National Taps" in PUB's strategy to meet Singapore's water needs. The "Four National Taps" are local catchment water, imported water from Johor, NEWater and desalinated water. The SingSpring Plant continues to be an important facility for PUB to ensure sufficient water resources for Singapore, especially during periods of low rainfall.

Located in Tuas, the SingSpring Plant utilises cost and energy-efficient reverse osmosis technology. At the time of its completion, it was the largest membrane-based seawater desalination plant in the world with one of the largest reverse osmosis trains.

The plant also adopts an advanced energy recovery system, which improves its energy-efficiency and cost-effectiveness. SingSpring undergoes periodic reviews and audits by both internal and external parties to ensure its Operations & Maintenance practices are in line with industry standards.

SingSpring ensures that both the quality and quantity of desalinated water it produces meet all the requirements under the Water Purchase Agreement (WPA) with PUB. SingSpring is committed to make available 100% of the plant's water capacity to PUB for the 20-year period of the WPA, which commenced in December 2005.

Operating Review

The SingSpring Plant achieved 100% availability in 2018.

In May 2018, Hyflux Ltd, the parent of the plant's O&M operator Hyflux Engineering Pte Ltd announced its court-supervised process for reorganisation. In light of this development, the Trustee-Manager has stepped up monitoring and put in place various contingency measures to ensure continuity of operations.

SingSpring receives capacity payment from PUB for making available the full water capacity of the plant upon demand. The capacity payment is paid throughout the term of the 20-year WPA, regardless of whether the plant supplies any water to PUB and does not vary with the volume of water supplied. This ensures long-term and predictable cash flows for SingSpring.

SingSpring also receives output payment from PUB for the variable costs in supplying water to PUB. The payment is pegged to the volume of water supplied.

SingSpring completed its annual Net Dependable Capacity Test in October 2018 and met all required benchmarks.

In 2018, there was one reportable workplace safety incident.

Financial Review

Key Figures
KIT delivered a steady and resilient performance in FY 2018.

Group Revenue

$637.4m

Compared to $632.5 million in FY 2017

Group Funds From Operations

$161.1m

Compared to $177.7 million in FY 2017

Group Distributable Cash Flows

$141.2m

Compared to $144.2 million in FY 2017

In FY 2018, the Group reported revenue of $637.4 million, 0.8% higher than FY 2017 Group revenue of $632.5 million. This was mainly due to higher contributions from City Gas as a result of higher town gas tariffs, partially offset by lower fees earned at Basslink due to the service outage in March 2018, which was the result of an incident caused by a third-party contractor. Basslink resumed service on 5 June 2018.

The Group recorded lower profit attributable to Unitholders of the Trust in FY 2018 as compared to FY 2017. The decrease was due to i) lower fees earned at Basslink as a result of the March 2018 service outage, ii) higher fair value loss of derivative financial instruments recognised and iii) lower contributions from City Gas. Despite reporting higher revenue, City Gas recorded a decrease in profits due to rising gas prices throughout 2018 and the time lag in the adjustment of gas tariffs to reflect actual fuel cost.

FY 2018 distributable cash flows of $141.2 million were $3.0 million lower than FY 2017 mainly due to lower contributions from City Gas and project-related costs incurred by the Trust in connection with the acquisition of Ixom. These reductions were partially offset by higher contributions from DataCentre One and the Waste & Water segment.

The Group reported net current liabilities of $712.0 million as at 31 December 2018, $281.1 million higher than net current liabilities of $430.9 million as at 31 December 2017 primarily due to the reclassification of borrowings with maturity in FY 2019 to current liabilities.

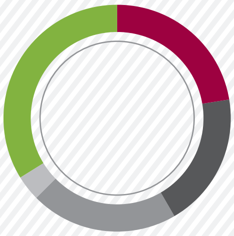
On 18 July 2016, the Group announced that Basslink was unable to meet the minimum Debt-Service Coverage Ratio covenant in the project financing as a result of an unplanned outage in 2015. As a condition of waiver of this event of default, a long-term financing plan is required to be agreed with the banks. The long-term financing plan has yet to be agreed as at 31 December 2018. Discussions have been ongoing with the banking syndicate on the subsisting defaults.

Notwithstanding the above, Basslink is current on its debt payments under the project financing facility. Like other typical project financing structures, there is no contractual recourse to KIT under the facility. Further, KIT does not rely on Basslink's cash flows for its distributions.

Total Unitholders' funds stood at $1,052.5 million as at 31 December 2018, lower than $1,152.9 million as at 31 December 2017 due to distributions paid, partially offset by marked-to-market movements of derivative financial instruments and profit recognised for the year.

Financial Review

FY 2018 Adjusted EBITDA (%)[1]



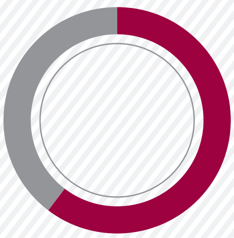
Energy (22.7%)	
KMC	22.7
Distribution & Network (43.5%)	
City Gas	19.1
Basslink	20.7
DataCentre One	3.7
Waste & Water (33.8%)	
Concessions	33.8
Total	**100.0**

[1] Adjusted EBITDA includes reduction in concession receivables and excludes trust/corporate expenses.

Debt Repayment Profile (%)
as at 31 December 2018

< 1 yr	58.3
1–5 yrs	41.3
> 5 yrs	0.4
Total	**100.0**

Debt Breakdown by Currency (%)
as at 31 December 2018



S$	60.5
A$	39.5
Total	**100.0**

Net cash generated from operating activities in FY 2018 was $180.5 million, $98.3 million higher than FY 2017 mainly because KMC started receiving tolling fees from the Toller since August 2017 after certain prepaid tolling fees had been fully utilised.

In FY 2018, net cash used in investing activities of $3.1 million was focused on the purchase of property, plant and equipment. This use of cash was partially offset by receipt of dividends and repayment of advances from DataCentre One. Similarly, in FY 2017, the Group had net cash generated from investing activities relating to receipt of dividends and repayment of advances from DataCentre One, and partially offset by the purchase of property, plant and equipment.

Net cash used in financing activities of $162.0 million in FY 2018 and $135.7 million in FY 2017 were mainly for distributions to Unitholders and repayment of borrowings. In FY 2017, net cash used was partially offset by net proceeds from borrowings.

Assets in KIT's portfolio are stable and resilient, providing long-term defensive cash flows.

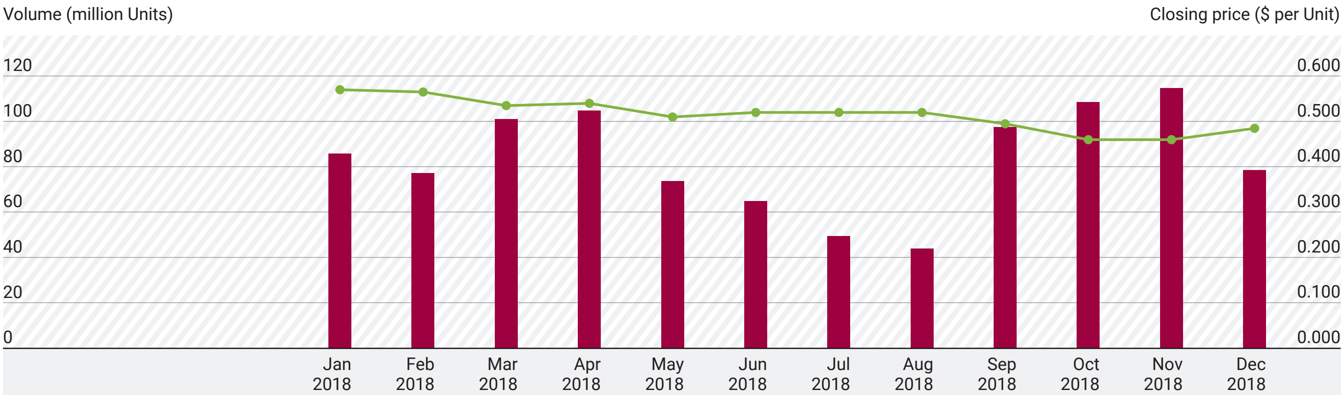
Unit Price Performance

The total traded volume of KIT Units was approximately 1 billion Units in FY 2018, an increase of 3.8% compared to FY 2017. The average daily traded volume was approximately 4 million Units, an increase of 5.3% compared to FY 2017.

Unitholder return in 2018 was -9.2%[1]. Keppel Infrastructure Trust declared a total distribution per Unit of 3.72 cents in 2018, translating to a distribution yield of 7.7% based on the closing price per Unit of $0.485 on 31 December 2018.

[1] Based on the difference in Unit prices as at the end of the last trading days of 2017 and 2018 and distributions declared for FY 2018.

Monthly Trading Performance



	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Monthly trading volume (million Units)	85.8	77.1	101.0	104.7	73.6	64.9	49.4	43.9	97.5	108.4	114.7	78.4
Month-end closing Unit price ($)	0.570	0.565	0.535	0.540	0.510	0.520	0.520	0.520	0.495	0.460	0.460	0.485

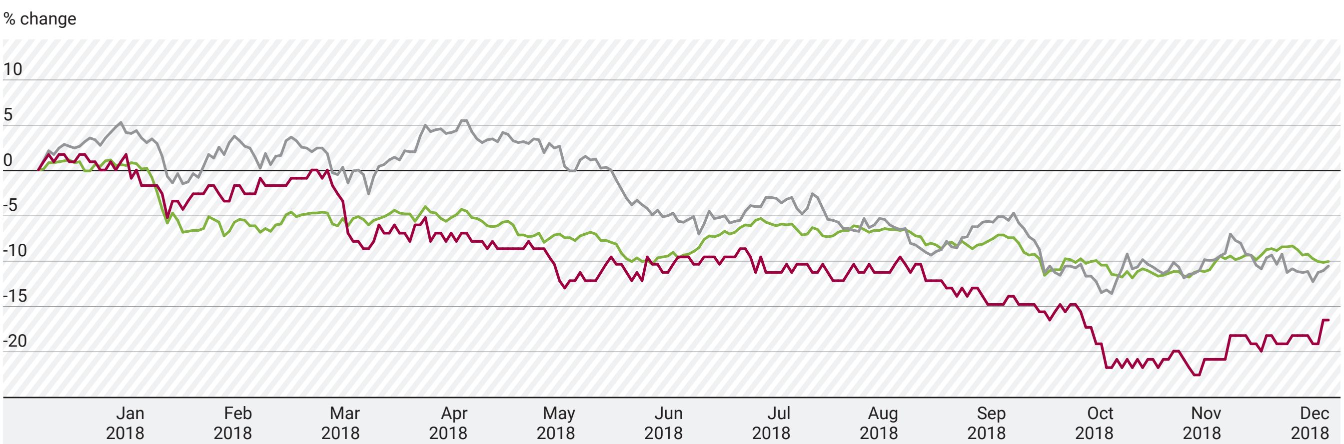
Unit Price Perfomance

	2018	2017
Highest price ($)	**0.590**	0.585
Lowest price ($)	**0.450**	0.480
Average closing price ($)	**0.522**	0.538
Closing price as at the last trading day of the year ($)	**0.485**	0.575
Trading volume (million Units)	**999.4**	963.2

Comparative Yields (%)

KIT	7.7
FTSE ST REIT Index dividend yield	5.1
STI dividend yield	4.4
5-year SG Govt bond yield	1.9
10-year SG Govt bond yield	2.0

Unit Price Performance Against Indices
for the period from 1 January 2018 to 31 December 2018



KIT SP	(16.4%)
STI (Straits Times Index)	(10.5%)
FSTREI (FTSE Straits Times REIT Index)	(10.0%)

Investor Relations

The Trustee-Manager will continue to maintain open channels of communication, and provide prompt and consistent information to investors.

The Trustee-Manager recognises the importance of providing prompt and consistent information on Keppel Infrastructure Trust's (KIT) strategy, corporate developments, financial performance and distributions to the investment community. The Investor Relations (IR) team serves as the point of contact for institutional investors, retail Unitholders and analysts.

Working closely with the finance, investment and asset management teams, the IR team communicates to the investment community KIT's strategy and provides regular updates on its business operations. This is achieved through one-on-one meetings, investor roadshows and conferences, conference calls, results updates and post-results engagements, as well as site visits. KIT is covered by 3 equity research houses; they are Credit Suisse, DBS and UOB.

The Annual General Meeting (AGM) remains the primary platform for retail Unitholders to interact with the Board of Directors and management of the Trustee-Manager. KIT's 11th AGM was held at the Marina Bay Sands Expo and Convention Centre on 17 April 2018 and was attended by over 300 Unitholders.

KIT participated in the annual REITs Symposium jointly organised by ShareInvestor and the REIT Association of Singapore (REITAS), and supported by The Business Times, to educate and deepen industry knowledge among retail investors. 2018's event was well-attended by about 1,200 retail investors.

The Trustee-Manager is a member of the Investor Relations Professional Association of Singapore, which promotes knowledge sharing and continuous improvement of professional competencies amongst IR professionals. The Keppel Group also supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to empower the investment community through investor education.

On 15 November 2018, KIT announced the proposed acquisition of Ixom HoldCo Pty Ltd (Ixom). To provide investors with a better understanding of Ixom's business, as well as to help them appreciate the investment merits of the acquisition and how Ixom fits with KIT's overall value proposition, the Trustee-Manager reached out to global funds and investors, as well as analysts. These ongoing efforts saw KIT engage more than 80 investors and analysts in Singapore and Asia in 2018.

An Extraordinary General Meeting (EGM) was held on 12 February 2019 to seek Unitholders' approval for the resolutions relating to the proposed acquisition of Ixom. Prior to the EGM, the Trustee-Manager partnered with SIAS to organise a dialogue session with more than 120 Unitholders of KIT. This provided Unitholders a platform to better understand the proposed acquisition and its merits, as well as how it is expected to benefit KIT over the long term. The EGM, which was attended by close to 360 Unitholders, saw Unitholders vote in favour of the acquisition.

The IR team avails itself to respond to queries from investors throughout the year. Key contact details are listed on KIT's website at www.kepinfratrust.com and in the company's announcements.

All IR activities are guided by the principles and guidelines set out in KIT's IR policy, which is regularly reviewed and available on KIT's website. The policy articulates guiding principles that ensure the timely, transparent and accurate disclosures of material information.

KIT's website also contains information on the Trustee-Manager, the assets in KIT's portfolio, as well as investor materials such as financial information,

1

Unitholder Enquiries
For more information, please contact the IR team at:

Telephone:
+65 6803 1851

Email:
investor.relations@kepinfratrust.com

Website:
www.kepinfratrust.com

distribution details, annual reports and presentations. Investors can also sign up for email alerts through the website, to be notified whenever new announcements are uploaded.

KIT is amongst the 54 constituent stocks in the MSCI Singapore Small Cap Index, which will continue to enhance KIT's overall liquidity and visibility amongst the investment community.

KIT maintained a total distribution per Unit of 3.72 cents for FY 2018, demonstrating the stability and resilience of cash flows from KIT's portfolio of assets. The Trust's distribution yield was 7.7% based on the last trading price of $0.485 per Unit for 2018.

The Trustee-Manager will continue to provide timely disclosures on significant corporate developments and maintain open channels of communication with investors.

2

1
Close to 360 Unitholders attended the Extraordinary General Meeting on the proposed acquisition of Ixom.

2
Management engaged Unitholders at a dialogue session jointly organised with SIAS on the proposed acquisition of Ixom.

Investor Relations Calendar

Q1 2018

- Announced FY 2017 results and arranged teleconference briefing for analysts
- FY 2017 post-results investors luncheon hosted by DBS
- Participated in the Maybank Invest ASEAN Conference

Q2 2018

- Announced 1Q 2018 results
- Convened 11th Annual General Meeting
- Participated in the Deutsche Bank Access Asia Conference in Singapore

Q3 2018

- Announced 2Q 2018 results

Q4 2018

- Announced 3Q 2018 results
- Organised briefing for analysts in relation to KIT's proposed acquisition of Ixom
- Roadshows in Singapore and Hong Kong in relation to KIT's proposed acquisition of Ixom

Q1 2019

- FY 2018 post-results meeting with investors hosted jointly by SGX and Credit Suisse
- Participated in a dialogue session jointly organised with SIAS with Unitholders on the proposed acquisition of Ixom
- Convened EGM in relation to KIT's proposed acquisition of Ixom

Significant Events

Q1 2018

Declared and paid a distribution per Unit (DPU) of 0.93 cents to Unitholders for the period from 1 October 2017 to 31 December 2017.

Q2 2018

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 January 2018 to 31 March 2018.

Q3 2018

Mr Matthew Pollard was appointed Chief Executive Officer of Keppel Infrastructure Fund Management (KIFM) Pte. Ltd. with effect from 1 July 2018.

Ms Cindy Lim Joo Ling was appointed Non-Executive Director on the Board of KIFM with effect from 18 July 2018.

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 April 2018 to 30 June 2018.

Q4 2018

Announced the proposed acquisition of Ixom HoldCo Pty Ltd (Ixom), one of the leading industrial infrastructure chemical businesses in Australia and New Zealand on 15 November 2018.

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 July 2018 to 30 September 2018.

Q1 2019

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 October 2018 to 31 December 2018.

Unitholders approved the proposed acquisition of Ixom at an Extraordinary General Meeting on 12 February 2019.

Completed the acquisition of Ixom on 19 February 2019.

Ixom supplies and distributes water treatment chemicals as well as industrial and specialty chemicals.

Sustainability Framework

Keppel Infrastructure Trust delivers solutions for sustainable urbanisation while creating enduring value for our stakeholders through three pillars – Sustaining Growth, Empowering Lives and Nurturing Communities.

Sustaining Growth

We integrate sustainability principles in our business strategies and operations, and regard sustainable development both as a corporate responsibility and a source of business opportunities.

We are focused on strong corporate governance, prudent risk management and resource efficiency.

For more information, **go to: pages 36 to 43**

Empowering Lives

People are the cornerstone of our businesses.

We are committed to grow and nurture our talent pool through training and development to help our people reach their full potential.

With safety as one of our core values, we are committed to providing a safe and healthy workplace for all our stakeholders.

For more information, **go to: pages 44 to 50**

Nurturing Communities

As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we operate, with the goal of shaping a sustainable future together.

For more information, **go to: pages 51 to 52**

Letter to Stakeholders

GRI 102-14

By properly managing the Trust's environmental, social and governance practices, Keppel Infrastructure Trust will be able to create long-term value for our Unitholders and support the sustainable growth of the Trust.

Dear Valued Stakeholders,

On behalf of Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), the Trustee-Manager of Keppel Infrastructure Trust (KIT or the Trust), it is my pleasure to present our third annual sustainability report. The information in this report describes KIT's sustainability performance and management for the financial year ended 31 December 2018.

In 2018, we continued to consider and prioritise sustainability in all aspects of our operations and business decisions.

We align our sustainability strategy with the Keppel Group's Sustainability Framework, which focuses on Sustaining Growth in our businesses, Empowering Lives of our people and Nurturing Communities wherever we operate. These three pillars guide KIT's strategy and decision-making process as they relate to environmental, social and governance (ESG) matters material to our businesses and stakeholders. I believe that by properly managing the Trust's material ESG aspects, we will be able to create long-term value for our Unitholders and support the sustainable growth of the Trust.

We are proud to own a number of assets that harness proven technologies to make significant and direct contributions to a more sustainable society. The Senoko Waste-to-Energy (WTE) and Keppel Seghers Tuas WTE Plants process about 1.1 million tonnes of municipal solid waste per year. By diverting large amounts of waste from landfills and burning it, the WTE plants are able to produce up to 550 GWh of green energy for the grid.

The Keppel Seghers Ulu Pandan NEWater Plant and SingSpring Desalination Plant produce large supplies of potable water, an essential resource. The Keppel Seghers Ulu Pandan NEWater Plant recycles up to 54 million m^3 of wastewater per year for industrial and indirect potable use, while the SingSpring Desalination Plant converts raw seawater into up to 136,380 m^3 of potable water each day.

We continue to align our assets with industry sustainability standards. In 2018, the 1-Net North Data Centre maintained its Green Mark Gold^{Plus} certification under the Green Mark for Data Centres rating system.

Investing in the development of our employees is essential in growing the Trust sustainably. We want to continually strengthen our culture to engage, develop and nurture our most valuable asset, our people. We also continue to uphold the Keppel Group's commitment to workplace safety. With additional improvements made to our health and safety policies and procedures in 2018, the safety culture at KIT's plants has been further reinforced. There were no fatal or major health and safety incidents in 2018.

We continue to engage our key stakeholders and uplift local communities wherever we operate. Through Keppel Volunteers, the Trustee-Manager encourages its employees to participate in various community outreach and volunteer projects. In 2018, KIT together with Keppel Capital employees contributed more than 1,200 volunteer hours to uplift the lives of the underprivileged. City Gas and Basslink also continued their efforts to engage their local communities through initiatives that will bring a positive impact.

We aim to increase our impact through collaborative efforts with governments and key industry stakeholders. During the year, we continued to work with the Singapore government and regulators in preparation for the implementation of a carbon tax regime in 2019, which will incentivise a transition towards renewable energy adoption. As an owner of key environmental assets, it is imperative for KIT to be a partner and contributor towards Singapore's collective sustainable future.

We are heartened by the progress that we have made on these fronts and look forward to working more closely with our key stakeholders. We hope this sustainability report gives you an insight into our commitment to build a strong platform for long-term value and sustainable growth. We value your views and welcome any feedback, as it helps spur continual improvement on our sustainability journey.

Yours sincerely,

Matthew Pollard
Chief Executive Officer
28 February 2019

About this Report

Sustainability is a critical aspect of Keppel Infrastructure Trust's (KIT) business strategy and operations. Its portfolio includes assets that directly contribute to sustainability, such as waste-to-energy (WTE), seawater desalination and water reuse plants (NEWater), as well as other assets that operate in a business context where sustainability is highly relevant (e.g. town gas and electricity transmission).

The Board of Directors has reviewed and approved the material ESG issues for KIT and considers them as part of KIT's strategy formulation. At the same time, the Board oversees the management and monitoring of these issues and evaluates them periodically.

The sustainability report is available online as part of our Report to Unitholders.

Reporting Principles

GRI 102-46 | 102-54

This 2018 sustainability report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The content and aspect boundaries in this report reflect the Manager's overall sustainability strategy, which was carefully developed in alignment with the GRI's Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. In keeping with GRI guidelines, this report focused on the key material issues that are most relevant to KIT's stakeholders and business operations. The full list of disclosures can be found in the GRI Content Index on page 53.

This report uses standard units of measurement, and conversion factors are explained in their respective sections, whenever necessary.

Reporting Period and Scope

GRI 102-6 | 102-45 | 102-50 | 102-51 | 102-52 | 102-53 | 102-56

This report describes the sustainability strategies, initiatives and performance relevant to our business practices in Singapore, where we are headquartered, as well as in Australia, during the financial year from 1 January 2018 to 31 December 2018. The sustainability report is published annually. The financial statements of our business can be found on page 57. Although this report has not been externally verified, the content has been prepared based on dependable data collection methods and reviewed by external reporting consultants. We will review the need for external assurance for subsequent reports.

KIT welcomes feedback from our stakeholders on our report and any of the issues covered. Please contact us at investor.relations@kepinfratrust.com with any comments you may have.

Key Sustainability Accolades in 2018

Asset Name	Award
City Gas	Keppel Group Safety Convention Awards: – Supervisor Award – Individual Award Keppel Group Safety Convention Awards (Safety Innovation Project): – Silver Award
DataCentre One	Keppel Group Safety Convention Awards: – Executive Award
Keppel Merlimau Cogen Plant (KMC)	Keppel Infrastructure Health, Safety & Environment (HSE) Innovation Convention: – Gold Award – Silver Award Keppel Group Safety Convention Awards (Safety Innovation Project): – Platinum Award – Gold Award – Silver Award Singapore Manufacturing Federation (SMF) Workplace Safety and Health Innovation Awards: – Commendation Award
Keppel Seghers Tuas WTE Plant	Keppel Infrastructure HSE Innovation Convention: – Silver Award
Keppel Seghers Ulu Pandan NEWater Plant	Keppel Infrastructure HSE Innovation Convention: – Silver Award
Senoko WTE Plant	Keppel Infrastructure HSE Innovation Convention: – Bronze Award
SingSpring Desalination Plant	NS Mark (Gold) Accreditation by Ministry of Defence

Managing Sustainability

As a member of the Keppel Group, KIT's sustainability strategy is aligned with the Group's overarching framework. The Keppel Group's sustainability principles and strategic initiatives help promote synergy between its various business units and guide KIFM, Trustee-Manager of KIT, towards a collective sustainable future. In addition, KIT has access to Group-level resources and platforms designed to support sustainability management and initiatives.

Leadership and Management Involvement

GRI 102-11 | 102-16 | 102-18

KIT considers environmental, social and governance (ESG) factors when making business decisions as they relate to emerging risks and value creation. Further, KIT aims to generate positive financial returns through the provision of services that contribute positively to sustainability and the community.

When managing ESG risks, KIFM considers the Precautionary Principle introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'. Where sustainability risks are difficult to predict and measure, the most prudent strategies feasible are implemented, as reparative measures are often more costly than preventive measures.

KIT abides by the Code of Corporate Governance 2012 (the Code), issued by the Monetary Authority of Singapore. The Code provides KIT with a framework for checks, controls and accountability with which to implement governance best practices. In addition, the Code requires the Board to consider sustainability issues when making key business decisions.

The Board, together with members of senior management ensure that the organisation's values, strategy and operations properly incorporate key ESG issues and are also responsible for evaluating sustainability performance and the effectiveness of risk management.

Memberships and External Charters

GRI 102-12 | 102-13

KIFM engages directly with other industry stakeholders through participation in various organisations in an effort to collectively raise industry standards. The operators of our water plants are both active members of the Singapore Water Association. City Gas is a regular member of the Gas Association of Singapore and an associate member of the Singapore Green Building Council as well as the Real Estate Developers' Association of Singapore. Our key contractors in charge of

Engagements with Key Stakeholder Groups in 2018

Unitholders

Objectives of Engagement
Ensure investors and potential investors make well-informed decisions and ensure a level playing field.

Forms of Engagement Platforms
Unitholder meetings; communication of quarterly results; email communications.

Key Topics of Concern
Business strategy and direction; economic performance.

Frequency of Engagement
Annual/Quarterly/Ad hoc

Customers

Objectives of Engagement
Build enduring relationships and provide quality service for customer retention.

Forms of Engagement Platforms
Regular meetings; feedback channels such as emails and phone calls; and regular customer satisfaction surveys.

Key Topics of Concern
Product and service quality; Health, Safety & Environment (HSE) excellence.

Frequency of Engagement
Continuously

Business Partners

Suppliers, Contractors, Joint Venture (JV) partners

Objectives of Engagement
Align practices for better planning, responsive vendor support and mutually beneficial relationships.

Forms of Engagement Platforms
Regular meetings with suppliers, contractors and JV partners; site visits by management.

Key Topics of Concern
Compliance; Keppel Group HSE requirements.

Frequency of Engagement
Continuously

Employees

Objectives of Engagement
Develop employees to their full potential, build and retain a motivated workforce to drive the business, embrace diversity and inclusiveness.

Forms of Engagement Platforms
Annual employee engagement survey; orientation and mentorship programmes; employee townhalls.

Key Topics of Concern
Vision, strategy and corporate direction; teamwork and collaboration; people development; productivity; safe working environment.

Frequency of Engagement
Continuously

Governments, Regulatory bodies

Objectives of Engagement
Understand regulatory requirements.

Forms of Engagement Platforms
Regular meetings and site inspections; renewal of licences and permits.

Key Topics of Concern
Laws and regulations.

Frequency of Engagement
Annual/Quarterly/Ad hoc

Local Communities

Objectives of Engagement
Positively impact communities.

Forms of Engagement Platforms
Volunteer activities.

Key Topics of Concern
Positive social contributions.

Frequency of Engagement
Ad hoc

operations and maintenance (O&M) are members of the Waste Management and Recycling Association of Singapore.

The Trustee-Manager is a member of the Investor Relations Professionals Association of Singapore, which promotes knowledge sharing and continuous improvement of professional competencies amongst IR professionals.

The Keppel Group supports the Securities Investors Association (Singapore) to educate the investment community and raise industry standards for good corporate governance.

Stakeholder Engagement

GRI 102-40 | 102-42 | 102-43 | 102-44

Maximising value for our stakeholders is one of KIT's primary responsibilities. Key stakeholder groups are those that have the ability to affect, or be affected by KIT's business operations or performance. Based on this definition, KIFM has identified and engaged its key stakeholders to better understand the ESG issues that are of the greatest interest to each group.

Modes of engagement and key topics of concern are outlined in the table on page 34.

This report details the insights gained through the various stakeholder engagement initiatives including meetings, forums and surveys. The results help define their perspectives and allow their best interests to be accounted for and addressed in relevant business decisions, strategies and solutions.

Materiality Assessment

GRI 102-46 | 102-47 | 103-1

As part of KIT's sustainability strategy, a materiality assessment was conducted to identify key ESG issues that are most relevant to its business context. These issues are presented in this report and have been determined to have the potential to impact KIT's business performance and/or the best interests of its key stakeholders. These material issues and their associated performance metrics help guide the decisions of KIT management, employees and stakeholders.

Key material issues were identified based on Accountability AA1000 Assurance Standards and GRI's four steps of materiality—identification, prioritisation, validation and review. These issues were prioritised based on both internal and external stakeholder perspectives. Material issues were analysed using clearly defined criteria and classified into two tiers of importance, Tier 1 (critically important) and Tier 2 (highly important).

The key material issues have been presented to the Board and CEO of the Trustee-Manager and validated.

KIT's list of material issues will be reviewed periodically under our general review framework. Stakeholders will be engaged in the process as necessary and the list may be adapted to match our evolving business landscape.

The key material issues and their corresponding aspect boundaries are presented in the table below.

Categories	Material Aspects	List of Indicators	Aspect Boundary
TIER 1			
Economic	Economic Performance	201-1 Direct economic value generated and distributed	Internal & External
	Anti-corruption*	205-1 Operations assessed for risks related to corruption	
		205-2 Communication and training about anti-corruption policies and procedures	
		205-3 Confirmed incidents of corruption and actions taken	
	Anti-competitive Behavior*	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
	Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	
Environment	Energy	302-1 Energy consumption within the organization	Internal & External
		302-3 Energy intensity	
		302-4 Reduction of energy consumption	
	Water	303-1 Water withdrawal by source	
		303-2 Water sources significantly affected by withdrawal of water	
	Emissions	305-1 Direct (Scope 1) GHG emissions	
		305-2 Direct (Scope 2) GHG emissions	
		305-4 GHG emissions intensity	
		305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
	Effluents and Waste	306-1 Water discharge by quality and destination	
		306-2 Waste by type and disposal method	
	Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	
Social	Employment	401-1 New employee hires and employee turnover	Internal
	Occupational Health and Safety	403-1 Workers representation in formal joint management–worker health and safety committees	
		403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	
		403-3 Workers with high incidence or high risk of diseases related to their occupation	
		403-4 Health and safety topics covered in formal agreements with trade unions	
	Training and Education	404-1 Average hours of training per year per employee	
		404-3 Percentage of employees receiving regular performance and career development reviews	
	Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	
	Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	
	Marketing and Labeling	417-3 Incidents of non-compliance concerning marketing communications	
TIER 2			
Social	Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	External
		413-2 Operations with significant actual and potential negative impacts on local communities	
	Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Internal
Security	Non-GRI Standard	Number of major security breaches affecting plant availability	External

* Considered compliance issues by the Keppel Group.

Sustaining Growth

Keppel Infrastructure Trust owns assets that use reliable and best-in-class equipment to directly support the transition to a sustainable future.

Economic Performance (Business Growth)
GRI 102-7 | 103-1| 103-2 | 103-3 | 201-1

KIT's economic performance generates value for both internal and external stakeholders. The Trust's Singapore assets create positive impacts such as local economy stimulation, job creation, tax revenue and the provision of basic resources (e.g. energy and water) required for economic functions. KIT delivers direct economic benefits to external stakeholders through sustainable distributions for Unitholders and competitive salaries for employees.

Customer Satisfaction
GRI 103-1 | 103-2 | 103-3 | 418-1

KIT achieves high levels of customer satisfaction by focusing on the consistency, quality and reliability of the products and services delivered to customers. The management regularly engages with key customers to better understand and address their concerns, and ensure their satisfaction regarding various topics such as O&M effectiveness, equipment condition, safety record and readiness to respond to emergencies (e.g. chemical spills, fire outbreaks, terror and cyber-attack threats).

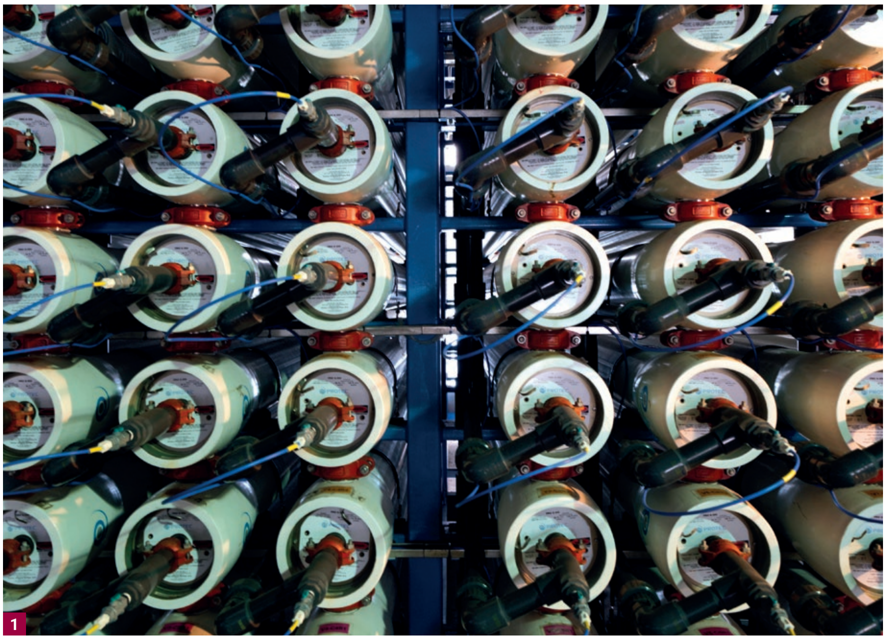
Key customers include government agencies and regulatory authorities who oversee the provision of public utilities such as water, waste treatment and electricity, namely the National Environment Agency (NEA) for the Keppel Seghers Tuas and Senoko WTE Plants, PUB, Singapore's National Water Agency for the Keppel Seghers Ulu Pandan NEWater and SingSpring Desalination Plants.Other customers include Keppel Electric as Toller for the Keppel Merlimau Cogen Plant (KMC), 1-Net as master tenant for DataCentre One and Hydro Tasmania as the sole customer of Basslink's undersea power transmission.

Ongoing efforts such as regular reporting, annual capacity tests and ad hoc audits help to further ensure the quality and reliability of KIT's products and services. At KIT's WTE plants, truck turnaround time is closely monitored and reported to relevant authorities as a key metric to manage wait times for licensed Public Waste Collectors delivering waste.

As the sole producer and retailer of town gas in Singapore, City Gas has a large customer base of more than 840,000 residential, commercial and industrial customers.

Training and supervision are provided to contract workers to ensure consistent service quality throughout the value chain. High work quality and standards are implemented for all participants in City Gas' projects. City Gas maintains its excellent track record of high levels of customer satisfaction by working closely with key business partners to instil a culture of high quality and dependability. City Gas' key business partners include installation subcontractors, SP Services for billing and joint venture partners for providing technical solutions to major commercial and industrial customers.

Customer review audits are performed by a third-party consultant to gauge satisfaction levels of City Gas' domestic and commercial customers. Commercial customers are engaged through in-person


1

2

1
KIT works closely with its key customers, including government agencies like PUB for the Keppel Seghers Ulu Pandan NEWater Plant (pictured).

2
City Gas achieved higher levels of customer satisfaction in 2018 with an overall score of 3.44 compared to 3.30 in 2017.

interviews while domestic customer interviews are conducted over the phone. The scope of the audit assesses satisfaction levels regarding gas supply turn-on, gas installation work, commercial installation and servicing works carried out by both in-house City Gas technicians as well as term contractors. In 2018, City Gas' average overall customer satisfaction score was 3.44 out of 4, up from its 2017 score of 3.30.

In 2018, there were zero substantiated complaints concerning breaches of customer privacy or loss of customer data.

Supplier Management
GRI 102-9 | 102-10

KIFM also adheres to the Keppel Group Supplier Code of Conduct, which was implemented in end-2016 to integrate Keppel's sustainability principles across the supply chain. The Keppel Group Supplier Code of Conduct outlines standards regarding environmental management, business conduct, and labour, health and safety practices of suppliers. All new suppliers that provide KIT and KIFM with products and services valued at $200,000 or more per contract, or over cumulative purchase orders in the preceding calendar year, are expected to abide by the Keppel Group Supplier Code of Conduct. In addition, KIT's suppliers are evaluated not just on their performance according to the standards of their contracts but also on their sustainability practices.

Contractors and suppliers are essential to the smooth, reliable and resilient operations of KIT's assets. The Senoko WTE, Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater and KMC Plants are operated and maintained by wholly-owned subsidiaries of Keppel Infrastructure (KI), the Sponsor of KIT. As Trustee-Manager, KIFM leverages the expertise of its Sponsor and subsidiaries. Such knowledge and skill sets include technical management, O&M and engineering, procurement and construction.

KIFM employs Hyflux Engineering for O&M works at the SingSpring Desalination Plant. Hyflux Group designed and built the plant and has been its O&M contractor since its commissioning in 2005. In light of the reorganisation process of its parent company, Hyflux Ltd, the Trustee-Manager has put in place contingency measures to ensure continuity of operations.

KIT selects potential suppliers based on rigorous screening criteria such as the supplier's reputation and track record of service quality and safety. All contractors must understand and comply with all relevant laws and regulations during the course of the engagement. During the engagement, KIFM evaluates contractors' performance and ensures that they achieve satisfactory levels of service quality and safety standards by working with them directly.

Key Policies
GRI 103-1 | 103-2 | 103-3 | 205-1 | 205-2 | 205-3 | 206-1 | 417-3 | 419-1

KIFM adopts the high business ethics standards of the Keppel Group and practices a zero-tolerance policy towards bribery and corruption.

1

KIFM follows through on its commitment to anti-bribery and anti-corruption by regularly communicating the related policies to all employees, including senior management and directors. During orientation, all new employees are briefed on key policies including but not limited to the Employee Code of Conduct, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy, Competition Law Manual, Conflict of Interest Policy, as well as policies relating to ESG, and health and safety.

Policies have also been implemented to govern the working relationships between KIFM and agents or other persons acting on behalf of KIFM and/or KIT. These policies outline standards of conduct to which KIFM or KIT's suppliers and their parent entities, subsidiary or affiliate entities and employees, must abide by.

In 2018, all employees and governance body members (i.e. directors) completed an e-module training and an online assessment assessing their knowledge of various policies such as the Employee Code of Conduct, Whistle-Blower, Anti-Bribery and Anti-Corruption, Conflict of Interest and Insider Trading policies. Compliance training sessions were also conducted for the direct employees of KIFM and the employees of KIT's various assets.

In 2018, there were zero instances of corruption and zero instances of non-compliance at KIFM and KIT. This includes compliance with laws, regulations and/or voluntary codes related to anti-competitive behaviour, anti-trust, monopoly, marketing communications, IT privacy breaches, health and safety as well as ESG-related policies.

Security

Several of our assets have been identified as Key Installations (KINS) by the Singapore Government due to their important role of providing essential services (e.g. water, energy and town gas). Higher security measures are implemented at KINS, including intrusion detection systems, advanced surveillance, armed security and strict access control. Regular security drills and exercises are conducted at these installations with like-minded stakeholders such as the Singapore Police Force and the Police Coast Guard.

To ensure the adequacy of security measures, KIFM works closely with government agencies and its O&M contractors. The physical infrastructure of the plants is also protected by proactive security measures. Business continuity is safeguarded through various management and scenario planning exercises in conjunction with the authorities to help the plants remain resilient in the unlikely events of emergencies. These plans are regularly updated and tested to ensure preparedness for emerging security risks.

As Singapore pushes efforts to enhance the nation's preparedness against cyber intrusions, KIT too has strengthened its cybersecurity strategy and continues to implement key initiatives covering critical information infrastructures. This includes putting in place measures to prevent, detect, respond to and recover from cybersecurity threats and potential incidents.

In 2018, there were zero physical security breaches or cyber-attacks affecting the operations of KIT's assets.

Environmental Management

Overview

As a responsible corporate citizen, KIFM is committed to understand, manage and minimise its environmental impact. As a forward-thinking business, KIFM continually seeks innovative solutions to foster the transition to a sustainable society and mitigate the emerging risks of the evolving business and environmental landscape.

The environmental performance report includes data from City Gas (including Senoko Gasworks), Basslink Interconnector, the Senoko WTE, Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater, SingSpring Desalination and KMC Plants. 1-Net North is excluded as it is leased to a tenant and KIFM has no management control over the asset, except for a limited scope of facility management works.

The direct energy consumption and resulting carbon emissions of KMC are excluded from this report, as this is considered commercially sensitive information.

Management Approach

KIFM's sustainability strategy and risk frameworks are aligned with the Keppel Group's overarching approach to assess, avoid, reduce and mitigate environmental risks and impact. Our efforts are focused on the key environmental priorities of our businesses such as increasing energy efficiency, achieving the highest industry green standards, optimising resources and waste streams and reducing emissions. Standards such as ISO 14001 and other green certifications validate environmental best practices exhibited at our key assets as well as our contracted asset operators.

As a member of the Keppel Group, KIT uses Group-level environmental management resources to support our sustainability efforts. Carbon management efforts are overseen by the Keppel Group's Energy Efficiency Committee, which collaborates directly with KIT's energy management project teams. The committee consists of representatives across various Keppel business units—many of whom are Singapore Certified Energy Managers (SCEM)—and is headed by senior management. Further support is provided by SCEM, SCEM Technicians, O&M Management and audit teams. Third-party verifiers monitor energy use and ensure that business units are prepared to exceed all regulatory requirements. KIFM believes that the collective efforts of the Energy Efficiency Committee and various stakeholders are a key driver of environmental innovation.

The effectiveness of the environmental management approach is evaluated based on performance metrics and progress towards ESG targets.

Energy Efficiency & Climate Change

GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-3 | 302-4

KIT's assets consume both direct and indirect sources of energy. Direct sources are primary sources of energy consumed on site by our business operations, while indirect sources refer to electricity purchased from external suppliers. KIT's direct sources are primarily natural gas, but also include diesel and naphtha.

KIT's electricity consumption strategy and targets focus mainly on City Gas, Keppel Seghers Ulu Pandan NEWater Plant and SingSpring Desalination Plant. The other plants[1] are power producers. KIT continuously assesses innovative and cost-effective strategies to maximise energy efficiency and minimise carbon emissions. In close collaboration with O&M contractors, KIT ensures that actual consumption rates are consistent with plant design, eliminating any unnecessary fuel consumption.

In 2018, KIT consumed 7,239,347 gigajoules (GJ) of direct energy and 407,584 GJ of indirect energy[2]. Total energy consumption was 7,646,931 GJ, which represents a 0.5% increase from 2017. Energy intensity by asset value was 2,010 GJ per million SGD, a 4.4% increase from 2017.

1 Senoko WTE, Keppel Seghers Tuas WTE and KMC Plants.
2 Electricity consumption data from the Senoko WTE, Keppel Seghers Tuas WTE and KMC Plants is excluded as they are power producers.

Waste Recycled

10,122 tonnes

KIT recycled 10,122 tonnes of waste, including ferrous scrap metal

Energy Generated

550 GWh

KIT's WTE plants are able to produce up to 550 GWh of green energy for the grid

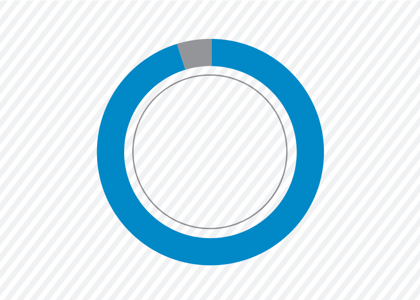
2

1
Several of KIT's assets are Key Installations in Singapore as they provide essential infrastructure services, like electricity from Keppel Merlimau Cogen (pictured).

2
5% of KIT's energy consumption was from renewable sources, including solar photovoltaic energy and green energy from our WTE Plants.

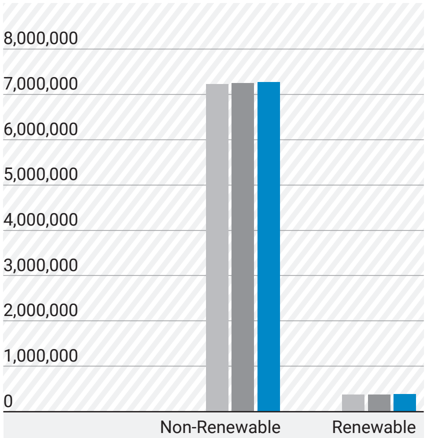
Sustaining Growth

Total Fuel Consumption for 2018 (%)



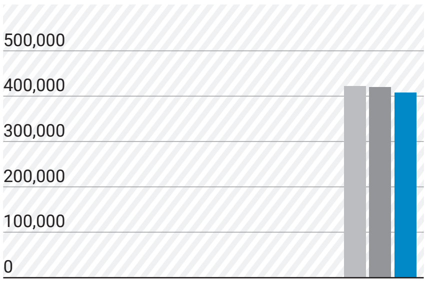
Non-Renewable	95.0
Renewable	5.0
Total	**100.0**

Total Energy Consumption by Fuel Type (GJ)



	Non-Renewable	Renewable
2016	7,216,450	370,212
2017	7,239,431	373,326
2018	**7,262,335**	**384,597**

Total Indirect Energy Consumption (GJ)



2016	421,243
2017	418,881
2018	**407,585**


1

In 2018, 5.0% of KIT's energy consumption was from renewable sources, a slight increase from 4.9% in 2017. Renewable energy sources included solar photovoltaic (PV) and municipal solid waste, which is processed at our WTE plants into green energy.

In addition to energy consumed, KIT sold 1,283,472 GJ of electricity in 2018 (excluding KMC).

Data was calculated using standard conversion factors[1] and collected from monthly reports, the CR360 system and data submitted by various plant operators.

Harnessing Renewable Energy

Utilising renewable sources of energy is a key component of KIFM's strategy to minimise greenhouse gas (GHG) emissions. The Keppel Seghers Ulu Pandan NEWater Plant features a PV installation on its roof which is designed to generate up to 1 megawatt-peak (MWp) or approximately 1 to 1.2 GWh each year. The clean and renewable energy produced each year by this PV array is equivalent to the total energy consumption of approximately 250 four-room HDB households. The PV array undergoes periodic maintenance and assessment to ensure proper performance.

The solar PV installation was awarded a Solar Pioneer Award, an award organised by the Energy Innovation Programme Office, led by the Singapore Economic Development Board and the Energy Market Authority.

Green Buildings

GRI 102-12

1-Net North achieved Green Mark Gold[Plus] certification under the Green Mark for Data Centres rating system. This rating system validates the implementation of environmental best practices as well as high energy and environmental performance. The scheme was jointly developed by Singapore's Building and Construction Authority and Info-communications Media Development Authority.

Other specific energy efficiency measures include but are not limited to: compressor optimisation conducted at KMC; roof design for natural daylighting at the SingSpring Desalination Plant; and energy efficient lighting installations at our WTE plants.

Water

GRI 103-1 | 103-2 | 103-3 | 303-1 | 303-2

Our water conservation strategy is founded on our understanding that Singapore is a water-scarce country and that water must be carefully managed as both a critical resource and an economic asset. This philosophy is aligned with PUB's mission to ensure an efficient, adequate & sustainable supply of water.

KIT uses best-in-class equipment that has significant positive impact on the local water supply. As the owner of the SingSpring Desalination Plant, KIT directly increases the nation's fresh water supply by using raw seawater for potable water production.

[1] KIT uses DEFRA conversion factors.

To optimise water efficiency across the portfolio, KIT implements proven water-efficient equipment and promotes various water-saving practices and initiatives. At KMC, seawater is used for generator cooling to minimise the demand for NEWater.

100% of KIT's water consumption is sourced either from municipal water supplies or PUB and water produced from our water plants. Consumption includes potable water and NEWater. Our water consumption does not significantly impact any water sources.

KIT's total water consumption was 1,099,200 m^3 in 2018, an increase of 5.0% from 1,046,933 m^3 in 2017 due to one-off maintenance works at one of our assets in 2018.

Water Recycling

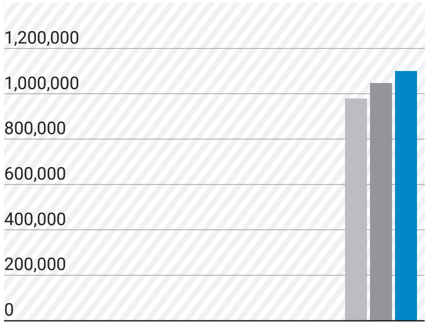
The Senoko WTE Plant recycled a significant amount of water in 2018 by treating effluent water from the refuse leachate and wastewater. This water was then used for ash quenching and fire prevention by wetting dry refuse in the bunker.

The Senoko WTE Plant also uses rain and surface water from the five catchment and two service water basins that have been integrated into the design of the facility. Drainage channels throughout the site collect rainwater and surface runoff, which are subsequently stored in the five catchment basins. The water is then conveyed to the service basins for general use (e.g. reception hall cleaning and boiler house washing).

During periods of low precipitation, the water levels of the basins decrease, requiring the purchase of additional NEWater to sustain O&M activities of the plant. To reduce the amount of NEWater required during dry spells, the Senoko WTE Plant's O&M team decided to innovate its water management processes by treating and reusing effluent water generated through various plant processes, rather than discharging it. The O&M team designed, fabricated and installed a multi-gravel filtration system to treat and filter effluent water, and transfer it to the service water basins to be reused. The filtration system consists of several layers of porous media resting on a drainage gravel layer, which acts as a support medium for the entire system and allows for backwash to be carried out effectively.

The effluent water filtration system was installed at the Senoko WTE Plant in 2015. The plant is now able to minimise the demand for NEWater during dry spells by supplementing the service water basins with treated effluent water from its backup reservoir.

Total Water Used (m^3)

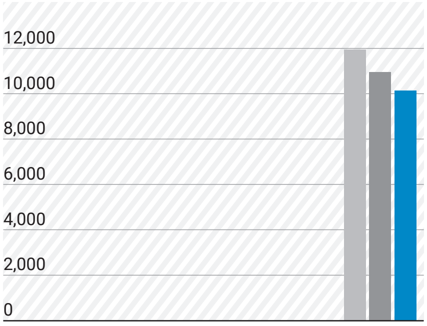


2016	978,346
2017	1,046,933
2018	**1,099,200**

1
1-Net North was certified for its high energy efficiency.

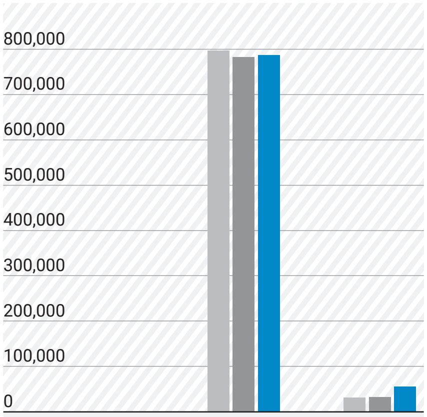
2
The Senoko WTE Plant has several features to help recycle significant amounts of water, such as a multi-gravel filtration system.

Total Waste Recycled (tonnes)



2016	11,944
2017	10,936
2018	**10,122**

Direct and Indirect Emissions (CO_2)



	Direct Emissions	Indirect Emissions
2016	797,691	31,578
2017	782,857	32,859
2018	**786,883**	**55,831**

Waste

GRI 103-1 | 103-2 | 103-3 | 306-2

KIT is continually identifying and assessing new opportunities to recycle and reuse resources while minimising waste generation at its current operations.

At our WTE plants, scrap metal is collected to be recycled, contributing to the conservation of natural resources and the reduction of demand for raw materials. Hazardous waste is collected by licensed professionals and burned at NEA-designated plants to minimise environmental impact.

KIT significantly reduces the amount of solid waste deposited at Singapore's landfills through its two WTE plants, contributing directly towards improved waste management in Singapore. This is important due to Singapore's limited land availability and landfill capacity.

In 2018, KIT produced 175,614 tonnes of landfill waste, a 9.3% reduction from 2017. KIT also recycled 10,122 tonnes of refuse, compared to 10,936 tonnes of refuse in 2017, including ferrous scrap metal. The reductions were due to scheduled plant maintenance at our WTE plants.

Environmental Compliance

GRI 103-1 | 103-2 | 103-3 | 307-1

In 2018, there were zero reportable incidents of spillage by the assets in KIT's portfolio, from either Singapore or foreign authorities. As of 2018, KIFM is in compliance with all relevant laws and regulations to the best of its knowledge.

Greenhouse Gas (GHG) Emissions

GRI 103-1 | 103-2 | 103-3 | 305-1 | 305-2 | 305-4 | 305-5 | 305-7

As a member of the Keppel Group, KIT adopts the Group's target to reduce carbon emissions by 16% (based on 2020 business-as-usual levels). The Keppel Group plans to reduce GHG emissions through energy consumption management, and its carbon strategy is based on the following three components:

- Reducing environmental impact;
- Safeguarding against potential future legislation; and
- Managing the impact of rising energy costs.

The classification of GHG emissions is as follows:

SCOPE 1
DIRECT EMISSIONS

(Emissions from City Gas, Senoko WTE and Keppel Seghers Tuas WTE Plants, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant, Basslink)

- Diesel
- Natural Gas
- Naphtha

SCOPE 2
INDIRECT EMISSIONS

(Emissions from City Gas, Senoko WTE and Keppel Seghers Tuas WTE Plants, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant, Basslink)

- Electricity


1

2

1 KIT's assets are operated in compliance with all relevant environmental laws and regulations.

2 Operational emissions at the three plants that KIT operates are far below NEA's regulations.

KIT utilises the Keppel Group's carbon management strategy as guidance for identifying, implementing, monitoring and tracking its own carbon management action plans.

The key themes of this strategy are:
- Optimising energy consumption through information monitoring;
- Improving operational efficiencies by adopting smart control systems and more energy-efficient equipment; and
- Imbuing an environmentally-conscious mindset in stakeholders.

Emissions are calculated based on methodologies from the internationally accepted GHG Protocol standards and measured in tonnes of carbon dioxide equivalent (tCO_2e). Gases included in the calculation include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). In 2018, KIT's total GHG emissions totalled 842,714 tCO_2e. This consisted of 786,833 tCO_2e of direct emissions (Scope 1) and 55,831 tCO_2e of indirect emissions (Scope 2). This translates to a carbon intensity by asset value of 221.5 tCO_2e/mil SGD, an increase of 7.4% compared to 2017.

Other Emissions and Effluents

GRI 306-1 | 305-7

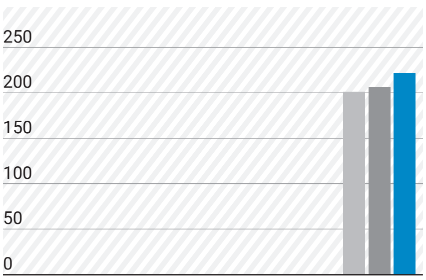
KI, a KIT O&M contractor, continues to actively manage the emissions from its operations. Nitrogen oxides and sulphur dioxide levels emitted by the three plants KI operates remain far below the applicable emissions standards of 700 milligrams per normal cubic metre (mg/Nm^3) and 500 mg/Nm^3 respectively, as stipulated by NEA's Environmental Protection and Management (Air Impurities) Regulations.

In 2017 and 2018, dust and particulate matter emitted were 38mg/Nm^3 and 11mg/Nm^3 respectively, well below the NEA emission standard of 100mg/Nm^3.

All effluent discharged to water courses or sewer systems is managed and treated in accordance with all the applicable environmental discharge standards and limits in the country of operation.

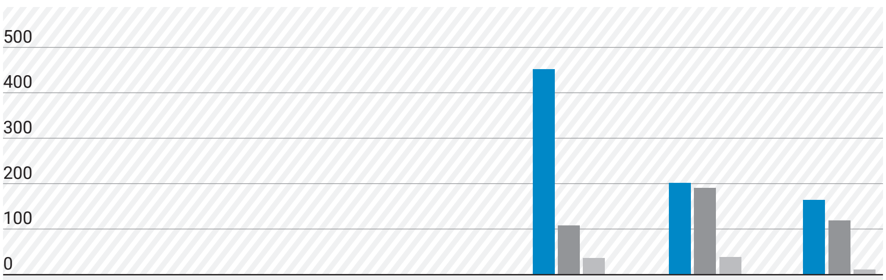
Studies and design of outfall have ensured that water discharge does not impact the environment. In 2018, KIT discharged a total of 36,850,269 m^3 of water, of which 23,696,051 m^3 was discharged into subsurface waters and 13,154,218 m^3 was discharged to sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities and/or groundwater.

Carbon Emissions Intensity (tCO_2/mil SGD)



2016	201.3
2017	206.2
2018	**221.5**

Air Emissions (mg/Nm^3)



	2016	2017	**2018**
NOx	451.0	200.7	**163.5**
SO_2	108.0	190.0	**118.8**
Particulate matter (PM)	36.0	38.0	**11.0**

Empowering Lives

We consider our people the most important resource for the success of our businesses, and are committed to provide a safe and healthy work environment that fosters personal and collective development.

Average Training Hours Per FTE

12.8hrs

Employees received an average of 12.8 hours of training

Key Sustainability Accolades

14 awards

KIT's assets garnered a total of 14 accolades, mainly in Health, Safety and the Environment (HSE)

Health and Safety

GRI 103-1 | 103-2 | 103-3 | 403-1 | 403-2 | 403-3 | 403-4

Overview

The Keppel Group considers safety to be a core value and crucial aspect of our business.

As a member of the Keppel Group, KIFM's safety management approach is guided by the Keppel Zero Fatality Strategy, which outlines actionable items to reduce workplace fatalities to zero through five strategic thrusts:

1. Building a high-performance safety culture
2. Adopting a proactive approach to safety management
3. Leveraging technology to mitigate safety risks
4. Harmonising global safety practices and competency
5. Streamlining learning from incidents

This strategy was reiterated and reinforced in 2018 at the 12th annual Keppel Group Safety Convention attended by over 500 stakeholders including senior management, staff, contractors and subcontractors.

Management Approach

KIT's safety management systems are regularly audited by health, safety and environment (HSE) personnel and independent consultants. In addition to compliance with the laws and regulations of the countries in which we operate, we aim to achieve high industry health and safety standards. Safety standards at various business units are aligned with global best practices and validated with HSE certifications. Health and safety topics are not covered in formal agreements with trade unions.

The Keppel Group HSE Policy is designed to prioritise safety and protect the environment as well as portfolio assets. All Keppel employees, third party suppliers and contractors are required to understand and adhere to the Keppel Group HSE Policy.

At the facility level, all workers are represented by formal joint management-worker health and safety committees, which provide a platform for two-way communication on safety matters.

KIT's O&M team and key service providers have their safety management systems certified to OHSAS 18001 and SS 506 standards. Operators are Keppel Seghers Engineering Singapore, KMC O&M and Hyflux Engineering. Further, five of KIT's assets have achieved the highest level of BizSAFE STAR status from the Workplace Safety and Health Council.

Board and Management Oversight

KIFM's approach to safety management is aligned with Group-level policies. As part of the Keppel Group, KIFM also benefits Group-level resources such as HSE programmes and initiatives designed to support HSE management and enhance performance.

KIT's safety goals are zero fatal incidents, and for our Accident Severity Rate (ASR) and Accident Frequency Rate (AFR) to be below industry average. The KIT Board reviews safety performance data against these targets on a quarterly basis.

KIFM works together with its O&M contractors to ensure that HSE best practices are implemented and upheld

	Group			Singapore Assets			Australia Assets		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Fatalities	**0**	0	1	**0**	0	1	**0**	0	0
Accident Frequency Rate (AFR) Reportable accidents per million man hours	**1.30**	0.39	0.53	**1.33**	0.40	0.53	**0**	0	0
Accident Severity Rate (ASR) Man-days lost per million man hours	**17.00**	3.15	1,591.68	**17.28**	3.19	1,604.87	**0**	0	0

during O&M activities. Further, KIFM's asset management team engages operators and contractors in HSE training and initiatives, such as regular monthly meetings, joint site inspections, sharing of near-miss incidents, annual roadshows, internal and external audits, improvement projects and regular performance reviews.

Performance and Compliance

There were three reportable workplace safety incidents in 2018. The Senoko WTE Plant (SWTE) reported a scalding incident on 2 July 2018 by a contract worker, KMC reported a finger injury incident by contract worker on 30 August 2018, and SingSpring Desalination Plant (SSDP) reported an incident on 13 December 2018 that resulted in a technician suffering from arm and head injuries. These incidents resulted in a loss of 39 days (20 SWTE, 13 KMC and 6 SSDP). Safety improvement is a continuous process and is a core focus of our operations. Targeted staff training and corrective actions were implemented to prevent the occurrence of similar incidents in the future. KIT employees and contractors are not regularly exposed to activities with high incidence or high risk of diseases.

None of the other assets or facilities had any health and safety incidents. There were zero health and safety incidents involving direct Keppel employees in 2018.

In 2018, KIT had an AFR of 1.3 and an ASR of 17. Although both indicators increased compared to 2017, they are still below the industry average.

KIT's assets include Major Hazard Installations. In line with the Safety Case Regime under Workplace Safety and Health Regulations, the respective Safety Cases that outline risk mitigation measures and sound process safety management systems have been reviewed and approved by relevant authorities, ensuring safe operations.

Driving Safety Culture and Behaviour Change

Through targeted engagement initiatives, we ensure all personnel are updated and protected by safety measures and best practices. Promoting safety culture and facilitating behaviour change involves training, incident root cause analysis and the sharing of lessons learnt and experiences to ensure incidents do not reoccur. Members of KIFM senior management regularly attend training sessions, site tours and inspections.

Every year, various business units attend the Keppel Group Safety Convention, a platform to reiterate the Group's commitment to foster a strong safety culture, share knowledge and raise safety awareness. In 2018, a KIT O&M contractor, KI, received a number of awards for their safety projects implemented across various assets, while City Gas won the Safety Innovation Project Silver Award, as well as the Individual Award and the Supervisor Award. The Executive Award was received by the Facility Manager at 1-Net North Data Centre.

O&M contractors continually educate staff through the following safety initiatives:

1. A team that looks into continuous improvement as part of Inspection for Safety Compliance Assurance (iSCA);
2. A Contractor HSE forum to discuss occupational health and safety issues and best practices;
3. Management of New Workforce Scheme as part of enhanced monitoring for new hires;
4. Monthly safety committee meetings and site inspections; and
5. Regular refresher training, Safety Induction Courses and mass talks on High Impact Risk Activities (HIRA) subjects in line with Keppel Group HSE strategies.

Enhancing Communication

KIT's O&M contractors are directly engaged as part of the Keppel Group's safety management community. Further, their safety efforts are supported by various Group-level initiatives and programmes.

Safety training and guidance are based on Keppel's 5 Key Safety Principles:

1. Every incident is preventable;
2. HSE is an integral part of our business;
3. HSE is a line responsibility;
4. Everyone is empowered to stop any unsafe work; and
5. A strong safety culture is achieved through teamwork.

Group HSE Alerts allow sharing of HSE information and best practices globally and across business units. O&M operators learn from this information and use them to refine and implement preventive measures.

Keppel shares the latest developments in safety best practices in its quarterly HSE Matters section in *Keppelite*, Keppel's Groupwide newsletter, which is distributed electronically to Keppel Group employees and stakeholders.

KIT and Keppel Group's safety management initiatives are further supported by KI's 'Gear Up for Safety' programme, which raises awareness and implements safety projects at various KIT facilities.

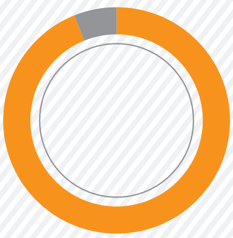
Additionally, KIT works closely with Keppel Capital's (KC) HSE committee to implement a series of safety initiatives across the KC group of companies.

A KMC team designed a device to load chemicals correctly to prevent operational disruptions, winning a Platinum award in the Keppel Group Safety Innovation Competition.

Empowering Lives

1

Global Workforce



Distribution by Region (%)

	No. of Employees
Singapore	94.0%
Australia	6.0%
	100.0%

People Matters

KIFM believes that nurturing and developing its talent pool is a direct investment in the long-term value and growth of the Trust.

Our commitment to engage, motivate and develop our workforce is supported by our human resource strategy, which is designed to cultivate potential, facilitate innovation and develop personal and collective growth through career development, employee well-being and employee engagement.

Profile of Employees

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 401-1

Keppel Capital reorganised its 200-strong workforce at the beginning of 2017, forming centralised business functions such as Asset Management, Investments, Compliance, Investor Relations, Finance, Research and Human Resources to support the various business units including KIT and KIFM. As a result, KIT has gained access to valuable Group-level programmes and resources for learning and career growth.

As of 2018, KIT's workforce totalled 268 employees, 87% under permanent contracts and 13% temporary employees. All employees are full-time. 94% employees operate out of Singapore, and 6% are located in Australia. Of the total workforce, 5.2% are members of Senior Management, 35% are executives and 59.8% are non-executives.

In 2018, we hired five new employees. The five new hires consisted of four males and one female. Of the five, three are between 30-50 and two are over 50 years old. Four of the new hires operate out of Singapore while one operates out of Australia.

The turnover[1] was 7 comprising 4 male and 3 female employees. Of the departing employees, 5 were between 30-50 and 2 were above 50 years old. One of the turnovers was based in Australia and 6 were based in Singapore.

[1] Turnover is defined as the total number of employees who leave the organisation. It does not take into account employees who leave due to completion of contracts, dismissal, retirement or death in service.

Policy of Non-discrimination

GRI 102-48 | 103-1 | 103-2 | 103-3 | 405-1 | 406-1

KIFM embraces workforce diversity and believes that a diversity of cultures and perspectives helps drive innovation and create value.

As a Keppel entity, KIT adopts the Keppel Group Statement on Diversity and Inclusion. This statement communicates and reinforces Keppel's core values of People-Centredness and Collective Strength. In addition, it outlines diversity considerations that are incorporated into the Employee Code of Conduct, staff recruitment, and fosters an inclusive and harmonious workplace.

Recruitment decisions across our Singapore operations are based on merit and emphasise principles of diversity and inclusiveness. New employees are selected based on the closest fit between the competencies of the applicant and the requirements of the vacancy. Our hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, maritalstatus or age.

In 2018, our workforce was 82% male and 18% female. Please refer to pages 10 to 12 for additional details on the KIFM Board of Directors.

To demonstrate its commitment to non-discrimination and equal opportunities, the Trustee-Manager adheres to the Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices, which is guided by the following five principles:

1. Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability;
2. Treat employees fairly and with respect and implement progressive human resource management systems;
3. Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential;
4. Reward employees fairly based on their ability, performance, contribution and experience; and
5. Comply with labour laws and abide by the Tripartite Guidelines on Fair Employment Practices.

2

1
KIT has access to valuable Group-level programmes and resources for its employees' learning and career growth.

Photo credit: ST Press

2
Our employees are provided with equal opportunity to be considered for training and development based on their strengths and needs.

Our commitment to human rights is supported by the Employee Code of Conduct, which sets the tone in relation to the Group's stance against discrimination and bias on any basis, including ethnicity, gender, religious beliefs or age. The rules of the Employee Code of Conduct apply to all KIT employees. Our stance on human rights is aligned with the philosophy and commitment of the Keppel Group, articulated in the Corporate Statement on Human Rights, which is available online.

To foster harmonious relationships, we form strategic partnerships with unions. As of 2018, approximately 71% of our workforce is covered by Collective Agreements.

Guidelines are in place to promptly respond to and effectively address all reported grievances. For unionised companies under the Trust, employee grievances are resolved based on the respective Collective Agreements protocols. All reported grievances are investigated and tracked through resolution.

In 2018, there were zero cases of reported discrimination.

Provision of Benefits

GRI 103-1 | 103-2 | 103-3 | 401-3

All permanent KIT employees are provided with competitive compensation and benefits such as group insurance plans, medical entitlements, leave entitlement and contributions to employees' local pension fund.

In 2018, the Trustee-Manager was compliant with all legal regulations regarding employment terms and benefits.

Distribution by Employment Contract and Gender (%)

	Male	Female
Permanent employees	84.5%	15.5%
Temporary employees	69.4%	30.6%
Overall	82.5%	17.5%

Gender Diversity of Governance Bodies and Employees (%)

	Male	Female
Senior Management	92.9%	7.1%
Executives	81.9%	18.1%
Non-Executives	81.9%	18.1%

Age Diversity of Governance Bodies and Employees (%)

	<30 years	30-50 years	>50 years
Senior Management	0%	45.5%	54.5%
Executives	3.1%	72.2%	24.7%
Non-Executives	7.5%	43.8%	48.8%


1


2

1
The new office design promotes a healthy and productive work environment, as well as collaboration and team bonding.

2
KIT has the benefit of leveraging corporate-level programmes to support leadership and executive development.

Photo credit: ST Press

Investing in our people and their professional development is a key component of our strategy to create long-term value and growth.

Performance Management
GRI 103-1 | 103-2 | 103-3 | 404-3

Our pay-for-performance philosophy creates long-term value by incentivising job performance, driving ownership of collective goals and facilitating a culture of high performance. Performance is optimised by providing incentives based on merit. Such incentives include: opportunities for advancement, promotion, recognition of achievements, compensation, training and other conditions of employment.

All permanent employees are supported by a robust performance management system and receive regular performance and career development reviews. Supervisors and employees discuss performance goals based on targets in four key areas: Financial, Process, Customers & Stakeholders and People.

Succession Planning and Talent Management

To build and develop its bench strength and ensure business continuity, the Trustee-Manager implements a robust succession planning and talent management framework. The Board and senior management review the framework at least twice a year to help identify high potential employees and prepare them for elevated responsibilities as the Trust grows over time.

As a Keppel Group entity, the talent management process is supported by Keppel Corporation's Group Human Resources department. KIT has the benefit of leveraging corporate-level programmes to support leadership and executive development. In addition, the Keppel Group's centralised functions help coordinate information across the business units to ensure the availability of consistent quality data to support talent review.

Group-level talent development programmes include Keppel Young Leaders and Keppel Leadership Institute. KIT employees also have access to additional opportunities to network and engage with senior management and members of other Keppel business units.

Keppel Young Leaders is a centralised platform for high potential employees across the Keppel Group to cultivate a global mindset, as well as an innovative and entrepreneurial spirit. This programme features initiatives such as annual symposiums, case studies and strategic reviews to prepare high-potential employees for projects requiring advanced skills and competencies.

Keppel Leadership Institute was initiated in 2015 to identify global Keppel Leaders who share Keppel's core values and operating principles and equip them with the capabilities to drive Keppel's businesses into the future.

Investing in our people and their professional development s a key component in our strategy to create long-term value and growth.

Photo credit: ST Press

Average Training Hours by Employee Gender (hours)

Male	13.44
Female	9.62

Average Training Hours by Employee Category (hours)

Senior Management	11.75
Executive	17.73
Non-Executive	9.94

Training and Development

GRI 404-1

Investing in our people and their professional development is a key component of our strategy to create long-term value and growth. Employees have the opportunity to participate in training and development programmes to develop new skills and keep abreast of key industry trends. In 2018, the average training hours per full-time employee was 12.8 hours.

To optimise the effectiveness of training, learning and development programmes are customised based on career stages and the current and future needs of the Group.

Employee Engagement

To engage with its employees and better understand their perspectives, the Trustee-Manager utilises two-way feedback communication channels. To evaluate the effectiveness of the employee engagement approach, 100% of KIT staff participated in the annual Keppel Group Employee Engagement Survey, conducted by an external consultant. The Trustee-Manager, with the support of KC, will review the results and use the findings to refine engagement initiatives to effectively address employees' concerns.

Health and Wellness

To promote team bonding and active lifestyles, the Group organises the annual Keppel Games, a sporting competition between employees of the various business units. The Trustee-Manager also organises additional activities throughout the year to cultivate camaraderie across the Group.

To advocate good eating habits, healthy snacks and fruits are made available to all employees. To help ensure and maintain good health, regular health screenings are available.

The Trustee-Manager's offices have been designed to promote a healthy and productive work environment. Features include indoor air quality management to measure air flow and quality. Ergonomic chairs and Green Label-certified furniture and fittings within the office promote comfort and well-being. Purpose-built dining booths, a bistro-style café and relaxation zones throughout the office promote collaboration, team bonding and also help maintain positive morale.

Nurturing Communities

The Trustee-Manager is committed to uplift local communities where it operates.

Total Number Of Volunteer Hours

1,200hrs

Keppel Capital volunteers spent over 1,200 hours with their beneficiary

Investments In Social Causes

$20,300

KIT contributed $20,300 to initiatives to positively impact the community

Community Engagement and Development

GRI 103-1 | 103-2 | 103-3 | 413-1 | 413-2

Proactively engaging with stakeholders and contributing both time and donations to initiatives that benefit the community are core components of the Trustee-Manager's Corporate Social Responsibility (CSR) strategy.

The Muscular Dystrophy Association (Singapore) (MDAS) is the adopted charity of Keppel Capital. MDAS is a self-help organisation committed to uplift the lives of people with muscular dystrophy. This year, KIFM staff volunteers joined MDAS beneficiaries for activities such as museum history lessons, recreational fishing and an art jamming session. In 2018, KC volunteers spent over 1,200 volunteer hours with the MDAS beneficiaries.

KIFM volunteers also partnered with the Fei Yue Family Service Centre (Fei Yue), to reach out to vulnerable and disadvantaged communities, including children, youth, family, seniors, inmates and their families through the provision of counselling, healthcare, training and research. In 2018, Keppel entities lent Fei Yue a helping hand by packing and distributing household cleaning kits to families in need.

City Gas, a subsidiary of KIT, supports the Singapore Civil Defence Force's CD Lionhearter Club, an initiative that engages tertiary students in programmes for humanitarian missions, civil defence and emergency preparedness.

In line with the growing importance of plant security, KIT works closely with law enforcement agencies and security service providers to collaboratively prepare for potential threats and cyber-attacks. This includes participating in exercises with the security providers at City Gas and SingSpring Desalination Plant and Red Teaming exercises conducted by the Singapore Police Force.

In Australia, Basslink continued its ongoing support for the fishing and seafood industry through award sponsorships at the Tasmanian Seafood Industry Council and Seafood Industry Victoria industry awards. Basslink has been a founding sponsor at both events since their inception in 2007.

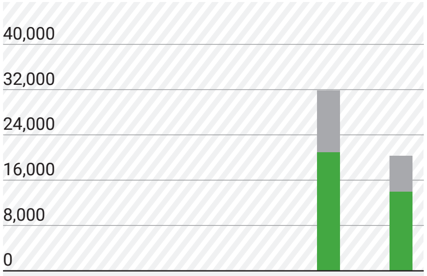
In the sporting arena, Basslink continued its long-standing sponsorship of the North Gippsland Football and Netball Leagues in Victoria.

For the young, Basslink sponsored the Tasmanian Special Children's Party. This event is held every Christmas in Hobart, with the aim of providing festive cheer to over 1,600 children who are terminally ill, or intellectually or physically handicapped.

KIFM staff volunteers lent Fei Yue a helping hand by packing and distributing household cleaning kits to families in need.

Nurturing Communities

Community Investments ($)



	2017	**2018**
Australia	11,000	**6,300**
Singapore	20,900	**14,000**
Total	31,900	**20,300**

Basslink staff supported the Victorian Cancer Council for their biggest morning tea and also the Christmas food and toy collection organised by the Salvation Army.

Basslink also sponsors Devils at Cradle, a conservation sanctuary set up in Tasmania to protect the indigenous threatened species—Tasmanian Devils, Eastern Quolls and Spotted Tail Quolls. Basslink sponsors a young male Tasmanian Devil named 'Linc'.

In addition, KIT contributed $20,300 to various initiatives that positively impact the community.

KIFM is committed to minimise any potential negative impacts that our assets may have on local communities. 100% of our operations have implemented Environmental Impact Assessments (EIA) prior to construction. Based on EIA study reports, water quality test reports, air emission sensor readings and monthly O&M reports, several of our operations have the potential to negatively impact local communities.

Those operations and their potential impacts are outlined below:

- **SingSpring Desalination Plant:** Trade effluent discharged back to sea with a high concentration of salt and heavy metals (waived by NEA).
- **Keppel Seghers Ulu Pandan NEWater Plant:** Trade effluent discharged back to PUB sewage system (within allowable limits).
- **Senoko WTE, Keppel Seghers Tuas WTE and KMC plants:** Discharge of air pollutants, e.g. Dioxin, NOx and CO (within allowable limits); discharge of recycled seawater for plant cooling back to sea (within allowable limits).

All such discharges by the plants are permitted by the relevant regulatory bodies.

Several assets also inherently produce significant positive impact for local communities such as conserving landfill space and generating energy at our WTE plants, as well as producing potable water at our NEWater and desalination plants.

Mr Matthew Pollard (right), CEO of KIFM, and Ms Jacqueline Ong (left), Senior VP, Investments, interacting with an MDAS beneficiary at an outing to the Maritime Museum.

GRI Content Index

This report has been prepared in accordance with GRI standards: Core option.

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Level	Page Reference
		Organizational Profile		
GRI 102: General Disclosures 2016	102-1	Name of the organization	●	32
	102-2	Activities, brands, products and services	●	16–21
	102-3	Location of headquarters	●	167
	102-4	Location of operations	●	16, 33
	102-5	Ownership and legal form	●	16
	102-6	Markets served	●	16, 33
	102-7	Scale of the organization	●	16, 46
	102-8	Information on employees and other workers	●	46–49
	102-9	Supply chain	●	37
	102-10	Significant changes to organization and its supply chain	●	37, 16–22
	102-11	Precautionary principle or approach	●	34
	102-12	External initiatives	●	34, 40
	102-13	Membership of associations	●	34
		Strategy		
	102-14	Statement from the most senior decision maker of the organization	●	32
		Ethics and Integrity		
	102-16	Values, principles and norms of behavior	●	31, 34
		Governance		
	102-18	Governance structure	◑	34
		Stakeholder Engagement		
	102-40	List of stakeholder groups	●	34
	102-41	Collective bargaining agreements	●	48
	102-42	Identifying and selecting stakeholders	●	35
	102-43	Approach to stakeholder engagement	●	34, 35
	102-44	Key topics and concerns raised	●	35
		Reporting Practice		
	102-45	Entities included in the consolidated financial statements	●	33, 70
	102-46	Defining report content and topic boundaries	●	33, 35
	102-47	List all material topics	●	35
	102-48	Restatements of information	●	2017 data in SR2017 was annualised. They have been updated to full year figures in this report.
	102-49	Changes in reporting	●	Indicators added: 206-1, 305-1, 401-1. 403-1, 403-3, 403-4, 406-1, 413-2 and 417-3. Indicators removed: 302-2, 303-3 and 305-3.
	102-50	Reporting period	●	33
	102-51	Date of the most recent report	●	33
	102-52	Reporting cycle	●	33
	102-53	Contact point of questions regarding the report	●	33
	102-54	Claims of reporting in accordance with GRI Standards	●	33
	102-55	GRI Content Index	●	53–56
	102-56	External assurance	●	33

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Level	Page Reference
		Category: Economic		
		Economic Performance		
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	●	35, 36
	103-2	The management approach and its components	●	6–9, 16–22, 36
	103-3	Evaluation of the management approach	●	6, 36
	201-1	Direct economic value generated and distributed	◑	2–3, 16–27
		Anti-corruption		
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	●	35, 37
	103-2	The management approach and its components	●	37
	103-3	Evaluation of the management approach	●	37
	205-1	Operations assessed for risks related to corruption	●	37, 38
	205-2	Communication and training about anti-corruption policies and procedures	●	37, 38
	205-3	Confirmed incidents of corruption and actions taken	●	37, 38
		Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior 2016	103-1	Explanation of the material topic and its Boundary	◑	35, 37
	103-2	The management approach and its components	◑	37
	103-3	Evaluation of the management approach	◑	37
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	37
		Socioeconomic Compliance		
GRI 419: Socioeconomic Compliance 2016	103-1	Explanation of the material topic and its Boundary	●	35, 37
	103-2	The management approach and its components	●	37, 141–142, 163–164
	103-3	Evaluation of the management approach	●	37, 141–142, 163–164
	419-1	Non-compliance with laws and regulations in the social and economic area	●	37
		Category: Environment		
		Energy		
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	●	35, 38
	103-2	The management approach and its components	●	38, 39
	103-3	Evaluation of the management approach	●	38, 39
	302-1	Energy consumption within the organization	●	39, 40
	302-3	Energy intensity	●	39, 40
	302-4	Reduction of energy consumption	●	39, 40
		Water		
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	●	35, 38
	103-2	The management approach and its components	●	40, 41
	103-3	Evaluation of the management approach	●	40, 41
	303-1	Water withdrawal by source	●	41
	303-2	Water sources significantly affected by withdrawal of water	●	40, 41
		Emissions		
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	●	35, 38, 39, 42, 43
	103-2	The management approach and its components	●	42, 43
	103-3	Evaluation of the management approach	●	39, 42, 43
	305-1	Direct (Scope 1) GHG emissions	●	42, 43
	305-2	Energy indirect (Scope 2) GHG emissions	●	42, 43
	305-4	GHG emissions intensity	●	42, 43
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	●	42, 43

Legend ● Fully reported ◑ Partially reported

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Level	Page Reference
		Category: Environment		
		Effluents and Waste		
GRI 306: Effluents and Waste 2016	103-1	Explanation of the material topic and its Boundary	●	35, 40, 42
	103-2	The management approach and its components	●	40, 42
	103-3	Evaluation of the management approach	●	40, 42
	306-1	Water discharge by quality and destination	●	43
	306-2	Waste by type and disposal method	●	42
		Environmental Compliance		
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	●	35, 42
	103-2	The management approach and its components	●	42
	103-3	Evaluation of the management approach	●	42
	307-1	Non-compliance with environmental laws and regulations	●	42
		Category: Social		
		Employment		
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	●	46, 47, 49
	103-2	The management approach and its components	◑	46, 47, 49
	103-3	Evaluation of the management approach	◑	46, 47, 49
	401-1	New employee hires and employee turnover	●	46, 47
		Occupational Health and Safety		
GRI 403-2: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	●	35, 44, 45
	103-2	The management approach and its components	●	44, 45
	103-3	Evaluation of the management approach	●	44, 45
	403-1	Workers representation in formal joint management—worker health and safety committees	●	44
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	●	44, 45
	403-3	Workers with high incidence or high risk of diseases related to their occupation	●	45
	403-4	Health and safety topics covered in formal agreements with trade unions	●	45
		Training and Education		
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	●	35, 49, 50
	103-2	The management approach and its components	●	49, 50
	103-3	Evaluation of the management approach	●	49, 50
	404-1	Average hours of training per year per employee	●	44, 50
	404-3	Percentage of employees receiving regular performance and career development reviews	●	49, 50
		Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary	●	35, 47
	103-2	The management approach and its components	●	47, 48
	103-3	Evaluation of the management approach	●	47
	405-1	Diversity of governance bodies and employees	●	47, 48
		Non-Discrimination		
GRI 406: Non-Discrimination 2016	103-1	Explanation of the material topic and its Boundary	●	35, 47
	103-2	The management approach and its components	●	47, 48
	103-3	Evaluation of the management approach	●	47
	406-1	Incidents of discrimination and corrective actions taken	●	48

Legend ● Fully reported ◑ Partially reported

GRI Content Index

GRI Standard	Disclosure Number	Disclosure Title	Disclosure Level	Page Reference
		Category: Social		
		Local Communities		
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	●	35, 51, 52
	103-2	The management approach and its components	●	51, 52
	103-3	Evaluation of the management approach	●	51, 52
	413-1	Operations with local community engagement, impact assessments, and development programs	●	51, 52
	413-2	Operations with significant actual and potential negative impacts on local communities	●	51, 52
		Marketing and Labeling		
GRI 417: Marketing and Labeling 2016	103-1	Explanation of the material topic and its Boundary	◑	37
	103-2	The management approach and its components	◑	37
	103-3	Evaluation of the management approach	◑	37
	417-3	Incidents of non-compliance concerning marketing communications	●	38
		Customer Privacy		
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary	●	35, 36
	103-2	The management approach and its components	●	35, 36, 37
	103-3	Evaluation of the management approach	●	35, 36
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	36, 37
		Security		
Non-GRI Standard	103-1	Explanation of the material topic and its Boundary	●	35, 38
	103-2	The management approach and its components	●	38
	103-3	Evaluation of the management approach	●	38
	Non-GRI	Number of major security breaches affecting plant availability	●	35, 38

Legend ● Fully reported ◑ Partially reported

Trustee-Manager’s Statement & Financial Statements

Trustee-Manager's Statement

Keppel Infrastructure Fund Management Pte. Ltd. was appointed as the Trustee-Manager of Keppel Infrastructure Trust (the "Trust") on May 18, 2015.

The directors of the Trustee-Manager present their statement, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2018.

Opinion of the Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust as set out on pages 65 to 129 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at December 31, 2018, and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts when they fall due.

In accordance with Section 86(2) of the Singapore Business Trusts Act, Chapter 31A (the "Act"), we further certify:

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;

(b) the interested person transactions entered into by the Group during the financial year ended December 31, 2018 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

In accordance with Regulation 12(6) of the Singapore Business Trust Regulations ("BTR"), the Board of Directors of the Trustee-Manager may determine that a director who is not considered to be independent from management and business relationships with the Trustee-Manager under Regulation 3; or not considered to be independent from a substantial shareholder of the Trustee-Manager under Regulation 4, is nonetheless independent from management and business relationships with the Trustee-Manager or independent from a substantial shareholder of the Trustee-Manager, if the Board of Directors is satisfied that the director's independent judgment and ability to act with regard to the interests of all the unitholders of the Trust as a whole will not be interfered with, despite the relationships.

The details of the Board of Directors' review and determination under Regulation 12(7) of the BTR are disclosed in the Corporate Governance section of the Annual Report of the Trust in accordance to Regulations 12(8) and 12(9) of the BTR.

Directors

The directors of the Trustee-Manager in office at the date of this statement are:

Koh Ban Heng (Chairman)
Thio Shen Yi
Mark Andrew Yeo Kah Chong
Daniel Cuthbert Ee Hock Huat
Kunnasagaran Chinniah
Christina Tan Hua Mui
Cindy Lim Joo Ling (Appointed on July 18, 2018)

Arrangements to Enable Directors to Acquire Units and Debentures

Neither at the end of the financial year nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures of the Trust.

Directors' Interests in Units or Debentures

The directors of the Trustee-Manager at the end of the financial year had no interests in the unit capital and debentures of the Trust as recorded in the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Act except as follows:

	Direct interest		Deemed interest	
Name of directors and corporation in which interests are held	**At beginning of financial year**	**At end of financial year**	**At beginning of financial year**	**At end of financial year**
Interests in Keppel Infrastructure Trust (Units)				
Koh Ban Heng	–	36,100	–	–
Thio Shen Yi	906	26,206	–	–
Mark Andrew Yeo Kah Chong	–	28,500	–	–
Daniel Cuthbert Ee Hock Huat	–	27,900	–	–
Kunnasagaran Chinniah	513,600	536,300	421,346	421,346

The unitholdings of the above directors as at January 21, 2019 were the same as those at December 31, 2018.

Unit Options

(a) Options to take up unissued units
During the financial year, there were no options granted by the Trustee-Manager to any person to take up unissued units in the Trust.

(b) Options exercised
During the financial year, there were no units of the Trust issued by virtue of the exercise of an option to take up unissued units.

(c) Unissued units under options
At the end of the financial year, there were no unissued units of the Trust under options.

Audit and Risk Committee

The members of the Audit and Risk Committee of the Trustee-Manager during the financial year and as at the date of this report are:

Mark Andrew Yeo Kah Chong (Chairman)
Koh Ban Heng
Daniel Cuthbert Ee Hock Huat

All members of the Audit and Risk Committee are independent and are non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations 2005 and the SGX Listing Manual.

In performing its functions, the Audit and Risk Committee met with the Trust's external and internal auditors to discuss the scope and results of their audits and the internal auditors' evaluation of the Group's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

(a) The audit plan and results of the internal auditor's examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The financial statements of the Trust and the consolidated financial statements of the Group before their submission to the directors of the Trustee-Manager and external auditor's report on those financial statements;

(d) The adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(e) The quarterly, half-yearly and annual announcements on the results and financial position of the Trust and the Group;

(f) The co-operation and assistance given by the Trustee-Manager's officers to the Group's external auditors; and

(g) The re-appointment of the external auditors of the Group.

The Audit and Risk Committee has full access to and had the co-operation of the Trustee-Manager and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officers of the Trustee-Manager to attend its meetings. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the directors of the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the unitholders.

Auditors

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors of the Trustee-Manager

Koh Ban Heng
Chairman

Christina Tan Hua Mui
Director

Singapore
February 28, 2019

Statement by the Chief Executive Officer

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Matthew Rupert Pollard
Chief Executive Officer

Singapore
February 28, 2019

Independent Auditor’s Report

to the Unitholders of Keppel Infrastructure Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Keppel Infrastructure Trust (the “Trust”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholders’ funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders’ funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 129.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders’ funds of the Trust are properly drawn up in accordance with the provisions of Singapore Business Trusts Act, Chapter 31A (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at December 31, 2018 and of the consolidated financial performance, consolidated changes in unitholders’ funds and consolidated cash flows of the Group and changes in unitholders’ funds of the Trust for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
Impairment of Assets – property, plant and equipment, finite-lived intangible assets, investments in and advances to subsidiaries and goodwill	
Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment annually and for other assets, where there are indicators of impairment. This assessment requires the exercise of significant judgement in determining the recoverable values of the cash generating units (“CGUs”), including growth rates, discount rates, terminal values and expected changes to selling prices and direct costs. These assets represent a significant portion of the Group’s and Trust’s total assets and their proportion as at December 31, 2018 are as follows: • Property, plant and equipment (*56.6% of Group’s total assets*); • Goodwill (*11.5% of Group’s total assets*) • Finite-lived intangible assets (*2.1% of Group’s total assets*) • Investments in and advances to subsidiaries, which are quasi-equity loans (*49.1% of Trust’s total assets*) The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Notes 7 and 8 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by the Trustee-Manager in concluding the impairment review. These procedures included: • Using our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates and terminal values; • Challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations; and • By reference to prior years’ forecasts, where relevant, assessing whether the Group has achieved them. Based on our procedures, we noted the Trustee-Manager’s key assumptions to be within a reasonable range of our expectations. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.
Basslink cable outage (the “outage”) As detailed in Note 41 to the financial statements, the Basslink Interconnector experienced an unplanned outage on December 20, 2015. The Basslink operations represent the Group’s Distribution & Network segment, which is further disclosed in Note 40 to the financial statements.	We evaluated the Trustee-Manager’s assessment of the implications of the outage to the Group, in particular, the following: • The breach of loan covenant and the impact to the Group’s going concern assumption; • Recoverability of Basslink’s receivables; and • Disputes with the State of Tasmania and Hydro Tasmania ("HT").

Independent Auditor's Report

to the Unitholders of Keppel Infrastructure Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Key Audit Matters

Basslink cable outage (the "outage") (continued)
The implications of the outage include, *inter alia*, the following:

- **Breach of minimum debt service coverage ratio on loan covenant**
  As disclosed in Note 19 to the financial statements, the Basslink bank borrowings of S$700.1m, being repayable in November 2019, has been classified as current liabilities as at December 31, 2018. Basslink's ability to continue as a going concern is highly dependent on the lenders not demanding repayment of the loan and withdrawing the credit facility.

  The Trustee-Manager is in discussions with the lenders to refinance the bank borrowings and the Trustee-Manager continues to hold the view that the lenders remain supportive of Basslink and its operations and do not intend to exercise their rights to recall the bank borrowings in the near term if the liquidity and stability of Basslink are maintained.

  Furthermore:
  - The Basslink bank borrowings are non-recourse to the Group;
  - The breach in the loan covenant in the Basslink loan agreement does not result in any cross default on other borrowings within the Group; and
  - The Group is not dependent on Basslink's cash flow for its operations and distributions to unitholders for at least the 12-month period from the date of the auditor's report.

  Accordingly, the Trustee-Manager has assessed that the implications of the outage detailed above do not impact the going concern assumption of the Group.

- **Recoverability of Basslink's receivables**
  As disclosed in Note 41 to the financial statements, Basslink's customer, Hydro Tasmania ("HT"), disputed the claim that the outage was a "*force majeure*" event and has not paid Basslink facility fees for the period from September 2016 to August 2017 and had instead given "good faith payments" to Basslink from December 2016 to July 2017.

  In 2016, Cable Consulting International ("CCI"), an independent submarine power cable expert engaged by Basslink concluded in its report (the "outage investigation report"), amongst others, that the cause of the cable outage is unknown. The Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "*force majeure*" event.

  From September 2017, HT had resumed the usual contractual payment of the full facility fees to Basslink.

  In December 2017, based on the reports from DNV GL, an international engineering consultancy firm engaged by HT, HT alleged that the outage was caused by the interconnector exceeding its design limit.

  Under the Basslink Services Agreement ("BSA"), an unknown cause of the cable fault falls under the definition of a "*force majeure*" event. As such, the Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "*force majeure*" event.

  The Trustee-Manager is of the view that the carrying amount of Basslink's receivables, included under unbilled receivables (Note 16), as at December 31, 2018 approximates the recoverable amount.

Our audit performed and responses thereon

We reviewed the Group's loan agreements and noted that the aforesaid default under the Basslink loan agreement does not result in any cross default on other borrowings within the Group. We have also sought legal representation that the Basslink bank borrowings are non-recourse to the Group.

We reviewed the cash flow contribution of Basslink to the Group to corroborate the Trustee-Manager's view that the Group is not dependent on Basslink's cash flow for its operations and distributions to unitholders for at least the 12-month period from the date of the auditor's report.

We reviewed the Basslink Services Agreement ("BSA") with HT, the outage investigation report and the external solicitor's confirmation supporting the outage as a "*force majeure*" event, and also verified the "good faith payments" made by HT. The Trustee-Manager has assessed that:

- the carrying amount of Basslink's receivables as at December 31, 2018 approximates the recoverable amount; and
- no provision for disputed claims from the State is required.

Based on our procedures, we found the Trustee-Manager's basis of assessment to be reasonable.

We have also assessed the appropriateness of the disclosures made in the consolidated financial statements.

Key Audit Matters	Our audit performed and responses thereon
Basslink cable outage (the "outage") (continued) • **Disputes with the State of Tasmania and Hydro Tasmania** In March 2018, the State of Tasmania (the "State") issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Operations Agreement ("BOA"), and alleged that Basslink should indemnify the State for its losses which amounts to over A$100.0m (S$100.7m). In September 2018, Basslink issued a Notice of Dispute to HT, which was referred to arbitration, under the BSA, to recover the withheld receivables from HT. In October 2018, HT issued a Notice of Dispute to Basslink, which was referred to arbitration, under the BSA, based upon the allegations in the DNV GL reports commissioned by the lawyers for HT. In relation to the State's claim against Basslink, Basslink engaged CCI to perform a further investigation. In November 2018, CCI concluded in its report (the "CCI report"), amongst others, that the cause of the cable outage continues to be unknown. As at December 31, 2018, no provision has been made for the claim by the State as based on the outage investigation report and CCI report, the Trustee-Manager is of the view that the cause of the cable fault was a "*force majeure*" event.	

Information Other than the Financial Statements and Auditor's Report Thereon

Trustee-Manager is responsible for the other information. The other information comprises the Key Figures for 2018, Financial Highlights, Chairman's Statement, composition of Board of Directors, The Trustee-Manager, Operations Review, Financial Review, Keppel Infrastructure Trust's Unit Price Performance, Significant Events for year ended 2018, Trust Structure, Corporate Information, Sustainability Report, Trustee-Manager's Statement, Statement by the Chief Executive Officer, Corporate Governance, Risk Management and Financial Calendar, which we obtained prior to the date of this auditor's report, and the Statistic of Unitholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee-Manager and the Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors of the Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

to the Unitholders of Keppel Infrastructure Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Auditor's Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager.

(d) Conclude on the appropriateness of Trustee-Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors of the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors of the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Patrick Tan Hak Pheng.

Deloitte & Touche

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

February 28, 2019

Statements of Financial Position
December 31, 2018

	Note	Group			Trust		
		December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Non-Current Assets							
Property, plant and equipment	6	**2,152,479**	2,255,920	2,379,600	**–**	–	–
Intangibles	7	**518,758**	527,145	537,165	**–**	–	–
Investment in subsidiaries	8	**–**	–	–	**801,231**	851,892	951,030
Investment in and advances to joint venture	9	**20,009**	20,752	23,432	**–**	–	–
Notes receivables	10	**–**	–	–	**775,712**	775,712	775,712
Amount receivable from a subsidiary	11	**–**	–	–	**15,387**	20,187	22,028
Service concession receivables	12	**332,221**	378,758	424,025	**–**	–	–
Finance lease receivables	13	**95,070**	105,139	114,823	**–**	–	–
Derivative financial instruments	17	**69**	–	–	**–**	–	–
Other assets	14	**164,785**	180,548	122,874	**–**	–	–
Total non-current assets		**3,283,391**	3,468,262	3,601,919	**1,592,330**	1,647,791	1,748,770
Current Assets							
Cash and bank deposits	15	**231,603**	213,956	266,859	**26,116**	31,054	51,969
Trade and other receivables	16	**151,787**	143,266	118,866	**13,784**	4,979	4,717
Service concession receivables	12	**46,537**	45,267	44,034	**–**	–	–
Finance lease receivables	13	**10,069**	9,684	9,319	**–**	–	–
Derivative financial instruments	17	**202**	–	1,055	**31**	–	–
Inventories	18	**59,236**	54,174	54,456	**–**	–	–
Other current assets	14	**22,182**	21,807	22,134	**14**	47	55
Total current assets		**521,616**	488,154	516,723	**39,945**	36,080	56,741
Current Liabilities							
Borrowings	19	**1,034,565**	722,377	752,106	**147,609**	–	–
Loan from a subsidiary	20	**–**	–	–	**–**	–	43,335
Trade and other payables	21	**177,905**	174,843	160,193	**3,648**	3,588	4,122
Derivative financial instruments	17	**16,772**	18,380	19,571	**–**	–	–
Income tax payable		**4,356**	3,410	5,454	**15**	10	19
Total current liabilities		**1,233,598**	919,010	937,324	**151,272**	3,598	47,476
Net Current (Liabilities)/Assets		**(711,982)**	(430,856)	(420,601)	**(111,327)**	32,482	9,265
Non-Current Liabilities							
Borrowings	19	**740,383**	1,071,904	1,058,576	**–**	145,500	122,612
Notes payable to non-controlling interests	23	**260,000**	260,000	260,000	**–**	–	–
Derivative financial instruments	17	**99,491**	100,551	85,976	**–**	859	986
Other payables	24	**250,732**	242,012	268,838	**–**	–	–
Provisions	22	**26,935**	32,886	31,280	**–**	–	–
Deferred tax liabilities	25	**15,612**	18,159	22,678	**–**	–	–
Total non-current liabilities		**1,393,153**	1,725,512	1,727,348	**–**	146,359	123,598
Net Assets		**1,178,256**	1,311,894	1,453,970	**1,481,003**	1,533,914	1,634,437
Represented by:							
Unitholders' Funds							
Units in issue	26	**2,138,066**	2,137,538	2,137,389	**2,138,066**	2,137,538	2,137,389
Hedging reserve	27	**(200,226)**	(210,861)	(204,478)	**31**	(859)	(986)
Translation reserve		**(492)**	(359)	–	**–**	–	–
Capital reserve	28	**38,710**	38,710	38,710	**–**	–	–
Accumulated losses		**(923,582)**	(812,093)	(716,231)	**(657,094)**	(602,765)	(501,966)
Total Unitholders' Funds		**1,052,476**	1,152,935	1,255,390	**1,481,003**	1,533,914	1,634,437
Non-controlling interests		**125,780**	158,959	198,580	**–**	–	–
		1,178,256	1,311,894	1,453,970	**1,481,003**	1,533,914	1,634,437

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Financial year ended December 31, 2018

	Note	2018 $'000	2017 $'000
Revenue	30	637,387	632,476
Other income	31	9,169	3,593
Other losses - net	32	(13,650)	(8,855)
Expenses			
Fuel and electricity costs		(155,601)	(126,008)
Gas transportation costs		(93,873)	(93,109)
Depreciation and amortisation		(103,480)	(104,969)
Staff costs	33	(27,378)	(26,717)
Operation and maintenance costs		(77,859)	(82,425)
Finance costs	34	(123,669)	(124,949)
Trustee-Manager's fees	35	(9,742)	(9,762)
Other operating expenses		(47,459)	(47,872)
Total expenses		(639,061)	(615,811)
(Loss)/Profit before joint venture		(6,155)	11,403
Share of results of joint venture		3,840	2,715
(Loss)/Profit before tax	36	(2,315)	14,118
Income tax expense	37	(43)	(342)
(Loss)/Profit for the year		(2,358)	13,776
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value losses		(14,560)	(37,360)
- Transfer to profit or loss		28,025	28,877
- Share of net change in fair value of cash flow hedges of a joint venture		502	(1,080)
Currency translation differences relating to consolidation of foreign operations		(91)	(488)
Other comprehensive income, net of tax		13,876	(10,051)
Total comprehensive income		11,518	3,725
(Loss)/Profit attributable to:			
Unitholders of the Trust		32,023	47,613
Non-controlling interests		(34,381)	(33,837)
		(2,358)	13,776
Total comprehensive income attributable to:			
Unitholders of the Trust		42,525	40,871
Non-controlling interests		(31,007)	(37,146)
		11,518	3,725
Earnings per unit attributable to unitholders of the Trust, expressed in cents			
- basic and diluted	38	0.83	1.23

See accompanying notes to financial statements.

Statements of Changes in Unitholders' Funds

Financial year ended December 31, 2018

		Attributable to Unitholders of the Trust							
	Note	Units in issue (Note 26) $'000	Hedging reserve (Note 27) $'000	Translation reserve $'000	Capital reserve (Note 28) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Non-controlling interests $'000	Total $'000
Group									
At January 1, 2018		**2,137,538**	**(210,861)**	**(359)**	**38,710**	**(812,093)**	**1,152,935**	**158,959**	**1,311,894**
Total comprehensive income									
Profit/(Loss) for the year		**–**	**–**	**–**	**–**	**32,023**	**32,023**	**(34,381)**	**(2,358)**
Other comprehensive income for the year		**–**	**10,635**	**(133)**	**–**	**–**	**10,502**	**3,374**	**13,876**
Total		**–**	**10,635**	**(133)**	**–**	**32,023**	**42,525**	**(31,007)**	**11,518**
Transactions with owners, recognised directly in equity									
Units issued	26	**528**	**–**	**–**	**–**	**–**	**528**	**–**	**528**
Unclaimed distributions written back		**–**	**–**	**–**	**–**	**6**	**6**	**–**	**6**
Distributions paid	29	**–**	**–**	**–**	**–**	**(143,518)**	**(143,518)**	**(2,172)**	**(145,690)**
Total		**528**	**–**	**–**	**–**	**(143,512)**	**(142,984)**	**(2,172)**	**(145,156)**
At December 31, 2018		**2,138,066**	**(200,226)**	**(492)**	**38,710**	**(923,582)**	**1,052,476**	**125,780**	**1,178,256**
At January 1, 2017		2,137,389	(204,478)	–	38,710	(716,231)	1,255,390	198,580	1,453,970
Total comprehensive income									
Profit/(Loss) for the year		–	–	–	–	47,613	47,613	(33,837)	13,776
Other comprehensive income for the year		–	(6,383)	(359)	–	–	(6,742)	(3,309)	(10,051)
Total		–	(6,383)	(359)	–	47,613	40,871	(37,146)	3,725
Transactions with owners, recognised directly in equity									
Units issued	26	149	–	–	–	–	149	–	149
Unclaimed distributions written back		–	–	–	–	15	15	–	15
Distributions paid	29	–	–	–	–	(143,490)	(143,490)	(2,475)	(145,965)
Total		149	–	–	–	(143,475)	(143,326)	(2,475)	(145,801)
At December 31, 2017		2,137,538	(210,861)	(359)	38,710	(812,093)	1,152,935	158,959	1,311,894

See accompanying notes to financial statements.

Statements of Changes in Unitholders' Funds

	Note	Units in issue (Note 26) $'000	Hedging reserve (Note 27) $'000	Accumulated losses $'000	Total unitholders' funds $'000
Trust					
At January 1, 2018		**2,137,538**	**(859)**	**(602,765)**	**1,533,914**
Total comprehensive income					
Profit for the year		**–**	**–**	**89,183**	**89,183**
Other comprehensive income for the year		**–**	**890**	**–**	**890**
Total		**–**	**890**	**89,183**	**90,073**
Transactions with owners, recognised directly in equity					
Units issued	26	**528**	**–**	**–**	**528**
Unclaimed distributions written back		**–**	**–**	**6**	**6**
Distributions paid	29	**–**	**–**	**(143,518)**	**(143,518)**
Total		**528**	**–**	**(143,512)**	**(142,984)**
At December 31, 2018		**2,138,066**	**31**	**(657,094)**	**1,481,003**
At January 1, 2017		2,137,389	(986)	(501,966)	1,634,437
Total comprehensive income					
Profit for the year		–	–	42,676	42,676
Other comprehensive income for the year		–	127	–	127
Total		–	127	42,676	42,803
Transactions with owners, recognised directly in equity					
Units issued	26	149	–	–	149
Unclaimed distributions written back		–	–	15	15
Distributions paid	29	–	–	(143,490)	(143,490)
Total		149	–	(143,475)	(143,326)
At December 31, 2017		2,137,538	(859)	(602,765)	1,533,914

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Financial year ended December 31, 2018

	Note	2018 $'000	2017 $'000
Operating activities			
(Loss)/Profit before tax		(2,315)	14,118
Adjustments for:			
Depreciation and amortisation		103,480	104,969
Finance costs	34	123,669	124,949
Interest income	31	(2,022)	(1,664)
Impairment loss on financial assets	16	757	573
Fair value loss on derivative financial instruments	32	13,275	8,523
Property, plant and equipment written off	36	3	2
Gain on disposal of property, plant and equipment		(2)	(6)
Share of results of joint venture		(3,840)	(2,715)
Unrealised foreign exchange gain		(349)	(126)
Management fees paid in units		528	149
Operating cash flows before movements in working capital		233,184	248,772
Trade and other receivables		6,108	(82,524)
Service concession receivables		45,267	44,034
Finance lease receivables		9,684	9,319
Trade and other payables		3,725	(27,882)
Inventories		(5,375)	(341)
Cash generated from operations		292,593	191,378
Interest received		2,028	1,865
Interest paid		(110,923)	(105,602)
Income tax paid		(3,221)	(5,425)
Net cash from operating activities		180,477	82,216
Investing activities			
Dividend received from joint venture		3,723	2,177
Repayment of advances from joint venture		1,362	2,138
Purchase of property, plant and equipment		(8,502)	(1,727)
Proceeds from sale of property, plant and equipment		14	56
Proceeds from sale of inventories		313	623
Net cash (used in)/from investing activities		(3,090)	3,267
Financing activities			
(Increase)/Decrease in restricted cash		(2,144)	2,592
Proceeds from borrowings		2,000	44,807
Repayment of borrowings		(16,134)	(37,149)
Unclaimed distributions written back		6	15
Distributions paid to unitholders of the Trust	29	(143,518)	(143,490)
Distributions paid by subsidiaries to non-controlling interests		(2,172)	(2,475)
Net cash used in financing activities		(161,962)	(135,700)
Net increase/(decrease) in cash and cash equivalents		15,425	(50,217)
Cash and cash equivalents at beginning of year		164,202	214,513
Effects of currency translation on cash and cash equivalents		78	(94)
Cash and cash equivalents at end of year	15	179,705	164,202

See accompanying notes to financial statements.

Notes to the Financial Statements

December 31, 2018

1. General

Keppel Infrastructure Trust, (the "Trust") is a business trust registered with the Monetary Authority of Singapore and domiciled in Singapore. The Trust was constituted by a trust deed dated January 5, 2007 and is regulated by the Singapore Business Trusts Act, Chapter 31A.

In 2015, the Trust changed its Trustee-Manager from CitySpring Infrastructure Management Pte. Ltd. to Keppel Infrastructure Fund Management Pte. Ltd. Under the trust deed, Keppel Infrastructure Fund Management Pte. Ltd. (the "Trustee-Manager") will hold the assets (including businesses) acquired in trust for the unitholders as the Trustee-Manager. The registered address and principal place of business of the Trustee-Manager is at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 8.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on February 12, 2007.

The consolidated financial statements of the Group and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2018 were authorised for issue by the Board of Directors of the Trustee-Manager on February 28, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Trust have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 43.

2. Summary of Significant Accounting Policies

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). Control is achieved when the Trust:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Trust has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Trust considers all relevant facts and circumstances in assessing whether or not the Trust's voting rights in an investee are sufficient to give it power, including:

- The size of the Trust's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Trust, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Trust has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous unitholders' meetings.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Trust and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Trust and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interest in a subsidiary that do not result in Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders of the Trust.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the Trust's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of Significant Accounting Policies (continued)

BUSINESS COMBINATIONS (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I)2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>
Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss under "other income" line item.

Financial assets at FVTPL
Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other losses-net" line item. Fair value is determined in the manner described in Note 4.

Foreign exchange gains and losses
The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other losses-net" line item;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other losses-net" line items.

Service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 to 25 years and transfer the plants to the grantors at the end of the concession periods. Such a concession arrangements fall within the scope of SFRS(I) INT 12 *Service Concession Arrangements* and are accounted for as service concession receivables.

The Group recognises a finance receivable arising from a service concession arrangement when it has a right to receive a fixed and determinable amount of payments during the concession period irrespective of the usage of the concession infrastructure. When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the finance receivable (if any), which will be used to reduce the carrying amount of the finance receivable on its statement of financial position, (ii) interest income, which will be recognised as finance income in profit or loss and (iii) revenue from operating and maintaining the infrastructure, which will be recognised in profit or loss.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognised lifetime ECL for trade receivables and lease receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the production and sale of gas, water desalination, water treatment, waste incineration and electricity generation and electricity transmission business.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor; and
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;

- a breach of contract, such as a default or past due event;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 360 days past due, whichever occurs sooner, excluding trade receivables in dispute. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 1-17 *Leases*.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For undrawn loan commitments, the expected credit loss is the present value of the difference between the contractual cash flows that are due to the group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);

- Past-due status;

- Nature, size and industry of debtors;

- Nature of collaterals for finance lease receivables; and

- External credit ratings where available.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Measurement and recognition of expected credit losses (continued)
The grouping is regularly reviewed by Trustee-Manager to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownerships of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity
Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Trust's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Trust's own equity instruments.

Units in issue and unit proceeds from issuance of units are recognised as units in issue in equity
Issue expenses are expenses incurred in issuance of units in the Trust. Expenses which are directly attributable to the issuance of units are deducted directly from the net assets attributable to the unitholders. Expenses which are not directly attributable to the issuance of units are recognised in profit or loss.

Distributions to the Trust's unitholders
Distributions to the Trust's unitholders are recorded in equity in the period in which they are approved for payment.

Financial liabilities
All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at fair value through profit or loss (FVTPL)
Financial liabilities are classified as at FVTPL when the financial liability is i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, ii) held for trading, or iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other losses-net" line item.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4.

Financial liabilities subsequently measured at amortised cost
Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and

- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other losses-net" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit and loss.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial intruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange foward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 17.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the Group's policy on classification of financial assets.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other losses-net' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Trust and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee
Operating leases
Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor
Finance leases
The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the finance lease income.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Freehold land has an unlimited useful life and stand-by equipment and assets under construction are not yet available for use and therefore are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Building and leasehold land	Over the leasehold period of 30 years
Easements	38.67 years
Interconnector and related plant and machinery	3 to 63.67 years
Power plant	25 years
Other plant and machinery	3 to 25 years
Computers, vehicles, furniture, fittings and equipment	1 to 12 years or lease term, whichever is shorter

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

PROPERTY, PLANT AND EQUIPMENT (continued)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS EXCLUDING GOODWILL

<u>Intangible assets acquired in a business combination</u>
Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Concession arrangements, customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of:

Concession arrangements	9.26 to 19.42 years
Customer contracts	18.85 to 38.69 years
Customer relationship	10.01 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's Cash Generating Units ("CGU") to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years, unless a longer period can be justified. For longer periods, a long-term justified growth rate is applied to project future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS (I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning liabilities
The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

SHARE-BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

2. Summary of Significant Accounting Policies (continued)

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Sale of goods
- Service income
- Finance income from service concession arrangements
- Finance lease income
- Operation and maintenance income
- Management fee income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
The Group sells town gas, natural gas and gas appliances to residential, commercial and industrial customers in Singapore. Revenue is measured based on the consideration in accordance with the price regulation framework (for town gas) and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group's town gas business in Singapore is regulated under the Gas License issued by Energy Market Authority ("EMA") of Singapore. The Group sells town gas to residential, commercial and industrial customers. The amount of revenue recognised is based on the gas consumption derived from meter readings and when control of the town gas has transferred to its customer, being when the town gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to the consideration becomes unconditional, as only the passage of time is required before payment.

The Group sells natural gas to commercial and industrial customers. Revenue is recognised upon completion of the gas filling transaction and when control of the natural gas has transferred to its customer, being when the natural gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Under the Group's standard contract terms, customers do not have a right of return.

Service income
The Group provides availability and capacity targets of its power plant to a related party. Such service is recognised as a performance obligation satisfied over-time based on an availability-based tolling fees and a monthly fixed fee indexed to the Singapore Consumer Price Index.

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Revenue related to construction or upgrade services under a service concession arrangement is recognised over time. Service income is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group provides the availability of its interconnector asset to a governing agency of the State of Tasmania. Such service is recognised as a performance obligation satisfied over-time based on an availability-based facility fees indexed to the Australian Consumer Price Index.

Finance income from service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the service concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 and 25 years and transfer the plants to the grantors at the end of the concession period. Revenue related to finance income under a service concession arrangement is recognised over time.

The Group receives finance income from the service concession arrangements which represents the interest income on the service concession receivables arising from the service concession arrangements, and is recognised using the effective interest method.

Finance lease income
Accounting policy for recognising finance lease income is stated separately above.

Operation and maintenance income
The Group provides operation and maintenance services for the plants against a well identified fixed and variable cost structure. The operation and maintenance work are required to be carried out on the plants in line with the length of the respective service period. Revenue from provision of operation and maintenance service is recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

Revenue from operating and maintaining the infrastructure under a service concession arrangement is recognised over time.

Interest income
Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

Other income
Other income represents the sale of scrap, rental income and insurance compensation. Sale of scrap is recognised upon delivery of the scrap materials and rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the term of the relevant lease. Insurance compensation is recognised in profit or loss to the extent of the amount received from the insurer.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) **Calculation of loss allowance**
When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 16 to the financial statements.

(ii) **Impairment of non-financial assets**
The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Where such indicators exist, determining whether the carrying values of investments in joint venture, subsidiaries, property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment, intangibles, investments in subsidiaries and joint venture at the end of the reporting period are disclosed in Notes 6, 7, 8 and 9 respectively.

(iii) **Allocation and impairment of goodwill**
The Group completed the acquisition of the Crystal Assets on May 18, 2015 (see Note 8). An independent valuer was engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities and goodwill on acquisition.

Goodwill arising from the business combination is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination, specifically, City Gas and Basslink of the Distribution & Network business segment. This requires the Group to estimate the additional future benefit to be derived by the CGUs.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable values of the CGUs are determined based on value in use calculations. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 7.

4. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Financial Assets						
Financial assets at amortised cost	**867,342**	896,145	978,674	**830,800**	831,722	854,247
Derivative instruments:						
Designated in hedge accounting relationships	**121**	–	5	**31**	–	–
Not designated in hedge accounting relationships	**150**	–	1,050	**–**	–	–
Total	**867,613**	896,145	979,729	**830,831**	831,722	854,247
Financial Liabilities						
Financial liabilities, at amortised cost	**2,209,219**	2,214,395	2,227,862	**151,275**	149,215	170,305
Derivative instruments:						
Designated in hedge accounting relationships	**116,113**	118,923	105,547	**–**	859	986
Not designated in hedge accounting relationships	**150**	8	–	**–**	–	–
Total	**2,325,482**	2,333,326	2,333,409	**151,275**	150,074	171,291

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements, other than those disclosed in the financial statements.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, forward currency contracts and commodity swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group operates mainly in Singapore and Australia. The Group entities transact predominantly in their respective functional currency except for two subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

The Trust pays quarterly distributions to its unitholders in SGD whilst its Australian subsidiaries' distributions, if any, are in Australian dollar ("AUD"). The Group was not exposed to AUD foreign currency risk in 2018 and 2017 as there were no distribution from its Australian subsidiaries during the year.

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities			Assets		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Group						
USD	**6,925**	3,115	2,700	**2,094**	2,279	2,683
AUD	**–**	–	–	**359**	1,158	1,191
JPY	**–**	–	–	**60**	–	–
SGD	**1,018**	660	353	**8,220**	6,044	4,278
Trust						
AUD	**–**	–	–	**55**	858	884

Sensitivity analysis

The following table details the sensitivity to a 5% (2017 : 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% (2017 : 5%) against the functional currency of each Group entity, profit or loss will increase (decrease) by:

	Increase/(Decrease) Profit or loss	
	2018 $'000	2017 $'000
Group		
USD	**(242)**	(42)
AUD	**18**	58
JPY	**3**	–
SGD	**360**	269
Trust		
AUD	**3**	43

A 5% (2017 : 5%) weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

(ii) **Interest rate risk management**
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets.

The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group's policy is to manage its interest cost using a mix of fixed and floating interest rate debts. The Group enters into interest rate swaps which allow the Group to raise long term borrowings at floating rates and swap them into fixed rates, with the objective to reduce variability in cash flows arising from interest rate fluctuations.

Details of the various derivative financial instruments held by the Group and Trust are disclosed in Note 17. Assuming all other variables are held constant, a 50 basis point change in Singapore or Australia interest rate has the following impact on profit or loss and equity as a result of higher/lower finance cost or fair value changes to derivative financial instruments. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

	Decrease of 50 basis points		Increase of 50 basis points	
	Increase/(Decrease)		Increase/(Decrease)	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
For the year ended December 31, 2018				
Borrowings at floating interest rate	**836**	**–**	**(836)**	**–**
Interest rate swaps accounted for under cash flow hedge	**–**	**(37,064)**	**–**	**37,064**
For the year ended December 31, 2017				
Borrowings at floating interest rate	797	–	(797)	–
Interest rate swaps accounted for under cash flow hedge	–	(43,374)	–	43,374
For the year ended January 1, 2017				
Borrowings at floating interest rate	1,327	–	(1,327)	–
Interest rate swaps accounted for under cash flow hedge	–	(58,648)	–	58,648

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2018, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and lease receivables: Lifetime ECL – not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	**Internal credit rating**	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Group						
December 31, 2018						
Trade receivables	16	Performing	Lifetime ECL	140,772	-	140,772
Trade receivables	16	Doubtful	Lifetime ECL	1,235	(1,235)	-
Other receivables	16	Performing	12-month ECL	10,816	-	10,816
Service concession receivables	12	Performing	12-month ECL	378,758	-	378,758
Finance lease receivables	13	Performing	Lifetime ECL	105,139	-	105,139
					(1,235)	
December 31, 2017						
Trade receivables	16	Performing	Lifetime ECL	134,419	-	134,419
Trade receivables	16	Doubtful	Lifetime ECL	979	(979)	-
Other receivables	16	Performing	12-month ECL	8,637	-	8,637
Service concession receivables	12	Performing	12-month ECL	424,025	-	424,025
Finance lease receivables	13	Performing	Lifetime ECL	114,823	-	114,823
					(979)	

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
January 1, 2017						
Trade receivables	16	Performing	Lifetime ECL	92,495	-	92,495
Trade receivables	16	Doubtful	Lifetime ECL	867	(867)	-
Other receivables	16	Performing	12-month ECL	26,192	-	26,192
Service concession receivables	12	Performing	12-month ECL	468,059	-	468,059
Finance lease receivables	13	Performing	Lifetime ECL	124,142	-	124,142
					(867)	
Trust						
December 31, 2018						
Trade receivables	16	Doubtful	Lifetime ECL	309	(309)	-
Other receivables	16	Performing	12-month ECL	13,585	-	13,585
Notes receivables	10	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	11	Performing	12-month ECL	15,387	-	15,387
					(309)	
December 31, 2017						
Other receivables	16	Performing	12-month ECL	4,769	-	4,769
Notes receivables	10	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	11	Performing	12-month ECL	20,187	-	20,187
					-	
January 1, 2017						
Other receivables	16	Performing	12-month ECL	4,538	-	4,538
Notes receivables	10	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	11	Performing	12-month ECL	22,028	-	22,028
					-	

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management

Credit risk concentration profile
The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

	December 31, 2018		December 31, 2017		January 1, 2017	
	$'000	%	$'000	%	$'000	%
Group						
By operating segments						
Distribution & Network						
- City Gas [1] (Performing)	**39,118**	**31**	34,465	28	30,280	35
- City Gas [1] (Doubtful)	**926**	**1**	979	1	867	1
- Basslink [2] (Performing)	**59,902**	**47**	60,032	49	28,991	33
Waste & Water [3] (Performing)	**25,868**	**21**	25,780	21	25,478	29
Others (Performing)	**16**	**-**	1,190	1	1,064	2
Others (Doubtful)	**309**	**-**	-	-	-	-
	126,139	**100**	122,446	100	86,680	100
By geographic distribution						
Singapore	**66,237**	**53**	62,414	51	57,689	67
Australia	**59,902**	**47**	60,032	49	28,991	33
	126,139	**100**	122,446	100	86,680	100

1 There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 21, is an amount of $41,703,000 (December 31, 2017 : $36,028,000, January 1, 2017 : $34,785,000), which can, subject to certain conditions, be used to set off against the corresponding outstanding receivables when the circumstances warrant.

2 There is a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represents 60% (December 31, 2017 : 63%, January 1, 2017 : 48%) of the total trade receivables from the Distribution & Network segment. The higher balance in 2018 and 2017 is because the customer did not pay the full facility fees from September 2016 to August 2017 and had instead given so-called "good faith payments" from December 2016 to July 2017. Since September 2017, the customer had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments).

3 There is a significant concentration of credit risk with their customers, which are agencies of the Government of Singapore, for the duration of the service contract entered into.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

The credit risk on cash and fixed deposits is limited because the counterparties are banks and financial institutions which are regulated and with high credit ratings.

Collateral held as security and other credit enhancements
The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables is mitigated because they are secured over deposits collected from customers amounting to $41,714,000 as at December 31, 2018 (December 31, 2017 : $36,039,000, January 1, 2017 : $34,796,000), which can be used to offset the impaired receivables when the circumstances warrant.

(v) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities
The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
December 31, 2018						
Non-interest bearing	**–**	**144,453**	**–**	**–**	**–**	**144,453**
Variable interest rate instruments *	**1.46 – 3.83**	**1,053,265**	**744,378**	**7,358**	**(33,479)**	**1,771,522**
Fixed interest rate instruments	**5.87 – 17.50**	**43,850**	**175,400**	**1,019,388**	**(945,394)**	**293,244**
		1,241,568	**919,778**	**1,026,746**	**(978,873)**	**2,209,219**
December 31, 2017						
Non-interest bearing	–	127,616	–	–	–	127,616
Variable interest rate instruments *	1.47 – 3.66	68,329	1,776,281	16,064	(59,112)	1,801,562
Fixed interest rate instruments	5.87 – 17.50	43,850	175,400	1,063,238	(997,271)	285,217
		239,795	1,951,681	1,079,302	(1,056,383)	2,214,395
January 1, 2017						
Non-interest bearing	–	121,107	–	–	–	121,107
Variable interest rate instruments *	2.03 – 4.75	56,439	1,860,952	24,240	(119,599)	1,822,032
Fixed interest rate instruments	5.87 – 17.50	43,850	175,400	1,110,344	(1,044,871)	284,723
		221,396	2,036,352	1,134,584	(1,164,470)	2,227,862
Trust						
December 31, 2018						
Non-interest bearing	**–**	**3,648**	**–**	**–**	**–**	**3,648**
Variable interest rate instruments	**2.09**	**148,209**	**–**	**–**	**(582)**	**147,627**
		151,857	**–**	**–**	**(582)**	**151,275**
December 31, 2017						
Non-interest bearing	–	3,588	–	–	–	3,588
Variable interest rate instruments	1.66	2,621	146,064	–	(3,058)	145,627
		6,209	146,064	–	(3,058)	149,215
January 1, 2017						
Non-interest bearing	–	4,122	–	–	–	4,122
Fixed interest rate instruments	2.36	43,537	–	–	(202)	43,335
Variable interest rate instruments	2.35	2,882	126,149	–	(6,183)	122,848
		50,541	126,149	–	(6,385)	170,305

* Included under the variable interest rate instruments category is the undiscounted cash flows of Basslink bank borrowings with a carrying amount of $700,056,000 (December 31, 2017 : $711,955,000, January 1, 2017 : $741,688,000) as at December 31, 2018. The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 19).

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
December 31, 2018						
Non-interest bearing	**–**	**161,074**	**–**	**–**	**–**	**161,074**
Fixed interest rate instruments	**0.80 – 4.68**	**270,937**	**290,959**	**214,744**	**(94,536)**	**682,104**
Variable interest rate instruments	**0.60 – 0.75**	**24,164**	**–**	**–**	**–**	**24,164**
		456,175	**290,959**	**214,744**	**(94,536)**	**867,342**
December 31, 2017						
Non-interest bearing	–	170,264	–	–	–	170,264
Fixed interest rate instruments	0.34 – 4.68	258,998	287,898	284,231	(105,246)	725,881
		429,262	287,898	284,231	(105,246)	896,145
January 1, 2017						
Non-interest bearing	–	172,092	30	–	–	172,122
Fixed interest rate instruments	0.21 – 4.68	286,316	287,898	356,196	(123,858)	806,552
		458,408	287,928	356,196	(123,858)	978,674
Trust						
December 31, 2018						
Non-interest bearing	**–**	**13,668**	**–**	**–**	**–**	**13,668**
Fixed interest rate instruments	**0.80 – 17.50**	**115,058**	**358,928**	**1,884,313**	**(1,557,261)**	**801,038**
Variable interest rate instruments	**2.07**	**962**	**1,022**	**15,561**	**(1,451)**	**16,094**
		129,688	**359,950**	**1,899,874**	**(1,558,712)**	**830,800**
December 31, 2017						
Non-interest bearing	–	10,692	–	–	–	10,692
Fixed interest rate instruments	0.37 – 17.50	114,862	358,928	1,974,045	(1,646,991)	800,844
Variable interest rate instruments	1.50	335	1,340	20,748	(2,237)	20,186
		125,889	360,268	1,994,793	(1,649,228)	831,722
January 1, 2017						
Non-interest bearing	–	19,784	–	–	–	19,784
Fixed interest rate instruments	0.21 – 17.50	126,456	358,931	2,063,351	(1,736,303)	812,435
Variable interest rate instruments	1.21	263	1,051	22,729	(2,015)	22,028
		146,503	359,982	2,086,080	(1,738,318)	854,247

Derivative financial instruments
The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group			
December 31, 2018			
Net settled:			
Interest rate swaps	**(19,501)**	**(61,747)**	**(84,163)**
Foreign currency forward	**73**	**(4)**	**–**
December 31, 2017			
Net settled:			
Interest rate swaps	(26,864)	(78,519)	(103,163)
Foreign currency forward	9	(103)	–
January 1, 2017			
Net settled:			
Interest rate swaps	(32,213)	(85,148)	(58,160)
Foreign currency forward	5	–	–
Commodity Swap	1,050	–	–
Trust			
December 31, 2018			
Net settled:			
Interest rate swaps	**31**	**–**	**–**
December 31, 2017			
Net settled:			
Interest rate swaps	(947)	(158)	–
January 1, 2017			
Net settled:			
Interest rate swaps	(1,267)	(1,710)	–

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's and Trust's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group is in a net current liability position of $711,982,000 (December 31, 2017 : $430,856,000, January 1, 2017 : $420,601,000) as at the end of the reporting period as a result of the classification of Basslink bank borrowings of $700,056,000 (December 31, 2017 : $711,955,000, January 1, 2017 : $741,688,000) as current liabilities (Note 19). As at December 31, 2018, the Trust's bank borrowings of $147,609,000 and City Gas Trust's ("CGT") bank borrowings of $177,952,000 are repayable in 2019. Accordingly, these bank borrowings are classified as current liabilities (Note 19). The financial statements of the Group have been prepared on a going concern basis on the following basis:

- The bank borrowings of the Trust and CGT were successfully refinanced before the date of the auditor's report;
- The Basslink bank borrowings, as detailed in Note 19, are non-recourse to the Group;
- The breach in the loan covenant in the Basslink loan agreement does not result in any cross default on other borrowings within the Group; and
- The Group is not dependent on Basslink's cash flows for its operations and distributions to unitholders for at least the 12-month period from the date of the financial statements.

Accordingly, the Trustee-Manager has assessed that the implications of the bank borrowings above do not impact the going concern assumption of the Group.

The Group maintains $102.9 million (December 31, 2017 : $107.3 million, January 1, 2017 : $151.8 million) undrawn facilities as at end of the financial year.

Notes to the Financial Statements

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(vi) Fair value of financial assets and financial liabilities

(i) Assets and liabilities measured at fair value

The Group and Trust's derivative financial instruments as at December 31, 2018, December 31, 2017, and January 1, 2017 are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	December 31, 2018 Assets $'000	December 31, 2018 Liabilities $'000	Fair value as at December 31, 2017 Assets $'000	Fair value as at December 31, 2017 Liabilities $'000	January 1, 2017 Assets $'000	January 1, 2017 Liabilities $'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Group								
Interest rate swaps	52	(116,113)	–	(118,837)	–	(105,547)	Level 2	The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
Foreign currency forward	69	–	–	(94)	5	–	Level 2	
Commodity swap	150	(150)	–	–	1,050	–	Level 2	
Trust								
Interest rate swaps	31	–	–	(859)	–	(986)	Level 2	The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2018 and 2017.

(ii) Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Net borrowings	**1,543,345**	1,580,325	1,543,823	**121,493**	114,446	113,978
Total assets	**3,805,007**	3,956,416	4,118,642	**1,632,275**	1,683,871	1,805,511
Ratio	**41%**	40%	37%	**7%**	7%	7%

There are no externally imposed capital requirements for the financial years ended December 31, 2018 and 2017, other than the loan covenants disclosed in Note 19.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

		Group	
	Note	**2018 $'000**	2017 $'000
Sale of goods and services	(i)	**127,392**	126,759
Purchases of goods and services	(i)	**(266,933)**	(268,699)
Operating lease expense	(i)	**(1,791)**	(2,651)
Interest income	(i)	**433**	439
Professional fees	(i)	**(45)**	(69)
Trustee-Manager's fees	(ii)	**(9,742)**	(9,762)

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust.

(ii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 35.

Notes to the Financial Statements

6. Property, Plant and Equipment

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery [2] $'000	Power plant $'000	Other plant and machinery [3] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Group									
Cost:									
At January 1, 2017	1,514	10,870	1,752	1,076,447	1,623,700	80,235	11,770	12,889	2,819,177
Additions	–	–	–	–	–	902	608	217	1,727
Written off	–	–	–	(3)	–	(678)	(2,621)	–	(3,302)
Disposals	–	–	–	–	–	–	(127)	–	(127)
Currency translation differences	(57)	–	(66)	(40,690)	–	(2)	(65)	(7)	(40,887)
Reclassification	–	–	–	–	1	–	2	–	3
Other movement [1]	–	–	–	1,796	–	–	–	–	1,796
At December 31, 2017	**1,457**	**10,870**	**1,686**	**1,037,550**	**1,623,701**	**80,457**	**9,567**	**13,099**	**2,778,387**
Additions	**–**	**–**	**–**	**7,008**	**–**	**472**	**322**	**700**	**8,502**
Written off	**–**	**–**	**–**	**(2)**	**–**	**(3)**	**(55)**	**–**	**(60)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(53)**	**–**	**(53)**
Currency translation differences	**(19)**	**–**	**(21)**	**(13,124)**	**–**	**–**	**(21)**	**(5)**	**(13,190)**
Reclassification	**–**	**–**	**–**	**–**	**–**	**–**	**9**	**(13)**	**(4)**
Other movement [1]	**–**	**–**	**–**	**(6,496)**	**–**	**–**	**–**	**–**	**(6,496)**
At December 31, 2018	**1,438**	**10,870**	**1,665**	**1,024,936**	**1,623,701**	**80,926**	**9,769**	**13,781**	**2,767,086**
Group									
Accumulated depreciation:									
At January 1, 2017	–	5,564	424	242,537	113,108	67,690	10,254	–	439,577
Depreciation charge	–	563	45	17,517	75,465	1,756	823	–	96,169
Written off	–	–	–	(2)	–	(678)	(2,620)	–	(3,300)
Disposals	–	–	–	–	–	–	(78)	–	(78)
Currency translation differences	–	–	(18)	(9,829)	–	–	(54)	–	(9,901)
At December 31, 2017	**–**	**6,127**	**451**	**250,223**	**188,573**	**68,768**	**8,325**	**–**	**522,467**
Depreciation charge	**–**	**563**	**43**	**16,739**	**75,620**	**1,807**	**712**	**–**	**95,484**
Written off	**–**	**–**	**–**	**(2)**	**–**	**(3)**	**(52)**	**–**	**(57)**
Disposals	**–**	**–**	**–**	**–**	**–**	**–**	**(41)**	**–**	**(41)**
Currency translation differences	**–**	**–**	**(6)**	**(3,221)**	**–**	**–**	**(19)**	**–**	**(3,246)**
At December 31, 2018	**–**	**6,690**	**488**	**263,739**	**264,193**	**70,572**	**8,925**	**–**	**614,607**
Carrying amount:									
At December 31, 2018	**1,438**	**4,180**	**1,177**	**761,197**	**1,359,508**	**10,354**	**844**	**13,781**	**2,152,479**
At December 31, 2017	1,457	4,743	1,235	787,327	1,435,128	11,689	1,242	13,099	2,255,920
At January 1, 2017	1,514	5,306	1,328	833,910	1,510,592	12,545	1,516	12,889	2,379,600

1 This relates to the movement in the provision for decommissioning costs during the financial year (Note 22).

2 Included in this category is a carrying amount of $2,827,000 (December 31, 2017 : $3,828,000, January 1, 2017 : $4,827,000) which pertains to plant and machinery related to the interconnector with useful lives ranging from 3 to 40 years.

3 Included in this category is a carrying amount of $8,292,000 (December 31, 2017 : $9,117,000, January 1, 2017 : $10,292,000) which pertains to plant and machinery under the gas segment with useful lives ranging from 14 to 25 years.

Certain property, plant and equipment with carrying amount of $779,250,000 (December 31, 2017 : $806,862,000, January 1, 2017: $854,815,000) are pledged as security for borrowings (Note 19).

7. Intangibles

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Goodwill arising on consolidation	**437,300**	437,300	437,300
Concession arrangements	**26,556**	29,815	33,074
Customer contracts	**54,902**	60,030	66,042
Customer relationship	**–**	–	749
	81,458	89,845	99,865
	518,758	527,145	537,165

Movements during the year are as follow:

	Goodwill $'000	Concession arrangements $'000	Customer contracts $'000	Customer relationship $'000	Total $'000
Cost:					
At January 1, 2017	437,300	38,234	112,883	65,100	653,517
Currency translation differences	–	–	(1,668)	–	(1,668)
At December 31, 2017	437,300	38,234	111,215	65,100	651,849
Currency translation differences	–	–	(538)	–	(538)
At December 31, 2018	437,300	38,234	110,677	65,100	651,311
Accumulated amortisation:					
At January 1, 2017	–	5,160	46,841	64,351	116,352
Amortisation	–	3,259	4,792	749	8,800
Currency translation differences	–	–	(448)	–	(448)
At December 31, 2017	–	8,419	51,185	65,100	124,704
Amortisation	–	3,259	4,737	–	7,996
Currency translation differences	–	–	(147)	–	(147)
At December 31, 2018	–	11,678	55,775	65,100	132,553
Carrying amount:					
At December 31, 2018	437,300	26,556	54,902	–	518,758
At December 31, 2017	437,300	29,815	60,030	–	527,145
At January 1, 2017	437,300	33,074	66,042	749	537,165

(a) Goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into three business segments, Distribution & Network, Waste & Water and Energy. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition was allocated to Distribution & Network business segment. In 2015, the Trust acquired the business of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets.

Notes to the Financial Statements

7. Intangibles (continued)

(a) Goodwill arising on consolidation (continued)

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Carrying amount $'000	Terminal growth rate %	Pre-tax discount rate %
Group			
December 31, 2018			
Distribution & Network:			
City Gas	**379,497**	**2.0**	**8.0**
Basslink	**57,803**	**N/A**	**6.9**
December 31, 2017			
Distribution & Network:			
City Gas	379,497	2.0	7.5
Basslink	57,803	N/A	7.1
January 1, 2017			
Distribution & Network:			
City Gas	379,497	2.0	8.1
Basslink	57,803	N/A	6.2

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs and ability to secure adequate banking facilities during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of more than five years for the Distribution & Network business segment as City Gas is currently the sole producer and retailer of town gas and Basslink has a long-term contract with its major customer.

Sensitivity analysis

Based on the value in use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	December 31, 2018		December 31, 2017		January 1, 2017	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
Distribution & Network:						
City Gas	**(87,060)**	**124,194**	(98,094)	145,353	(129,712)	143,681
Basslink	**(170,568)**	**228,192**	(153,242)	203,565	(176,230)	233,846

Any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior years.

(b) Concession arrangements, customer contracts and customer relationship

The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 5.67 to 15.84 years (2017 : 6.67 to 16.84 years).

The intangible assets recognised on customer contracts were in relation to contractual agreements that two of the subsidiaries have with their sole customer. These have remaining amortisation period of 6.96 to 27.35 years (2017 : 7.96 to 28.35 years).

Customer relationship relates to the value of customer loyalty and commitment from its broad base of customers and was fully amortised in FY2017.

8. Investment in Subsidiaries

	Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Investments, at cost	**844,287**	844,787	844,787
Advances to subsidiaries	**539,244**	540,605	542,743
Less: Allowance for impairment	**(582,300)**	(533,500)	(436,500)
	801,231	851,892	951,030
Movement in allowance account:			
Beginning of year	**533,500**	436,500	356,000
Charge for the year	**48,800**	97,000	80,500
End of year	**582,300**	533,500	436,500

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. They are unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at the end of financial year are as follows:

Name of subsidiaries	**Principal activities (Country of incorporation or residence)**	**Proportion of ownership interest and voting power held**		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
(a) Held by Keppel Infrastructure Fund Management Pte. Ltd. in its capacity as Trustee-Manager of, and for the benefit of the Trust				
City Gas Pte Ltd (1)	Trustee of City Gas Trust (Singapore)	**100**	100	100
City Gas Trust (1)	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	**100**	100	100
SingSpring Pte Ltd (1)	Trustee of SingSpring Trust (Singapore)	**100**	100	100
SingSpring Trust (1)	Operation of a seawater desalination plant (Singapore)	**70**	70	70
CityLink Investments Pte Ltd (1)	Investment holding (Singapore)	**100**	100	100
CityNet Infrastructure Management Pte Ltd ("CityNet") (4)	Trustee-Manager (Singapore)	**-**	100	100
CitySpring Capital Pte Ltd (1)	Provision of financial and treasury services (Singapore)	**100**	100	100
CityDC Pte. Ltd. (1)	Investment holding (Singapore)	**100**	100	100
Keppel Merlimau Cogen Pte Ltd (1)	Tolling arrangement for a power plant (Singapore)	**51**	51	51
Senoko Waste-To-Energy Pte Ltd (1)	Trustee of Senoko Trust (Singapore)	**100**	100	100
Senoko Trust (1)	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100	100
Keppel Seghers NEWater Development Co Pte Ltd (1)	Trustee of Ulu Pandan Trust (Singapore)	**100**	100	100
Ulu Pandan Trust (1)	Collection, purification and distribution of water (Singapore)	**100**	100	100
Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd (1)	Trustee of Tuas DBOO Trust (Singapore)	**100**	100	100
Tuas DBOO Trust (1)	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100	100

8. Investment in Subsidiaries (continued)

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
(b) Held by City Gas Pte Ltd in its capacity as Trustee of, and for the benefit of City Gas Trust				
City-OG Gas Energy Services Pte Ltd (1)	Retailing of natural gas and related activities (Singapore)	**51**	51	51
(c) Held by CityLink Investments Pte Ltd				
Nexus Australia Management Pty Ltd * (2)	Trustee (Australia)	**100**	100	100
Coral Holdings Australia Pty Ltd * (2)	Investment holding (Australia)	**100**	100	100
Premier Finance Trust Australia * (2)	Finance trust (Australia)	**100**	100	100
IX Holdings Pte Ltd (5)	Investment holding (Singapore)	**100**	-	-
(d) Held by IX Holdings Pte Ltd				
IX Infrastructure Pty Ltd (5)	Investment holding (Australia)	**100**	-	-
(e) Held by Coral Holdings Australia Pty Ltd				
Nexus Investments Australia Pty Ltd * (2)	Investment holding (Australia)	**100**	100	100
(f) Held by Nexus Investments Australia Pty Ltd				
Basslink Australia GP Pty Ltd * (2)	Investment holding (Australia)	**100**	100	100
(g) Held by Nexus Investments Australia Pty Ltd for 99% and Basslink Australia GP Pty Ltd for 1%				
Basslink Australia LLP * (2)	Investment holding (Australia)	**100**	100	100
(h) Held by Basslink Australia LLP				
Basslink Holdings Pty Ltd * (3)	Investment holding (Cayman Islands)	**100**	100	100
(i) Held by Basslink Holdings Pty Ltd				
Basslink Pty Ltd * (2)	Operation of subsea electricity interconnector (Australia)	**100**	100	100
Basslink Telecoms Pty Ltd * (2)	Operation of telecom business (Australia)	**100**	100	100

* Collectively known as Basslink.
(1) Audited by Deloitte & Touche LLP, Singapore.
(2) Audited by Deloitte Touche Tohmatsu, Australia.
(3) Not required to be audited under the laws of the country of incorporation.
(4) Liquidated during the year.
(5) Incorporated during the year.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by NCI		
		December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
SingSpring Trust	Singapore	**30**	30	30
Keppel Merlimau Cogen Pte Ltd	Singapore	**49**	49	49

Summarised financial information of subsidiaries with material NCI

Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust

Summarised statement of financial position

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	27,730	24,078	24,020
Current liabilities	(14,740)	(14,476)	(14,973)
Net current assets	12,990	9,602	9,047
Non-current assets	120,384	134,091	147,434
Non-current liabilities	(111,187)	(120,747)	(129,571)
Net non-current assets	9,197	13,344	17,863
Net assets	22,187	22,946	26,910
Equity attributable to unitholders of the Trust	15,531	16,062	18,837
NCI	6,656	6,884	8,073

Summarised statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue	31,042	32,244
Profit before tax	5,638	5,397
Income tax expense	(962)	(922)
Profit after tax	4,676	4,475
Profit attributable to unitholders of the Trust	3,273	3,132
Profit attributable to NCI	1,403	1,343
Profit after tax	4,676	4,475
Other comprehensive income attributable to unitholders of the Trust	360	(133)
Other comprehensive income attributable to NCI	154	(57)
Other comprehensive income for the year	514	(190)
Total comprehensive income attributable to unitholders of the Trust	3,633	2,999
Total comprehensive income attributable to NCI	1,557	1,286
Total comprehensive income for the year	5,190	4,285
Dividends paid to NCI	1,785	2,475
Other summarised information		
Net cash from operating activities	19,625	18,430

Notes to the Financial Statements

8. Investment in Subsidiaries (continued)

Interest in subsidiaries with material non-controlling interest ("NCI") (continued)

Keppel Merlimau Cogen Pte Ltd

Summarised statement of financial position

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	79,957	68,798	136,261
Current liabilities	(38,853)	(28,712)	(29,090)
Net current assets	41,104	40,086	107,171
Non-current assets	1,533,126	1,624,092	1,645,554
Non-current liabilities	(1,332,899)	(1,353,675)	(1,362,173)
Net non-current assets	200,227	270,417	283,381
Net assets	241,331	310,503	390,552
Equity attributable to unitholders of the Trust	125,520	160,922	201,873
NCI	115,811	149,581	188,679

Summarised statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue	129,121	129,949
Loss before tax	(78,197)	(76,706)
Income tax credit	2,537	3,036
Loss after tax	(75,660)	(73,670)
Loss attributable to unitholders of the Trust	(38,712)	(37,697)
Loss attributable to NCI	(36,948)	(35,973)
Loss after tax	(75,660)	(73,670)
Other comprehensive income attributable to unitholders of the Trust	3,308	(3,253)
Other comprehensive income attributable to NCI	3,178	(3,125)
Other comprehensive income for the year	6,486	(6,378)
Total comprehensive income attributable to unitholders of the Trust	(35,404)	(40,950)
Total comprehensive income attributable to NCI	(33,770)	(39,098)
Total comprehensive income for the year	(69,174)	(80,048)
Other summarised information		
Net cash from/(used in) operating activities	8,284	(72,718)

Impairment testing of investment in subsidiaries

The Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries and no impairment was recognised except for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts") and Keppel Merlimau Cogen Pte Ltd ("KMC")
On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of $729 million via the issue of 1,326,319,374 new units for acquisition (Crystal Assets Acquisition).The purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of $510 million was financed by an equity fund raising, of which $255 million was paid to the vendor and $255 million was injected via Qualifying Project Debt Securities ("QPDS") Notes.

The service concessions of the subtrusts (Note 12) and KMC's plant have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession periods and plant life, respectively.

The Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts and KMC against their recoverable amounts and allowances for impairment of $21.2 million (2017 : $32.5 million), $4.1 million (2017 : $8.5 million), $5.0 million (2017 : $4.5 million) and $18.5 million (2017 : $51.5 million) were recognised in profit or loss for the investments in Senoko Trust, Tuas DBOO Trust, Ulu Pandan Trust and KMC respectively.

The recoverable amount was determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subtrusts and KMC. The growth rates of 2.0% (December 31, 2017: 2.0%, January 1, 2017: 2.0%) per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 5.67 to 15.84 years (December 31, 2017: 6.67 to 16.84 years, January 1, 2017: 7.67 to 17.84 years) for the subtrusts and 21.5 years (December 31, 2017: 22.5 years, January 1, 2017: 23.5 years) for KMC based on the current contractual agreements with the major customers. The discount rates used were between 5.10% to 5.85% (December 31, 2017: 5.10% to 5.42%, January 1, 2017: 5.05% to 5.26%) per annum for the subtrusts and 5.10% (December 31, 2017: 4.90%, January 1, 2017: 4.92%) per annum for KMC.

Sensitivity analysis
Based on the value in use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	December 31, 2018		December 31, 2017		January 1, 2017	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
Senoko Trust	**(6,500)**	**6,812**	(7,992)	8,416	(9,836)	10,411
Ulu Pandan Trust	**(1,845)**	**1,960**	(2,136)	2,279	(2,798)	3,008
Tuas DBOO Trust	**(7,736)**	**8,588**	(8,404)	9,378	(9,092)	10,188
Keppel Merlimau Cogen Pte Ltd	**(116,648)**	**133,468**	(123,624)	142,204	(129,407)	149,396

8. Investment in Subsidiaries (continued)

Interest in subsidiaries with material non-controlling interest ("NCI") (continued)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries		
		December 31, 2018	December 31, 2017	January 1, 2017
Collection and treatment of solid waste to generate green energy	Singapore	**2**	2	2
Collection, purification and distribution of water	Singapore	**1**	1	1
Investment holding	Singapore	**3**	2	2
Production and retail of town gas, retail of natural gas and sales of gas appliances	Singapore	**1**	1	1
Provision of financial and treasury services	Singapore	**1**	1	1
Trustee	Singapore	**5**	5	5
Trustee-Manager	Singapore	**-**	1	1
Investment holding	Australia	**5**	4	4
Operation of subsea electricity interconnector	Australia	**1**	1	1
Operation of telecom business	Australia	**1**	1	1
Finance trust	Australia	**1**	1	1
Trustee	Australia	**1**	1	1
Investment holding	Cayman Islands	**1**	1	1
		23	22	22

9. Investment in and Advances to Joint Venture

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Cost of investment in joint venture [1]	**510**	510	510
Advances to joint venture [2]	**19,480**	20,842	22,980
	19,990	21,352	23,490
Share of post-acquisition reserves, net of dividend received	**19**	(600)	(58)
Total	**20,009**	20,752	23,432

[1] The Group has 51% (2017 : 51%) interest in the ownership and voting rights in a joint venture, DataCentre One Pte Ltd that is held through a subsidiary. This joint venture is incorporated in Singapore and is in the business of developing and owning data centres. The Group jointly controls the venture with another partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities.

The joint venture is accounted for using the equity method in the consolidated financial statements and is audited by Deloitte & Touche LLP Singapore.

[2] Advances to the joint venture are quasi-equity loans which represent an extension of investment in the joint venture. It is unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Summarised financial information in respect of DataCentre One Pte Ltd based on its financial statements prepared in accordance with SFRS(I), and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Current assets	7,572	9,561	9,793
Non-current assets	106,184	111,037	116,270
Current liabilities	(6,896)	(9,536)	(9,010)
Non-current liabilities	(67,627)	(70,372)	(71,108)
Net assets	39,233	40,690	45,945
Proportion of the Group's ownership	51%	51%	51%
Group's share of net assets	20,009	20,752	23,432

The above amount of assets and liabilities include the following:

	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Cash and cash equivalents	5,707	7,866	8,622
Current financial liabilities (excluding trade and other payables and provisions)	(4,898)	(5,726)	(5,414)
Non-current financial liabilities (excluding trade and other payables and provisions)	(66,965)	(69,733)	(70,322)

Summarised statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue	18,324	15,682
Profit before tax	9,500	6,767
Income tax expense	(1,971)	(1,444)
Profit after tax	7,529	5,323
Other comprehensive income/(loss)	984	(2,118)
Total comprehensive income	8,513	3,205
The above profit for the year include the following:		
Interest income	53	23
Depreciation	(4,852)	(4,845)
Interest expense	(2,867)	(3,006)

Notes to the Financial Statements

10. Notes Receivables

	Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Notes issued by subsidiaries	**775,712**	775,712	775,712

(a) The notes receivable of $195,570,000 (December 31, 2017 : $195,570,000, January 1, 2017 : $195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% (December 31, 2017 : 13.0%, January 1, 2017 : 13.0%) per annum.

(b) The notes receivable of $35,000,000 (December 31, 2017 : $35,000,000, January 1, 2017 : $35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% (December 31, 2017 : 6.5%, January 1, 2017 : 6.5%) per annum.

(c) The notes receivables of $152,398,000 (December 31, 2017 : $152,398,000, January 1, 2017 : $152,398,000), $91,473,000 (December 31, 2017 : $91,473,000, January 1, 2017 : $91,473,000) and $46,271,000 (December 31, 2017 : $46,271,000, January 1, 2017 : $46,271,000) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the notes is 6.0% (December 31, 2017 : 6.0%, January 1, 2017 : 6.0%) per annum, payable semi-annually.

(d) The notes receivable of $255,000,000 (December 31, 2017 : $255,000,000, January 1, 2017 : $255,000,000) from a subsidiary mature in Year 2040, with fixed interest rate of 17.5% (December 31, 2017: 17.5%, January 1, 2017: 17.5%) per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity dates.

The Trustee-Manager estimates that the carrying value of the notes receivables approximate their fair value as these notes may be redeemed at par prior to their maturity dates on any interest payment date.

For the purpose of impairment assessment, the notes receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for the factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default of each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

11. Amount Receivable from a Subsidiary

Amount receivable from a subsidiary is non-trade related, unsecured, repayable in 2024, and bears interest at margin plus 1-month SOR. The weighted average effective interest rate on the amount receivable approximates 2.07% (December 31, 2017: 1.50%, January 1, 2017: 1.21%) per annum. The Trustee-Manager estimates that the carrying value of the amount receivable from a subsidiary approximate its fair value as the loan amount receivable bears interest at floating rates.

For the purpose of impairment assessment, the amount receivable from a subsidiary is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amount receivable from a subsidiary since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiary, adjusted for the factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amount receivable.

12. Service Concession Receivables

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Service concession receivables	**378,758**	424,025	468,059
Less: Due within 12 months	**(46,537)**	(45,267)	(44,034)
Due after 12 months	**332,221**	378,758	424,025

This relates to service concession receivables from the following plants:

(a) Senoko Plant
A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the subtrust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading work was completed in September 2016, increasing capacity to 2,310 tonnes per day. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant
A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant
A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m3 of NEWater daily. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% (December 31, 2017: 2.50% to 4.68%, January 1, 2017: 2.50% to 4.68%) per annum were used to discount the future expected cash flows.

Service concession receivable balances are secured over the period of the service concession arrangements. For the purpose of impairment assessment, service concession receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for service concession receivables.

Notes to the Financial Statements

13. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are are as follows:

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Minimum finance lease receivables:			
Not later than one year	**13,147**	13,147	13,147
Later than one year but not later than five years	**52,622**	52,622	52,622
Later than five years	**25,837**	38,984	52,131
Total minimum lease receivables	**91,606**	104,753	117,900
Less: Future finance income	**(12,729)**	(16,192)	(20,020)
Present value of minimum lease receivables	**78,877**	88,561	97,880
Unguaranteed residual value	**26,262**	26,262	26,262
Net investment in finance lease	**105,139**	114,823	124,142
Less: Present value of finance lease receivables not later than one year	**(10,069)**	(9,684)	(9,319)
Non-current financial lease receivables	**95,070**	105,139	114,823

The present value of the finance lease receivables is analysed as follows:

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Not later than one year	**10,069**	9,684	9,319
Later than one year but not later than five years	**44,383**	42,715	41,107
Later than five years	**24,425**	36,162	47,454
Present value of minimum lease receivables	**78,877**	88,561	97,880

The finance lease receivables relate to the lease arrangement under a Water Purchase Agreement ("WPA").

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% (December 31, 2017: 3.91%, January 1, 2017: 3.91%) per annum.

In accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the WPA is a lease arrangement and is classified as a finance lease in accordance with SFRS(I) 1-17 *Leases*.

The desalination plant is pledged for certain borrowings (Note 19).

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the Group considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

14. Other Assets

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Deposits	**238**	268	997	**–**	–	–
Prepayments	**182,746**	197,415	142,913	**14**	47	55
Deferred lease expenses	**91**	459	859	**–**	–	–
Others	**3,892**	4,213	239	**–**	–	–
	186,967	202,355	145,008	**14**	47	55
Less: Current portion	**(22,182)**	(21,807)	(22,134)	**(14)**	(47)	(55)
Non-current portion	**164,785**	180,548	122,874	**–**	–	–

Included in the prepayments balance is an amount of $179,146,000 (December 31, 2017 : $194,476,000, January 1, 2017 : $139,758,000) arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party. The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

For the purpose of impairment assessment, other assets excluding prepayment are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

15. Cash and Bank Deposits

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Cash and bank deposits	**231,603**	213,956	266,859	**26,116**	31,054	51,969
Less: Restricted cash	**(51,898)**	(49,754)	(52,346)			
Cash and cash equivalents in the consolidated statement of cash flows	**179,705**	164,202	214,513			

Included in the restricted cash is the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Also included in the Group's restricted cash is the insurance proceeds in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Short-term deposits are made for an average period of 2 months (December 31, 2017 : 2 months, January 1, 2017 : 2 months). The weighted average effective interest rate as at December 31, 2018 for the Group and Trust were 0.87% (December 31, 2017 : 0.79%, January 1, 2017 : 0.71%) and 0.67% (December 31, 2017 : 0.67%, January 1, 2017 : 0.53%) per annum respectively.

16. Trade and Other Receivables

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Trade receivables:						
- Third parties	**45,925**	45,995	43,479	**309**	–	–
- Related parties	**15,868**	12,952	6,682	**–**	–	–
Unbilled receivables	**80,214**	76,451	43,201	**–**	–	–
Less: Allowance for impairment (third parties)	**(1,235)**	(979)	(867)	**(309)**	–	–
Trade receivables - net	**140,772**	134,419	92,495	**–**	–	–
Other receivables	**10,757**	8,507	25,729	**1,733**	507	226
Interest receivable	**233**	239	441	**9**	6	7
Amounts due from related parties (non-trade)	**25**	101	201	**–**	–	–
Amounts due from subsidiaries (non-trade)	**–**	–	–	**12,042**	4,466	4,484
	151,787	143,266	118,866	**13,784**	4,979	4,717

Trade receivables

Trade receivables are non-interest bearing and are generally receivable on 30 to 60 (December 31, 2017: 30 to 60, January 1, 2017: 30 to 60) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). For the purpose of impairment assessment, the trade receivables excluding City Gas Trust's ("CGT") and the Trust's receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

For the trade receivables of CGT and the Trust, the ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable, excluding Basslink's receivables which are in dispute, of which the Trustee-Manager is of view that the receivables are recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Other receivables

Included in other receivables as at January 1, 2017, was an amount of $2,208,000 receivable from a government agency on behalf of a customer. A corresponding non-trade payable amount was recognised in Note 21 under other payables.

Also included in other receivables is a portion of costs incurred to repair the Basslink Interconnector which the Group expects to recover from the insurer.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts due from related parties and subsidiaries (non-trade)
These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from related parties and subsidiaries are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the financial position of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Trustee-Manager determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance to SFRS(I) 9:

	Lifetime ECL - credit-impaired $'000
Group	
Balance as at January 1, 2017	867
Amounts written off as customers' accounts were 360 days past due as at December 31, 2017	(461)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	573
Balance as at December 31, 2017	979
Amounts written off as customers' accounts were 360 days past due as at December 31, 2018	(501)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	757
Balance as at December 31, 2018	1,235
Trust	
Change in loss allowance in 2018 due to new trade receivables originated, net of those derecognised due to settlement	309
Balance as at December 31, 2018	309

Notes to the Financial Statements

17. Derivative Financial Instruments

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Group				
December 31, 2018				
Cash flow hedges				
- Foreign currency forward	**US$1.3383**	**US$13.1million**	**69**	**–**
- Interest rate swaps	**1.68% - 4.85%**	**$1,650.1 million**	**52**	**116,113**
			121	**116,113**
Less: Current portion			**(52)**	**(16,622)**
Non-current portion			**69**	**99,491**
Fair value through profit or loss				
- Commodity swap	**US$364/mt**	**2,048 mt**	**150**	**150**
Less: Current portion			**(150)**	**(150)**
Non-current portion			**–**	**–**
December 31, 2017				
Cash flow hedges				
- Foreign currency forward	US$1.3383	US$13.1 million	–	86
- Interest rate swaps	1.68% – 4.85%	$1,627.5 million	–	118,837
			–	118,923
Less: Current portion			–	(18,372)
Non-current portion			–	100,551
Fair value through profit or loss				
- Foreign currency forward	JPY82.35	JPY388.4 million	–	8
Less: Current portion			–	(8)
Non-current portion			–	–
January 1, 2017				
Cash flow hedges				
- Foreign currency forward	US$1.3784	US$78,800	5	–
- Interest rate swaps	1.68% – 4.85%	$1,549 million	–	105,547
			5	105,547
Less: Current portion			(5)	(19,571)
Non-current portion			–	85,976
Fair value through profit or loss				
- Commodity swap	US$228/mt	7,450 mt	1,050	–
Less: Current portion			(1,050)	–
Non-current portion			–	–

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Trust				
December 31, 2018				
Cash flow hedges				
- Interest rate swap	**1.70%**	**$145.6 million**	**31**	**–**
			31	**–**
Less: Current portion			**(31)**	**–**
Non-current portion			**–**	**–**
December 31, 2017				
Cash flow hedges				
- Interest rate swap	1.70%	$145.6 million	–	859
			–	859
Less: Current portion			–	–
Non-current portion			–	859
January 1, 2017				
Cash flow hedges				
- Interest rate swap	1.70%	$100.8 million	–	986
			–	986
Less: Current portion			–	–
Non-current portion			–	986

Interest rate swaps
Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group and Trust to receive interest at floating rates on notional principal amounts and oblige the Group and Trust to pay interest at fixed rates on the same notional principal amounts. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2019 to Year 2031. The Group and Trust have entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Commodity swaps
This relates to a fuel swap contract entered into by a subsidiary to hedge a fixed price contract offered to a customer. Fair value gains and losses on the fuel hedge derivative liability and derivative asset are recognised in profit or loss.

Foreign currency forward
This relates to a 4-year forward contract to swap USD for SGD. The contract is entered into by a subsidiary to hedge its exposure to cash flow foreign currency risk against its USD service contract. Fair value gains and losses on the effective hedge portion of the forward contract is recognised in the hedging reserve and are transferred to profit or loss over the contract period.

Notes to the Financial Statements

18. Inventories

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Fuel	**11,884**	11,287	11,968
Spare parts and accessories	**47,240**	42,778	42,380
Pipes and fittings	**112**	109	108
	59,236	54,174	54,456

Inventories written-down recognised as an expense and included in other operating expenses amounted to $2,000 (2017 : $44,000).

Inventories of $23,806,000 (2017 : $18,446,000) are pledged for certain borrowings (Note 19).

19. Borrowings

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Current	**1,034,565**	722,377	752,106	**147,609**	–	–
Non-current	**740,383**	1,071,904	1,058,576	**–**	145,500	122,612
Total borrowings	**1,774,948**	1,794,281	1,810,682	**147,609**	145,500	122,612

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group			Trust		
	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %	**December 31, 2018 %**	December 31, 2017 %	January 1, 2017 %
Borrowings	**4.30**	4.40	3.56	**2.52**	2.35	2.03

(a) A subsidiary has an A$717 million five-year senior, secured loan facility, provided by a group of lenders. Repayments commenced in Year 2014 and will continue until 2019. The bank loan is secured by a charge over all the assets of, and the units and shares in, all of the entities in the subsidiary group. The carrying amount of the loan at the end of the financial year is $700,056,000 (December 31, 2017 : $711,955,000, January 1, 2017 : $741,688,000).

(b) The term loan is repayable in 2020 and secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. The carrying amount of the loan at the end of the financial year is $699,266,000 (December 31, 2017 : $698,785,000, January 1, 2017 : $698,312,000).

(c) Bank loans of $177,952,000 (December 31, 2017 : $177,555,000, January 1, 2017 : $177,165,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings and repayable in February 2019. Subsequent to year end, the Group successfully refinanced the loan.

(d) The bank loans of $50,065,000 (December 31, 2017 : $60,486,000, January 1, 2017 : $70,905,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the Trustee-Manager of the subsidiary. Repayments commenced in 2007 and will continue until 2024.

(e) The Trust has a $200 million term loan and revolving credit facility. The bank loan of $147,609,000 (December 31, 2017 : $145,500,000, January 1, 2017 : $122,612,000) is repayable in February 2019 and is unsecured. Subsequent to year end, the Group successfully refinanced the loan.

All borrowings impose certain covenants. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts. Total assets of the Group with carrying amount of $1,565 million (December 31, 2017 : $1,577 million, January 1, 2017 : $1,612 million) are pledged for certain borrowings.

As disclosed in Note 41, as a result of the Basslink cable outage, a subsidiary within the Basslink group was unable to meet its minimum debt service coverage ratio on its loan covenant which constituted an event of default in the loan agreement. As a condition of waiver, the subsidiary was required to agree with the lenders a long term financing plan ("LTFP"). The subsidiary has been in discussions with its lenders on the LTFP which was not agreed as at December 31, 2018. The Trustee-Manager has been in discussions with the lenders on the refinancing of the existing bank borrowings.

The bank borrowings of $700,056,000 which are repayable in November 2019 has been classified as current liabilities as at December 31, 2018 and 2017.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes		
	January 1, 2018 $'000	**Financing cash flows (1) $'000**	**Foreign exchange movement $'000**	**Other changes (2) $'000**	**December 31, 2018 $'000**
Borrowings	**1,794,281**	**(14,134)**	**(8,994)**	**3,795**	**1,774,948**

			Non-cash changes		
	January 1, 2017 $'000	Financing cash flows (1) $'000	Foreign exchange movement $'000	Other changes (2) $'000	December 31, 2017 $'000
Borrowings	1,810,682	7,658	(27,918)	3,859	1,794,281

(1) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(2) Other changes include unamortised upfront fee.

20. Loan from a Subsidiary

The loan from a subsidiary was obtained in October 2015. The loan was unsecured, bore effective interest at 2.36% per annum and was settled in May 2017.

21. Trade and Other Payables

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Trade payables:						
- Third parties	**27,767**	19,255	18,494	**–**	–	–
- Related parties	**1,208**	5,203	5,290	**–**	–	–
Other payables:						
- Third parties	**4,334**	3,850	8,477	**43**	84	–
- Trustee-Manager	**2,207**	2,189	2,600	**2,146**	2,189	2,569
- Subsidiaries	**–**	–	–	**257**	1,078	233
- Related parties	**8,837**	6,660	11,761	**–**	12	17
Accruals	**47,155**	42,243	40,388	**1,202**	225	75
Interest payable	**17,508**	18,147	5,096	**–**	–	1,228
Customer deposit (Note 24)	**1,541**	1,561	1,622	**–**	–	–
Advance payments received	**25,634**	39,696	31,669	**–**	–	–
Refundable customer deposits	**41,714**	36,039	34,796	**–**	–	–
	177,905	174,843	160,193	**3,648**	3,588	4,122

Trade and other payables

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2017 : 30 to 60) days' terms.

Notes to the Financial Statements

22. Provisions

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Provision for decommissioning costs	**26,935**	32,886	31,280
Movements in the provision are as follows:			
Beginning of year	**32,886**	31,280	38,143
(Reversal)/Addition (Note 6)	**(6,496)**	1,796	(9,093)
Unwinding of discounts (Note 34)	**895**	953	1,147
Currency translation differences	**(350)**	(1,143)	1,083
End of year	**26,935**	32,886	31,280

Provision for decommissioning costs
This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs
At the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

The effects of the revision on depreciation charge and finance costs are as follows:

	2019 $'000	**2020 $'000**	**2021 and beyond $'000**
Decrease in depreciation charge	(122)	(122)	(6,253)
Decrease in finance costs	(167)	(172)	(16,790)
Total	(289)	(294)	(23,043)

23. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests.

1. The notes of $15,000,000 mature in Year 2025 and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum.
2. The notes of $245,000,000 mature in Year 2040, with a fixed rate of 17.5% per annum, payable quarterly.

The notes are direct, unsecured, subordinated obligations of the subsidiaries and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

24. Other Payables (Non-Current)

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Long term customer deposit	**43,789**	44,399	46,277
Advance payments received	**144,046**	157,983	167,849
Other payables	**62,897**	39,630	54,712
	250,732	242,012	268,838

Long term customer deposit
Long term customer deposit represents the A$50 million (2017 : A$50 million) deposit equivalent to $50 million (2017 : $51 million) placed by a customer which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028.

Included in long term customer deposit is an amount of $17,397,000 (2017: $19,181,000) which represents the difference between the fair value of this liability and the amount of the A$50.0 million deposit to be repaid, computed based on the present value of future payment discounted at the applicable interest rate of 5.87% (2017 : 5.87%) per annum. This is amortised to profit or loss, using the effective interest rate method, over the life of the agreement. The current portion of long term customer deposit is included in Note 21.

Advance payments received
This relates to amounts that have been received but services have not yet been rendered.

25. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Movement in deferred tax account is as follows:			
Beginning of the year	**18,159**	22,678	29,596
Credited to			
- Profit or loss (Note 37)	**(4,108)**	(3,048)	(4,546)
- Equity (Note 37)	**1,561**	(1,471)	(2,372)
End of the year	**15,612**	18,159	22,678

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Others $'000	Total $'000
At January 1, 2017	18,493	21,334	15,769	55,596
Currency translation differences	(827)	(366)	(60)	(1,253)
(Credited)/Charged to Profit or loss	3,769	(1,645)	1,092	3,216
At December 31, 2017	21,435	19,323	16,801	57,559
Currency translation differences	(258)	(118)	(19)	(395)
(Credited)/Charged to Profit or loss	1,140	(1,501)	181	(180)
At December 31, 2018	22,317	17,704	16,963	56,984

Notes to the Financial Statements

25. Deferred Tax Liabilities (continued)

Deferred tax assets

	Allowances against assets $'000	Derivative financial instruments $'000	Recognised unutilised tax losses $'000	Others $'000	Total $'000
At January 1, 2017	(82)	(1,125)	(23,173)	(8,538)	(32,918)
Currency translation differences	–	–	917	336	1,253
Charged/(Credited) to					
- Profit or loss	1	–	(5,847)	(418)	(6,264)
- Equity	–	(1,471)	–	–	(1,471)
At December 31, 2017	**(81)**	**(2,596)**	**(28,103)**	**(8,620)**	**(39,400)**
Currency translation differences	**–**	**–**	**292**	**103**	**395**
Charged/(Credited) to					
- Profit or loss	**(6)**	**–**	**(5,279)**	**1,357**	**(3,928)**
- Equity	**–**	**1,561**	**–**	**–**	**1,561**
At December 31, 2018	**(87)**	**(1,035)**	**(33,090)**	**(7,160)**	**(41,372)**
Net deferred tax liabilities					
December 31, 2018					**15,612**
December 31, 2017					18,159
January 1, 2017					22,678

Unrecognised tax losses

The Group has unrecognised tax losses of approximately $352,962,000 (2017 : $323,137,000) to set off against future taxable income, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions

There are no income tax consequences attached to the distributions to the unitholders proposed by the Trust but not recognised as a liability in the financial statements for both 2018 and 2017 (Note 29).

26. Units in Issue

	Group and Trust					
	December 31, 2018 Units	December 31, 2017 Units	January 1, 2017 Units	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Beginning of year	**3,857,378,731**	3,857,063,631	3,856,931,931	**2,137,538**	2,137,389	2,137,322
Units issued at an average price of $0.574 (December 31, 2017: $0.475, January 1, 2017: $0.506) per unit as Trustee-Manager's fees	**919,334**	315,100	131,700	**528**	149	67
End of year	**3,858,298,065**	3,857,378,731	3,857,063,631	**2,138,066**	2,137,538	2,137,389

a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

(i) Receive income and other distributions attributable to the units held;

(ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

(iii) Receive audited accounts and the annual reports of the Trust.

b) The restrictions of a Unitholder include the following:

(i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and

(ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

27. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group			Trust		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Beginning of the year	**(210,861)**	(204,478)	(201,772)	**(859)**	(986)	–
Fair value (loss)/profit:						
Fair value (loss)/profit	**(20,756)**	(41,791)	(28,407)	**359**	(1,113)	(1,702)
Tax on fair value loss	**2,364**	3,351	1,366	**–**	–	–
	(18,392)	(38,440)	(27,041)	**359**	(1,113)	(1,702)
Transfer to profit or loss:						
Finance cost (Note 34)	**26,785**	30,761	21,903	**531**	1,240	716
Tax on transfers	**(1,091)**	(1,886)	(2,104)	**–**	–	–
	25,694	28,875	19,799	**531**	1,240	716
Non-controlling interests (net of tax)	**3,333**	3,182	4,536	**–**	–	–
	(200,226)	(210,861)	(204,478)	**31**	(859)	(986)

28. Capital Reserve

In prior years, the Group's subsidiary, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

29. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

	Group and Trust	
	2018 $'000	2017 $'000
For the period from October 1, 2016 to December 31, 2016 - 0.93 cents per unit	**–**	35,871
For the period from January 1, 2017 to March 31, 2017 - 0.93 cents per unit	**–**	35,873
For the period from April 1, 2017 to June 30, 2017 - 0.93 cents per unit	**–**	35,873
For the period from July 1, 2017 to September 30, 2017 - 0.93 cents per unit	**–**	35,873
For the period from October 1, 2017 to December 31, 2017 - 0.93 cents per unit	**35,873**	–
For the period from January 1, 2018 to March 31, 2018 - 0.93 cents per unit	**35,881**	–
For the period from April 1, 2018 to June 30, 2018 - 0.93 cents per unit	**35,881**	–
For the period from July 1, 2018 to September 30, 2018 - 0.93 cents per unit	**35,883**	–
	143,518	143,490
The following distributions have been declared after the financial year end but not recognised as a liability		
Distribution of 0.93 cents per unit for the period from October 1, 2017 to December 31, 2017	**–**	35,873
Distribution of 0.93 cents per unit for the period from October 1, 2018 to December 31, 2018	**35,883**	–

30. Revenue

	Group				
	Distribution & Network $'000	Waste & Water $'000	Energy $'000	Corporate $'000	Total $'000
2018					
Segment Revenue					
Sale of goods	**341,403**	**–**	**–**	**–**	**341,403**
Service income	**73,349**	**10,498**	**104,004**	**–**	**187,851**
Finance income from service concession arrangements	**–**	**13,552**	**–**	**–**	**13,552**
Finance lease income	**–**	**3,463**	**–**	**–**	**3,463**
Operation and maintenance income	**–**	**66,001**	**25,117**	**–**	**91,118**
	414,752	**93,514**	**129,121**	**–**	**637,387**
2017					
Segment Revenue					
Sale of goods	313,544	–	–	–	313,544
Service income	92,215	10,498	104,984	–	207,697
Finance income from service concession arrangements	–	14,786	–	–	14,786
Finance lease income	–	3,827	–	–	3,827
Operation and maintenance income	–	66,486	24,965	–	91,451
Management fee income	–	–	–	1,171	1,171
	405,759	95,597	129,949	1,171	632,476
2018					
Time of revenue recognition					
At a point in time:					
Sale of goods	**341,403**	**–**	**–**	**–**	**341,403**
Over time:					
Service income	**73,349**	**10,498**	**104,004**	**–**	**187,851**
Finance income from service concession arrangements	**–**	**13,552**	**–**	**–**	**13,552**
Finance lease income	**–**	**3,463**	**–**	**–**	**3,463**
Operation and maintenance income	**–**	**66,001**	**25,117**	**–**	**91,118**
	414,752	**93,514**	**129,121**	**–**	**637,387**
2017					
Time of revenue recognition					
At a point in time:					
Sale of goods	313,544	–	–	–	313,544
Over time:					
Service income	92,215	10,498	104,984	–	207,697
Finance income from service concession arrangements	–	14,786	–	–	14,786
Finance lease income	–	3,827	–	–	3,827
Operation and maintenance income	–	66,486	24,965	–	91,451
Management fee income	–	–	–	1,171	1,171
	405,759	95,597	129,949	1,171	632,476

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

31. Other Income

	Group	
	2018 $'000	2017 $'000
Interest income	**2,022**	1,664
Other miscellaneous income	**7,147**	1,929
	9,169	3,593

32. Other Losses - Net

	Group 2018 $'000	Group 2017 $'000
Fair value loss on derivative financial instruments	**13,275**	8,523
Exchange differences	**377**	338
Others	**(2)**	(6)
	13,650	8,855

33. Staff Costs

	Group 2018 $'000	Group 2017 $'000
Salaries and wages	**22,887**	22,437
Employer's contribution to defined contribution plans, including Central Provident Fund	**2,706**	2,630
Other short-term benefits	**1,785**	1,650
	27,378	26,717

34. Finance Costs

	Group 2018 $'000	Group 2017 $'000
Interest expense		
- Bank borrowings	**50,533**	47,785
- Notes payable to non-controlling interests	**43,850**	43,850
Unwinding of discounts		
- Provision for decommissioning costs (Note 22)	**895**	953
- Interest-free customer deposits	**1,499**	1,485
Cash flow hedges, transfer from hedging reserve (Note 27)	**26,785**	30,761
Others	**107**	115
	123,669	124,949

35. Trustee-Manager's Fees

	Group 2018 $'000	Group 2017 $'000
Base fee	**2,579**	2,566
Performance fee	**7,163**	7,196
	9,742	9,762

Subsequent to the change in the trustee-manager in 2015, the Trustee-Manager's fees comprise:

1) A Base fee of $2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.

2) Performance fee is charged at 4.5% per annum on all the cash inflows received by the Trust from subsidiaries, associates, sub-trusts and its investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts).

3) In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles.

36. (Loss)/Profit Before Tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2018 $'000	2017 $'000
Auditors' remuneration		
- auditors of the Group	**382**	379
Non-audit fees to		
- auditors of the Group	**77**	14
Property, plant and equipment written off (Note 6)	**3**	2

37. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2018 and 2017 are:

	Group	
	2018 $'000	2017 $'000
Consolidated profit or loss:		
Current tax	**4,151**	3,390
Deferred tax (Note 25)	**(4,108)**	(3,048)
Income tax expense recognised in profit or loss	**43**	342
Consolidated statement of other comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Fair value gain/(loss) and reclassification adjustments on cash flow hedges (Note 25)	**1,561**	(1,471)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the year ended December 31, 2018 and 2017 are as follows:

	Group	
	2018 $'000	2017 $'000
(Loss)/Profit before tax	**(2,315)**	14,118
Tax calculated at a tax rate of 17%	**(393)**	2,400
Effect of:		
- Different tax rates in other countries	**(2,065)**	(264)
- Expenses not deductible for tax purposes	**6,495**	6,519
- Income not subject to tax	**(8,898)**	(9,733)
- Deferred tax assets not recognised	**6,823**	6,555
- Recognition of future deductible amounts allowable under overseas tax regime	**(2,560)**	(4,950)
- Adjustment recognised in the current year in relation to the current tax for prior year	**262**	709
- Tax relief	**–**	(259)
- Others	**379**	(635)
	43	342

38. Earnings Per Unit

The calculation of basic and diluted earnings per unit is based on the weighted average number of units outstanding during the financial year and profit after tax attributable to the unitholders of the Trust.

	Group	
	2018	2017
Profit for the financial year attributable to unitholders of the Trust ($'000)	**32,023**	47,613
Weighted average number of units during the financial year	**3,858,117,720**	3,857,328,660
Basic and diluted earnings per unit (cents)	**0.83**	1.23

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

39. Operating Lease Arrangements and Capital Commitments

(a) Operating lease arrangements

The Group leases office premises and pipe rack under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in profit or loss for the financial year ended December 31, 2018 amounted to $2,756,000 (2017 : $2,861,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Not later than one year	**3,813**	3,960	3,999
Later than one year but not later than five years	**9,125**	9,922	11,458
Later than five years	**62,726**	64,628	66,212
	75,664	78,510	81,669

Included in the future minimum lease payments under non-cancellable operating leases comprise future minimum lease payments with related parties which amounted to $14,039,000 (2017 : $14,324,000).

Operating lease payments represent rentals payable by the Group for certain of its office properties and pipe racks. Rentals are negotiated for an average term of 1 to 46 years (2017 : 1 to 47 years).

(b) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018 $'000	2017 $'000
Property, plant and equipment	**5,827**	2,264

Notes to the Financial Statements

40. Segment Information

The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Distribution & Network (previously known as Gas and Transmission): production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia and leasing of a data centre;
- Waste & Water (previously known as Concessions): concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Energy (previously known as Power): tolling arrangement for the power plant in Singapore; and
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for the years ended December 31, 2018, December 31, 2017 and January 1, 2017 are set out below:

	Energy	Distribution & Network			Waste & Water	Corporate	Total
	KMC $'000	City Gas $'000	Basslink $'000	DC One $'000	$'000	$'000	Group $'000
2018							
Revenue	129,121	347,629	67,123	–	93,514	–	637,387
Profit/(Loss) before tax	(33,572)	37,043	(15,886)	–	22,611	(12,511)	(2,315)
Funds from operations [1]	45,141	35,257	10,397	7,419	78,653	(15,762)	161,105
Other segment items:							
Depreciation and amortisation	(75,699)	(2,764)	(17,962)	–	(7,055)	–	(103,480)
Fair value gain/(loss) on derivative financial instruments	–	8	(13,283)	–	–	–	(13,275)
Impairment loss on financial assets	–	(448)	–	–	–	(309)	(757)
Share of results of joint venture	–	–	–	3,840	–	–	3,840
Finance costs [2]	(63,139)	(5,830)	(47,920)	–	(2,959)	(3,821)	(123,669)

A reconciliation of funds from operations to (loss)/profit before tax is provided as follows:

	2018 $'000
Funds from operations	161,105
Reduction in concession/lease receivables	(54,951)
Non-cash finance cost	(6,190)
Other non-cash items	(7,444)
Depreciation and amortisation	(103,480)
Maintenance capital expenditure	8,490
Finance cost attributable to NCI	(43,850)
Funds from operations of joint venture	(7,419)
Funds from operations attributable to NCI	51,424
Loss before tax	(2,315)

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
December 31, 2018							
Segment and consolidated total assets	**1,613,083**	**576,644**	**973,250**	**20,009**	**595,700**	**26,321**	**3,805,007**
Segment liabilities	**1,114,730**	**337,290**	**919,957**	**–**	**83,791**	**151,015**	**2,606,783**
Unallocated liabilities:							
Current tax liabilities							**4,356**
Deferred tax liabilities							**15,612**
Consolidated total liabilities							**2,626,751**
Other segment items							
Additions to non-current assets							
Capital expenditure							
- property, plant and equipment	**–**	**697**	**7,780**	**–**	**13**	**–**	**8,490**
2017							
Revenue	129,949	320,372	85,387	–	95,597	1,171	632,476
Profit/(Loss) before tax	(32,082)	41,515	(2,032)	–	20,952	(14,235)	14,118
Funds from operations [1]	45,717	40,669	23,999	6,006	75,758	(14,477)	177,672
Other segment items:							
Depreciation and amortisation	(75,598)	(3,477)	(18,842)	–	(7,052)	–	(104,969)
Fair value loss on derivative financial instruments	–	(1,058)	(7,465)	–	–	–	(8,523)
Impairment loss on financial assets	–	(573)	–	–	–	–	(573)
Share of results of joint venture	–	–	–	2,715	–	–	2,715
Finance costs [2]	(62,964)	(4,889)	(50,174)	–	(3,649)	(3,273)	(124,949)

A reconciliation of funds from operations to profit before tax is provided as follows:

	2017 $'000
Funds from operations	177,672
Reduction in concession/lease receivables	(53,353)
Non-cash finance cost	(6,297)
Other non-cash items	(2,039)
Depreciation and amortisation	(104,969)
Maintenance capital expenditure	1,727
Finance cost attributable to NCI	(43,850)
Funds from operations of joint venture	(6,006)
Funds from operations attributable to NCI	51,233
Profit before tax	14,118

40. Segment Information (continued)

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
December 31, 2017							
Segment and consolidated total assets	1,692,894	559,106	995,544	20,752	656,304	31,816	3,956,416
Segment liabilities	1,131,650	314,233	931,465	–	96,672	148,933	2,622,953
Unallocated liabilities:							
Current tax liabilities							3,410
Deferred tax liabilities							18,159
Consolidated total liabilities							2,644,522
Other segment items							
Additions to non-current assets							
Capital expenditure							
- property, plant and equipment	–	1,313	411	–	3	–	1,727
January 1, 2017							
Segment and consolidated total assets	1,737,256	569,494	1,018,470	23,432	714,757	55,233	4,118,642
Segment liabilities	1,139,941	316,752	947,998	–	105,451	126,398	2,636,540
Unallocated liabilities:							
Current tax liabilities							5,454
Deferred tax liabilities							22,678
Consolidated total liabilities							2,664,672
Other segment items							
Additions to non-current assets							
Investment in and advances to join venture	–	–	–	–	–	1,717	1,717
Capital expenditure							
- property, plant and equipment	8	912	–	–	27	–	947

[1] Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

[2] Excludes interest payable on notes issued by subsidiaries to the Trust.

The Group's Waste & Water, Energy and Corporate business segments operate in Singapore whilst the Distribution & Network segment operates in both Singapore and Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets *		
	December 31, 2018 $'000	December 31, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Singapore	**570,264**	547,089	**1,838,829**	1,924,369	2,011,858
Australia	**67,123**	85,387	**852,417**	879,448	928,339
	637,387	632,476	**2,691,246**	2,803,817	2,940,197

* Comprise property, plant and equipment, intangibles and investment in and advances to joint venture.

Revenue from Waste & Water segment of $93,514,000 (2017 : $95,597,000) was solely derived from the only customer of the respective subtrusts. For the Energy segment, revenue of $129,121,000 (2017 : $129,949,000) was derived from its only customer. For Distribution & Network segment, revenue from its major customer was $64,946,000 (2017 : $83,371,000).

41. Contingent Liability

Basslink Pty Ltd ("Basslink"), a wholly-owned subsidiary of the Group, operates a subsea electricity interconnector ("Interconnector") between the electricity grids of the States of Tasmania and Victoria in Australia.

On December 20, 2015, the Interconnector was taken out of service due to a cable fault incident. The cable returned to service on June 13, 2016. The customer, Hydro Tasmania ("HT"), has not paid Basslink full facility fees from September 2016 to August 2017 as HT disagrees with Basslink that the outage was a "*force majeure*" event. In December 2016, an independent investigation undertaken by Cable Consulting International ("CCI"), one of the world's leading submarine power cable experts, was completed and CCI concluded that the cause of the cable fault is "cause unknown".

In December 2017, based on the reports from DNV GL, an international engineering consultancy firm, HT alleged that the outage was caused by the interconnector exceeding its design limit.Under the Basslink Services Agreement ("BSA"), an unknown cause of the cable fault falls under the definition of a "*force majeure*" event. As such, the Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "*force majeure*" event.

In March 2018, the State of Tasmania (the "State") issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Operations Agreement ("BOA") and alleged that Basslink should indemnify the State for its losses which amounts to A$100.0m (S$100.7m).

In September 2018, Basslink issued a Notice of Dispute to HT, which was referred to arbitration, under the BSA, to recover the withheld receivables from HT.

In October 2018, HT issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Services Agreement ("BSA") based upon the allegations in the DNV GL reports commissioned by the lawyers for HT.

Further to the State's claim against Basslink, Basslink engaged CCI to perform a further investigation. In November 2018, CCI concluded in its report (the "CCI report"), amongst others, that the cause of the cable outage continues to be unknown.

As at December 31, 2018, no provision has been made for the claim by the State as based on the findings of CCI, the Trustee-Manager is of the view that the cause of the cable fault was a "*force majeure*" event.

42. Events After the Reporting Period

On February 19, 2019, the Trustee-Manager announced that its wholly-owned subsidiary has completed the acquisition of 100% of the shares in Ixom HoldCo Pty Ltd and its subsidiaries ("Ixom Group") ("Acquisition") for a cash consideration of A$770 million (S$775 million). The Acquisition is funded via debt, of which a portion of the debt will be paid down with the proceeds from an equity fund raising.

Disclosures required by the revised SFRS(I) 1-3 *Business Combinations* have not been made as the acquisition occurred after the end of the reporting period. The valuation on the fair value of the consideration, identifiable assets, liabilities and contingent liabilities at the acquisition date will be performed by an independent and qualified professional valuer.

Notes to the Financial Statements

43. Adoption of a New Financial Reporting Framework

The Group and the Trust adopted the new financial reporting framework - Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Trust have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Trust's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the election of certain transition options available under SFRS(I) 1.

Management has elected the following transition exemption:

- SFRS(I) 3 *Business Combinations* has not been applied to acquisitions of subsidiaries that are considered businesses under SFRS(I) that occurred before January 1, 2017. The FRS carrying amounts of assets and liabilities determined in that business combination, that are required to be recognised under SFRS(I), are the deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SFRS(I). Assets and liabilities that do not qualify for recognition under SFRS(I) are excluded from the opening SFRS(I) statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of SFRS(I) recognition requirements.

  SFRS(I) 1 also requires that the FRS carrying amount of goodwill must be used in the opening SFRS(I) statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SFRS(I) 1, the Group has tested goodwill for impairment at the date of transition to SFRS(I). No additional goodwill impairment was deemed necessary at January 1, 2017.

Management has elected the following transition option:

- The Group has applied the option to reset the cumulative translation differences for all foreign operations to zero at the date of transition to SFRS(I). The gain or loss on a subsequent disposal of any foreign operation shall exclude the translation differences that arose before January 1, 2017 and shall include later translation differences.

Reconciliations of equity

The effects of transition to SFRS(I) are presented and explained below.

(A) Impact on the equity as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	As adjusted under SFRS(I) $'000
Group			
Units in issue	2,137,389	-	2,137,389
Hedging reserve	(204,478)	-	(204,478)
Translation reserve	(26,587)	26,587	-
Capital reserve	38,710	-	38,710
Accumulated losses	(689,644)	(26,587)	(716,231)
Total Unitholders' Funds	1,255,390	-	1,255,390

(B) Impact on the equity as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	As adjusted under SFRS(I) $'000
Group			
Units in issue	2,137,538	-	2,137,538
Hedging reserve	(210,861)	-	(210,861)
Translation reserve	(26,946)	26,587	(359)
Capital reserve	38,710	-	38,710
Accumulated losses	(785,506)	(26,587)	(812,093)
Total Unitholders' Funds	1,152,935	-	1,152,935

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) does not have a material impact on the statement of profit or loss and other comprehensive income.

(D) Impact on the Statement of Cash Flows for the year ended December 31, 2017 (last financial year reported under FRS)

The transition to SFRS(I) does not have a material impact on the statement of cash flows.

44. Standards Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements were issued but not effective and are expected to have an impact to the Group and the Trust in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*

SFRS(I) 16 *Leases*
The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

SFRS(I) 1-17 does not require the recognition of any right-of-use asset or liability for future payments for the operating leases that the Group enters into. Under SFRS(I) 16, the Group may be required to recognise a right-of-use asset and a corresponding liability in respect of all leases unless they qualify for low value or short-term leases upon the application of SFRS(I) 16. Additional disclosures may also be made with respect to leases, including any significant judgement and estimation made in distinguishing between leases and service contracts, on the basis of whether an identified asset controlled by the customer exists.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening accumulated losses at the date of initial application, January 1, 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of January 1, 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before January 1, 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases under SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*;

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

Corporate Governance

The Board and Management of Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), as the Trustee-Manager of Keppel Infrastructure Trust (KIT), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the unitholders of KIT (Unitholders).

The Business Trusts Act, Chapter 31A, of Singapore (BTA) sets out the requirements and obligations in respect of corporate governance. The Business Trusts Regulations (BTR) set out the requirements for, amongst other matters, the board composition of a trustee-manager, the independence of its directors, and the audit committee composition of a trustee-manager.

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2012[1] (the 2012 Code) as its benchmark for corporate governance policies and practices. The following describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2012 Code.

Board's Conduct of Affairs
Principle 1:
Effective Board to lead and control the company

The Board of Directors of the Trustee-Manager (the Board) is responsible for the overall management and the corporate governance of KIT, including establishing goals for Management and monitoring the achievement of these goals.

Role: The principal functions of the Board are to:

- Decide on matters in relation to KIT's activities which are material in nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;

- Oversee the business and affairs of KIT, establish, with the management of the Trustee-Manager (the Management), the strategies and financial objectives to be implemented by Management, and monitor the performance of Management;

- Oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes; and

- Assume responsibility for corporate governance.

Independent Judgment: All directors of the Trustee-Manager (the Directors) are expected to exercise independent judgment in the best interests of KIT. This is one of the performance criteria for the peer and self-assessment of the effectiveness of the individual Directors. Based on the results of the peer and self-assessment carried out by the Directors for the financial year ended 31 December 2018 (FY 2018), all Directors have discharged this duty consistently well.

Board Committees: To assist the Board in the discharge of its oversight function, the Audit and Risk Committee, the Nominating and Remuneration Committee and the Conflicts Resolution Committee have been constituted with clear written terms of reference, and play an important role in ensuring good corporate governance. The terms of reference of the respective Board committees are disclosed in the Appendix to this report at pages 148 to 150.

Meetings: The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Trustee-Manager's key activities, including its business strategies and policies for KIT, proposed acquisitions and disposals, the annual budget, review the performance of the business and the financial performance of KIT and the Trustee-Manager. The Board also reviews and approves the release of the quarterly and full-year results. In addition, the Board reviews the risks to the assets of KIT, and acts upon any comments from the auditors of KIT.

Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation. Meetings may also be scheduled on a need-be basis.

The Trustee-Manager's Constitution permits Board meetings to be held by way of conference by telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants. Further, the non-executive Directors meet without the presence of Management on a need-be basis.

The current Directors' appointments and details of membership on Board committees, number of Board and Board committee meetings held during FY 2018, as well as the attendance of each Board member at these meetings, are disclosed below.

[1] The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

Board and Board committee meetings for FY 2018

	Board Meetings	Audit and Risk Committee Meetings	Nominating & Remuneration Committee Meetings	Conflicts Resolution Committee Meetings	Non-Executive Directors' Meeting (without presence of Management)
Koh Ban Heng	9	4	2	-	2
Thio Shen Yi	7	-	2	1	2
Daniel Cuthbert Ee Hock Huat	9	4	-	1	2
Mark Andrew Yeo Kah Chong	8	4	-	-	2
Kunnasagaran Chinniah	9	-	2	1	2
Christina Tan Hua Mui	7	-	1	-	2
Cindy Lim Joo Ling [2]	4 out of 4	-	-	-	0 out of 0
Number of Meetings Held in FY 2018	**9**	**4**	**2**	**1**	**2**

Nature of current Directors' appointments on the Board and the details of their membership on Board committees

	Board Membership	Audit and Risk Committee	Nominating & Remuneration Committee	Conflicts Resolution Committee
Koh Ban Heng	Non-Executive Independent Chairman	Member	Member	-
Thio Shen Yi	Non-Executive Independent	-	Chairman	Member
Daniel Cuthbert Ee Hock Huat	Non-Executive Independent	Member	-	Chairman
Mark Andrew Yeo Kah Chong	Non-Executive Independent	Chairman	-	-
Kunnasagaran Chinniah	Non-Executive Independent	-	Member	Member
Christina Tan Hua Mui	Non-Executive Non-Independent	-	Member	-
Cindy Lim Joo Ling	Non-Executive Non-Independent	-	-	-

If a Director were unable to attend a Board or Board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman of the Board or the Board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

Internal Limits of Authority: The Trustee-Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at the Management level to facilitate operational efficiency.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as directors. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the businesses and strategic plans and objectives of KIT, and sites visits.

Training: Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. Updates on relevant legal or regulatory developments may be provided to the Board by circulation or through seminars and presentations conducted or sponsored by the Trustee-Manager. Some Directors attended talks and forums on topics relating to corporate governance, leadership in the boardroom, finance and accounting standards, economic outlook and long term trends, among others.

2 Ms Cindy Lim Joo Ling was appointed as a non-executive non-independent Director with effect from 18 July 2018.

Corporate Governance

Board Composition and Guidance
Principle 2:
Strong and independent element on the Board

Board Composition: Presently, the Board consists of seven members, five of whom are independent non-executive Directors. The other two Directors are non-independent non-executive Directors. The Chairman of the Board is Mr Koh Ban Heng who is an independent non-executive Director.

Board Independence: The composition of the Board complies with the BTR and comprises:

(a) at least a majority of the directors who are independent from management and business relationships with the Trustee-Manager;

(b) at least one-third of the directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

(c) at least a majority of the directors who are independent from any single substantial shareholder of the Trustee-Manager.

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of KIT), a Director must not have any:

(a) management relationships with the Trustee-Manager or with any of its subsidiaries; and

(b) business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his or her independent judgment with regard to the interests of all the Unitholders as a whole.

To be considered to be independent from a substantial shareholder of the Trustee-Manager, a Director must not be a substantial shareholder of the Trustee-Manager and is not connected to the substantial shareholder of the Trustee-Manager as provided under the BTR.

The Trustee-Manager is wholly-owned by Keppel Capital Holdings Pte. Ltd. (Keppel Capital) which is in turn wholly-owned by Keppel Corporation Limited (Keppel Corporation). Keppel Infrastructure Holdings Pte. Ltd. (KI), a wholly-owned subsidiary of Keppel Corporation remains a sponsor of KIT and is the largest unitholder of KIT. Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments. Temasek Holdings (Private) Limited (Temasek), by virtue of their interest in Keppel Corporation, is deemed a substantial shareholder of the Trustee-Manager.

The Nominating and Remuneration Committee carried out the review on the independence of each non-executive Director in January 2019 based on the respective Directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and Board committees.

Taking into account the views of the Nominating and Remuneration Committee, the Board has determined that:

(a) although Mr Koh Ban Heng is strictly not considered to be independent from Keppel Corporation, the indirect substantial shareholder of the Trustee-Manager, and business relationships with the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Koh is an independent Director. Mr Koh is currently an independent non-executive director of KI, a wholly-owned subsidiary of Keppel Corporation. KI's related corporations received payments in the current and immediately preceding financial year from the Trustee-Manager and its related corporations for operations and maintenance and other services provided to KIT. After review, the Board is satisfied that the above relationships will not interfere with Mr Koh's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Koh is an independent non-executive director of KI, (ii) Mr Koh serves on the Board in his personal capacity, not as KI's representative, (iii) Mr Koh has declared that he does not act in accordance with the instructions of KI, and (iv) Mr Koh has declared that he does not derive any compensation from KI other than remuneration received for his service as a director of KI. Mr Koh has also shown independent judgment in his deliberation of the interests of KIT. Mr Koh's participation in the Board will benefit KIT given his expertise. Mr Koh will however, abstain from the Board's decisions in relation to any matter which involves companies within the Keppel Group.

(b) Mr Thio Shen Yi is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(c) although Mr Daniel Cuthbert Ee Hock Huat is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Ee is an independent Director. Mr Ee is a director of Ascendas Funds Management (S) Limited (Ascendas), a subsidiary of Temasek. After review, the Board is satisfied that the above relationship will not interfere with Mr Ee's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Ee is an independent non-executive director of Ascendas, (ii) Mr Ee serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Ee has declared he does not act in accordance with the instructions of Temasek, and (iv) Mr Ee has declared that he does not derive any compensation from Ascendas or Temasek other than remuneration received for his service as a director of Ascendas. Mr Ee has also shown independent judgment in his deliberation of the interests of KIT. Mr Ee's participation in the Board will benefit KIT given his expertise. Mr Ee will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries.

(d) Mr Mark Andrew Yeo Kah Chong is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(e) although Mr Kunnasagaran Chinniah is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Chinniah is an independent Director. Mr Chinniah is a director of certain subsidiaries of Temasek, including Azalea Asset Management Pte Ltd, Azalea Investment Management Pte Ltd, Astrea III Pte Ltd and Astrea IV Pte Ltd. Mr Chinniah is also advisor to Temasek International Advisors Pte Ltd and consultant to Pavilion Capital International Pte Ltd, both subsidiaries of Temasek. After review, the Board is satisfied that the above relationships will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah is an independent non-executive director of certain subsidiaries of Temasek, (ii) Mr Chinniah serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Chinniah has declared that he does not act in accordance with the instructions of Temasek, and (iv) Mr Chinniah has declared that he does not derive any compensation from Temasek other than remuneration received for his service as a director, advisor or consultant to certain subsidiaries of Temasek. Mr Chinniah is also an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd. (KAIF), a wholly-owned subsidiary of Keppel Capital. After review, the Board is satisfied that the above relationship will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah's investment committee member role on KAIF is an independent non-executive role, (ii) he serves on the Board in his personal capacity, not as Keppel Capital's representative; (iii) Mr Chinniah is not an employee of Keppel Capital and does not act in accordance with the instructions of Keppel Capital, and (iv) Mr Chinniah does not derive any compensation from Keppel Capital other than remuneration received for his service as an investment committee member of KAIF.

The Board is of the view that Mr Chinniah has shown independent judgment in his deliberation of the interests of KIT. Mr Chinniah's participation in the Board will benefit KIT given his expertise. Mr Chinniah will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries and/or Keppel Capital.

(f) Ms Christina Tan Hua Mui is not considered to be independent from Keppel Corporation. Ms Tan is the Chief Executive Officer and a director of Keppel Capital and a director of several other companies within the Keppel Group, including Alpha Investment Partners Limited, Keppel REIT Management Limited and Keppel DC REIT Management Pte. Ltd..

(g) Ms Cindy Lim Joo Ling is not considered to be independent from Keppel Corporation. Ms Lim is Director (Group Corporate Development) at Keppel Corporation and a director of several other companies within the Keppel Group, including Keppel Urban Solutions Pte. Ltd. and Keppel Infrastructure Services Pte. Ltd..

The 2012 Code states that the independence of any Director who has served on the Board beyond nine years from the date of first appointment should be subject to particularly rigorous review. In this regard, the Board, taking into account the views of the Nominating & Remuneration Committee (save for Mr Thio Shen Yi who abstained from deliberation in this matter), noted that Mr Thio Shen Yi was first appointed to the Board on 11 February 2010 and has therefore served on the Board for more than nine years. However, the Board, taking into account the views of the Nominating & Remuneration Committee considered Mr Thio's objective participation on the Board and Board committee meetings and that Mr Thio had demonstrated independent judgment at Board and Board committee meetings and was of the firm view that he has been exercising independent judgment in the best interests of KIT in the discharge of his duties as a Director. The Board therefore continued to deem Mr Thio as an independent Director. Over the years as a Director, Mr Thio has developed significant insights into KIT's business and operations and brings with him a wealth of useful and relevant experience which enables him to provide invaluable contribution to KIT.

Board Size: The Board, in concurrence with the Nominating and Remuneration Committee is of the view the present size of the Board of seven members is appropriate. This is considering the nature, scope and requirements of KIT's businesses and the need to avoid disruptions from changes to the composition of the Board and Board committees.

The Board now comprises seven Directors, of whom five are independent. No individual or small group of individuals dominate the Board's decision making.

The nature of the Directors' appointments on the Board and details of their membership on Board committees are set out on pages 10 to 12 herein.

Board Competency: The Nominating and Remuneration Committee is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge for KIT, and the core competencies such as accounting or finance, legal and regulatory, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge which are required for the Board and the Board committees to be effective. In this respect, the Nominating and Remuneration Committee recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and Board succession planning. In FY 2018, there were two female Directors out of a total of seven Directors on the Board.

Board Information: The Board and Management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals. For this to happen, the Board, in particular, the non-executive Directors, are kept well informed of KIT's businesses and affairs and are knowledgeable about the industry in which the businesses operate. The non-executive Directors have constructively challenged and helped to develop proposals on strategy and robustly reviewed the performance of Management. The non-executive Directors are supported by accurate, complete and timely information, have unrestricted access to Management, and have sufficient time and resources to discharge their oversight function effectively.

Corporate Governance

Chairman and Chief Executive Officer
Principle 3:
Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making

The positions of Chairman and Chief Executive Officer (CEO) are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

The independent Chairman leads the Board in working together with Management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KIT's operations.

The Chairman monitors the flow of information from Management to the Board to ensure that material information is provided in a timely manner to the Board. He also encourages constructive relations between the Board and Management.

At annual general meetings (AGM) and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and Management. The Chairman takes a leading role in KIT's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management.

The Chairman and CEO are separate persons, independent Directors currently comprise more than a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors.

The CEO, assisted by Management, makes strategic proposals to the Board and after constructive Board discussions, executes the strategy, manages and develops KIT's businesses.

The clear separation of roles of the Chairman and the CEO provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberation on the business activities of KIT.

Board Membership
Principle 4:
Formal and transparent process for the appointment and re-appointment of directors to the Board

Nominating and Remuneration Committee
The Trustee-Manager has established a Nominating and Remuneration Committee (NRC) to, among other things, make recommendations to the Board on all Board appointments. The NRC currently comprises four Directors, majority of whom are independent, namely:

Mr Thio Shen Yi	Chairman
Mr Koh Ban Heng	Member
Mr Kunnasagaran Chinniah	Member
Ms Christina Tan Hua Mui	Member

The responsibilities of the NRC are disclosed at pages 149 and 150 of the Appendix hereto.

Process for appointment of new Directors and Board succession planning
The NRC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors.

The NRC leads the process and makes recommendations to the Board as follows:

(a) the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;
(b) in light of such review and in consultation with Management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment;
(c) external help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and Management may also make suggestions;
(d) the NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
(e) the NRC makes recommendations to the Board for approval.

Criteria for appointment of new Directors
All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

(1) integrity
(2) independent mindedness
(3) diversity – possess core competencies that meet the current needs of KIT and the Trustee-Manager and complement the skills and competencies of the existing Directors on the Board
(4) able to commit time and effort to carry out duties and responsibilities effectively – proposed Director does not have more than six listed company board representations and/or other principal commitments
(5) track record of making good decisions
(6) experience in high-performing corporations or infrastructure funds
(7) financial literacy

Re-nomination of Directors
Having regard to each Director's contribution and performance, the NRC raises the re-nomination of Directors to the Board. The Board assesses the suitability of the Directors based on independence, diversity of skills and gender, amongst other criteria. The Board discusses and seeks the views and approval of the sole shareholder of the Trustee-Manager, regarding the appointment, election and re-appointment of Directors.

Annual review of Directors' independence
The NRC is also charged with determining annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the BTR. Please refer to pages 132 and 133 herein on the basis of the NRC's determination.

Annual review of Directors' time commitments
The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have more than six listed company board representations and/or other principal commitments.

The NRC determines annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a director. The NRC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board, in making this determination. The NRC was satisfied that where a Director had other listed company board representations and/or other principal commitments, the Director was able and had been adequately carrying out his or her duties as a Director.

Key information regarding Directors
The following key information regarding the Directors is set out in the following pages of this Annual Report:

Pages 10 to 12: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive; and

Page 58: unitholding in KIT as at 21 January 2019.

Board Performance
Principle 5:

Formal assessment of the effectiveness of the Board and Board committees and the contribution by each director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, and the contribution by each individual Director to the effectiveness of the Board.

Independent Coordinator: To ensure that assessments are done promptly and fairly, the Board has appointed an independent third party (Independent Coordinator) to assist in collating and analysing the returns of the Board members. A Tax Advisor Pte Ltd, was appointed for this role. A Tax Advisor Pte Ltd does not have any business relationships or any other connections with KIT or any of the Directors which may affect its independent judgment.

The evaluation of the Board and of the individual Directors was carried out by the Independent Coordinator in the last quarter of 2018 and presented to the Board in January 2019.

The evaluation processes are disclosed on page 151 of the Appendix to this report.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view to raising the quality of Board members. It also assisted the NRC in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole, and in determining whether Directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as Directors.

Corporate Governance

Access to Information

Principle 6:

Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Trustee-Manager's Management for further clarification if required.

KIT fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management therefore provides the Board with accurate information in a timely manner concerning KIT's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing KIT.

Management also provides the Board members with management accounts on a periodic basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of KIT's performance, financial position and prospects.

The Directors have separate and independent access to both Company Secretaries of the Trustee-Manager. The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between Management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Trustee-Manager's Constitution, trust deed and relevant rules and regulations are complied with. They also assist the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. They are also the primary channel of communication between KIT and the SGX. At least one of the two Company Secretaries will attend Board meetings and prepare minutes of the Board proceedings. The appointment and removal of each of the Company Secretaries are subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

Remuneration Matters

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company

Principle 9:

There should be clear disclosure of remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out on page 134. The NRC's responsibilities are set out at pages 149 and 150 of the Appendix hereto. The NRC currently comprises entirely of non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of units) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Trustee-Manager and administers the Trustee-Manager's Unit-based incentive plans. In addition, the NRC reviews the Trustee-Manager's obligations arising in the event of termination of key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultants where required. In FY 2018, the NRC sought views on market practice and trends from external remuneration consultants, such as Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with KIT which would affect their independence and objectivity.

Annual Remuneration Report

Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by KIT, the Trustee-Manager is disclosing information on the remuneration of its Directors, CEO and key management personnel.

Policy in respect of Non-Executive Directors' remuneration
Each non-executive Director's remuneration comprises a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of each Board committee in view of the greater responsibility carried by that office. The non-executive Directors participated in additional ad-hoc meetings with Management during the year and are not paid for attending such meetings.

In 2017, the NRC, in consultation with Aon Hewitt, conducted a review of the 2017/2018 non-executive Directors' fees. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmarks as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Trustee-Manger, a revised Directors' fee was developed to include payment of units in KIT (KIT Units) to Directors. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of the Directors with those of Unitholders and the long term interests of KIT.

The Directors' fee structure is as follows:

Main Board	Chairman	S$75,000 per annum
	Director	S$46,000 per annum
Audit and Risk Committee	Chairman	S$30,500 per annum
	Member	S$14,500 per annum
Nominating and Remuneration Committee	Chairman	S$14,500 per annum
	Member	S$7,500 per annum
Conflicts Resolution Committee	Chairman	S$14,500 per annum
	Member	S$7,500 per annum

Each of the Directors (including Chairman) will receive 70% of his/her total Director's fees in cash and the balance 30% in the form of KIT Units. The Director's fees for Ms Christina Tan will be paid in cash to Keppel Capital and the Director's fees for Ms Cindy Lim will be paid in cash to Keppel Corporation.

Remuneration policy in respect of CEO and Key Management Personnel
The Trustee-Manager advocates a performance-based remuneration system that is flexible and responsive to the market, KIT's and the individual employee's performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In 2016/2017, the NRC undertook a comprehensive review of the total remuneration structure. With the assistance of Aon Hewitt, the NRC revised the total remuneration structure reflecting four key objectives:

(a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholders' interest
(b) Long-term Orientation: To motivate employees to drive sustainable long-term growth
(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The revised total remuneration mix comprises three components; that is – annual fixed cash, annual performance bonus, and KIFM Unit Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Trustee-Manager benchmarks against the relevant industry market median. The size of the Trustee-Manager's annual performance bonus pot is tied to KIT's financial and non-financial performance, and is distributed to employees based on their individual performance. The KIFM Unit Plans are in the form of two unit plans, the KIFM Restricted Unit Plan (RUP) and KIFM Performance Unit Plan (PUP). A portion of the annual performance bonus is granted in the form of deferred units that are awarded under the KIFM RUP. The KIFM PUP comprises performance targets determined on an annual basis which vest over a longer term horizon. The KIFM RUP and KIFM PUP are long-term incentive plans. Executives who have a greater ability to influence group outcomes have a greater proportion of their overall remuneration at risk.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of KIT. The mix of fixed and variable rewards is considered appropriate for the Trustee-Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

1. by placing a significant portion of executive's remuneration at risk (at-risk component) and in some cases, subject to a vesting schedule;
2. by incorporating appropriate key performance indicators (KPIs) for awarding annual cash incentives:

    (a) there are four scorecard areas that the Trustee-Manager has identified as key to measuring its performance:

        (i) Financial;
        (ii) Process;
        (iii) Customers & Stakeholders; and
        (iv) People.

Some of the key-sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;

(b) the four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Trustee-Manager's overall strategic goals.;

3. by selecting performance conditions for the KIFM PUP such as cashflow available for distribution, asset under management growth, and total unitholder returns for equity awards that are aligned with Unitholders' interests;
4. by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
5. forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of the Trustee-Manager as well as the time horizon of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

(a) prudent funding of annual performance bonus;
(b) granting a portion of the annual performance bonus in the form of deferred units, to be awarded under the KIFM RUP;
(c) vesting of contingent unit award under the KIFM PUP being subject to KPIs and/or performance conditions being met; and
(d) potential forfeiture of variable incentives in any year due to misconduct.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2018.

In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Trustee-Manager and are encouraged to hold such Units while they remain in the employment of the Trustee-Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Trustee-Manager is disclosing the remuneration of the CEO and key management personnel (who are not Directors or the CEO) in bands of S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Trustee-Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Trustee-Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 136 to 139.

Long-Term Incentive Plans – KIFM Unit Plans
The RUP and the PUP (the KIFM Unit Plans) are long-term incentive schemes implemented by the Trustee-Manager in 2015. No employee share option schemes or share schemes have been implemented by KIT.

The KIFM Unit Plans are put in place to increase the Trustee-Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KIFM Unit Plans also aim to strengthen the Trustee-Manager's competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. The range of performance targets to be set under the PUP emphasise stretched targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements or financial losses to KIT or the Trustee-Manager. Outstanding performance bonuses under the KIFM Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

Level and mix of remuneration of Directors, CEO and Key Management Personnel for FY 2018

The level and mix of each of the Directors' remuneration are set out below:

Remuneration & Names of Directors	Base/ Fixed Salary (S$)	Variable or Performance-Related Income/ Bonuses (S$)	Directors' Fees [1] (S$)	Benefits-in-Kind (S$)
Koh Ban Heng	-	-	97,000	-
Thio Shen Yi	-	-	68,000	-
Daniel Cuthbert Ee Hock Huat	-	-	75,000	-
Mark Andrew Yeo Kah Chong	-	-	76,500	-
Kunnasagaran Chinniah	-	-	61,000	-
Christina Tan Hua Mui [2]	-	-	53,500	-
Cindy Lim Joo Ling [3]	-	-	21,047	-

Notes
1 Each of the Directors will receive 70% of his/her total Director's fee in cash and the balance 30% in the form of KIT Units.
2 Ms Christina Tan Hua Mui's Director's fee will be paid 100% in cash to Keppel Capital.
3 Ms Cindy Lim Joo Ling was appointed a Director from 18 July 2018. Fees are pro-rated accordingly. Ms Lim's Director's fee will be paid 100% in cash to Keppel Corporation.

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of S$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel [1]	Base/ Fixed Salary	Variable or Performance-related Income/ Bonuses [2]	Benefits-in-kind	Contingent award of units/shares PUP	RUP [3]
Above S$750,000 to S$1,000,000					
Matthew Rupert Pollard [4]	57%	23%	n.m. [6]	-	20%
Above S$500,000 to S$750,000					
Tan Chuan Huat, Kenny	68%	20%	n.m. [6]	-	12%
Above S$250,000 to S$500,000					
Ong Tee Yin, Jacqueline	78%	18%	n.m. [6]	-	4%
Liu Lei, Marc	72%	22%	n.m. [6]	-	6%
Ng Tiang Poh, Eric [5]	62%	30%	n.m. [6]	-	8%

Notes
(1) The Trustee-Manager has less than five key management personnel other than the CEO.
(2) The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Trustee-Manager was fair and appropriate taking into account the extent to which their KPIs for FY 2018 were met.
(3) As at 15 February 2019 (being the grant date for the contingent deferred units under the KIFM RUP), the estimated value of each unit granted in respect of the contingent awards under the KIFM RUP was $0.47.
(4) Mr Matthew Pollard was appointed as CEO on 1 July 2018. The remuneration disclosed is on an annual basis.
(5) Mr Eric Ng was appointed as Head, Finance on 16 October 2018. The remuneration disclosed is on an annual basis.
(6) "n.m." means not material.

Remuneration of employees who are immediate family members of a Director or the CEO
No employee of the Trustee-Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded S$50,000 during FY 2018. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

Accountability and Audit

Principle 10:

The Board should present a balanced and understandable assessment of the company's performance, position and prospects

Principle 12:

Establishment of Audit Committee with written terms of reference

The Board is responsible to Unitholders for providing a balanced and understandable assessment of KIT's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of KIT's affairs, whilst preserving the commercial interests of KIT. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via SGXNET, press releases, KIT's website as well as media and analyst briefings.

KIT's Annual Report is accessible on KIT's website. KIT also sends its Annual Report to all its Unitholders in CD-ROM format. In line with KIT's drive towards sustainable development, KIT encourages Unitholders to read the Annual Report from the CD-ROM or on KIT's website. Unitholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KIT's performance, position and prospects on a periodic basis and as the Board may require from time to time. Such reports keep the Board members informed of KIT's performance, position and prospects.

Corporate Governance

Audit and Risk Committee

The Audit and Risk Committee (ARC) has been appointed by the Board from among its members and comprises the following non-executive Directors, all of whom are independent:

Mr Mark Andrew Yeo Kah Chong	Chairman
Mr Koh Ban Heng	Member
Mr Daniel Cuthbert Ee Hock Huat	Member

All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC's primary role is to assist the Board to ensure integrity of financial reporting and that a sound internal control and risk management system is in place. The ARC's responsibilities are set out on pages 148 and 149 of the Appendix hereto.

The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. For FY 2018, the internal audit functions of KIT and the Trustee-Manager were performed by Keppel Corporation's Group Internal Audit department (Group Internal Audit). Group Internal Audit, together with the external auditor, reported their findings and recommendations independently to the ARC. KIT had obtained Unitholders' approval on 17 April 2018 to re-appoint Messrs Deloitte & Touche LLP as the external auditor of KIT to hold office until the conclusion of the next AGM of KIT.

A total of four ARC meetings were held in 2018. In addition, the ARC met with the external auditor and internal auditor at least once during the year without the presence of Management. The ARC reviewed and approved the internal auditor's and external auditor's plans to ensure that the scope of audit was sufficient for the purposes of reviewing the significant internal controls and the financial statement audits of KIT and the Trustee-Manager. Such significant controls comprise financial, operational, compliance and information technology controls, and risk management. All audit findings and recommendations put up by the internal auditor and external auditor were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees paid or payable to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2018, aggregate fees of approximately S$459,000, comprising audit fees of approximately S$382,000 and non-audit fees of S$77,000 were paid or payable to the external auditor.

KIT has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual (Listing Manual) in relation to the appointment of its auditing firms.

The ARC also performed independent review of the financial statements of KIT before the announcement of KIT's quarterly results and full year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have had a material impact on the financial statements.

In its review of the financial statements of KIT for FY 2018, the ARC reviewed the key areas of Management's estimates and judgment applied for key financial issues, including (i) valuation and assessment of impairment of assets; and (ii) implications surrounding the interconnector asset of Basslink Pty Ltd (Basslink) that was taken out of service due to a cable failure on 20 December 2015 (the Basslink Cable Outage) which returned to service on 13 June 2016, that might affect the integrity of the financial statements. The ARC also considered the report from the external auditor, including their findings on the key audit matters as set out in the independent auditor's report for FY 2018.

Key Audit Matters	Review by ARC
Impairment of Assets – property, plant and equipment, finite-lived intangible assets, investments in and advances to subsidiaries and goodwill	The ARC considered the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. The ARC concurs with Management's assessment.
Basslink Cable Outage	The ARC reviewed Management's assessment on the recoverability of Basslink's receivables which are in dispute with Hydro Tasmania, as well as the presentation and disclosures surrounding the breaches of loan covenants of Basslink's bank borrowings of A$695.1 million (approximately S$700.1 million), which loan facility is non-recourse to KIT, and the ongoing disputes with the State of Tasmania and Hydro Tasmania. Opinions from external legal counsel, where applicable, were considered when reviewing Management's assessment. The ARC concurs with Management's assessment as well as the presentation and disclosures made in the financial statements.

Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the ARC by the Trustee-Manager and highlighted by the external auditor in their report to the ARC. In addition, the ARC members were also invited to the annual finance seminars hosted by Keppel Corporation's Group Control & Accounts where relevant changes to the accounting standards that will impact the Keppel Group of companies were shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The ARC reviewed the "Whistle-Blower Policy" which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Whistle-Blower Policy annually to ensure that it remains current. The details of the Whistle-Blower Policy are set out on pages 151 and 152 of the Appendix hereto.

On a quarterly basis, Management reported to the ARC the interested person transactions (IPTs) in accordance with KIT's Unitholders' Mandate (as defined below) for IPTs. The IPTs were reviewed by the internal auditor and all findings, if any, were reported during the ARC meetings.

Risk Management and Internal Controls

Principle 11:

Sound system of risk management and internal controls

The Board, supported by the ARC, oversees the Trustee-Manager's and KIT's system of risk management and internal controls. It is guided by a set of Risk Tolerance Guiding Principles as detailed under the "Risk Management" section at pages 163 and 164 of this Annual Report.

The ARC assists the Board in the effective discharge of its responsibilities in ensuring that the Trustee-Manager and KIT maintain a sound system of risk management and internal controls to safeguard KIT's assets and Unitholders' interests. The ARC reviews and guides the Trustee-Manager in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and ensures that the Trustee-Manager has put in place internal control policies and procedures in areas such as financial, operational, compliance and information technology controls, and risk management.

Recognising and managing risk timely and effectively are essential to the business of KIT and to protecting Unitholders' interests and value. KIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies with the Trustee-Manager, working within the overall strategy outlined by the Board. The Trustee-Manager has appointed experienced and well-qualified Operation and Maintenance (O&M) teams and contractors to handle KIT's assets' day-to-day operations.

The Trustee-Manager's internal auditor and external auditor also conduct an annual review of the adequacy and effectiveness of KIT's and the Trustee-Manager's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and significant risk matters, and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor and external auditor.

The Board met four times in FY 2018 to review the financial performance of KIT during FY 2018. During FY 2018, the Board also discussed the key business risks in KIT and the risk management policies and procedures that Management had put in place.

In assessing business risks, the Board takes into consideration the economic environment, the risks relevant to the infrastructure industry, the risks particular to KIT and the procedures put in place by the O&M teams and contractors. The Trustee-Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Trustee-Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section at pages 163 and 164 of this Annual Report.

The Trustee-Manager uses an assessment framework to facilitate the Board's assessment on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management systems (the Assessment Framework). The Assessment Framework identifies the governing policies, processes and systems (collectively, systems) pertaining to each of the identified business risk areas; assessments are made on the adequacy and effectiveness of each of these systems in addressing and managing the identified risk areas. The Board reviews both the assessments and the framework and opines on any gaps or areas of improvement.

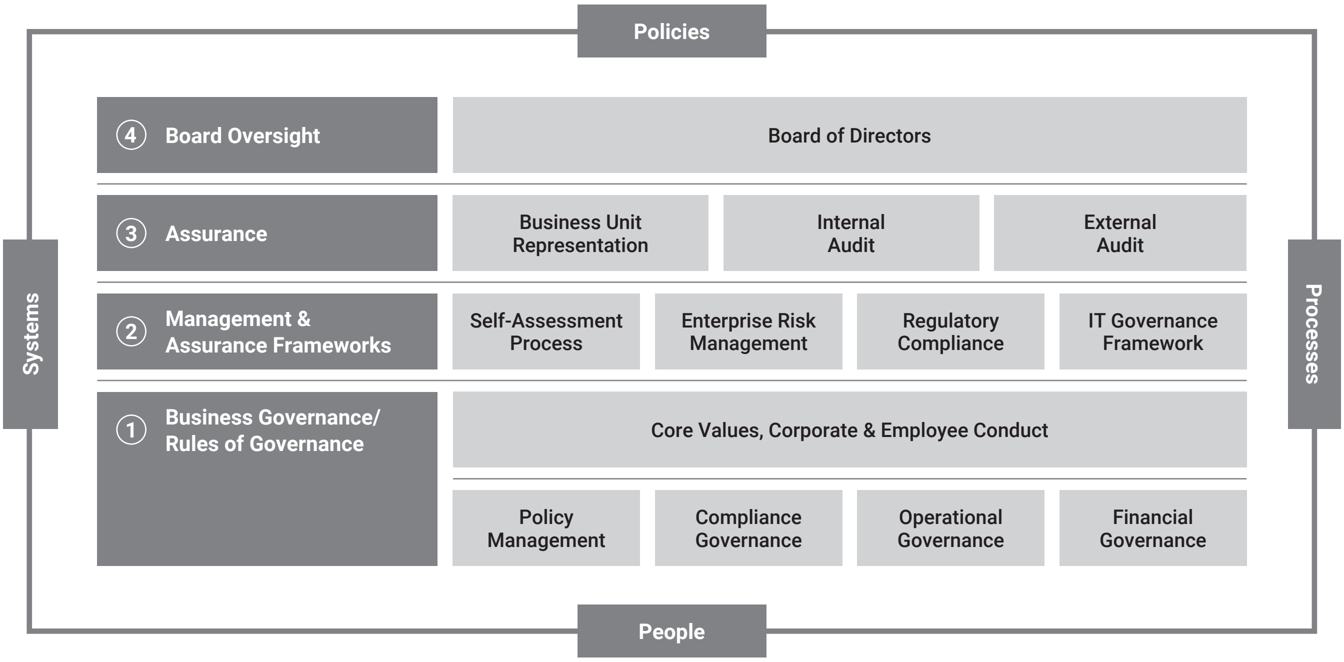
The Risk Tolerance Guiding Principles and the Assessment Framework are reviewed and updated annually.

In addition, the Trustee-Manager and KIT have also put in place the KIT's System of Management Controls Framework (the Framework) outlining its internal control and risk management processes and procedures. The Framework comprises three lines of defence towards ensuring the adequacy and effectiveness of the Trustee-Manager's and KIT's system of internal controls and risk management.

Under the first Line of Defence, the Trustee-Manager is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Trustee-Manager's and KIT's business scope and environment. Such policies and procedures govern financial, the Trustee-Manager's operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committee and working teams. Employees are also guided by the Keppel Group's Core Values and expected to comply strictly with the Keppel Group Employee Code of Conduct.

Corporate Governance

KIT's System of Management Controls



Under the second Line of Defence, the Trustee-Manager is required to conduct a self-assessment exercise on an annual basis to assess the status of the internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under KIT's Enterprise Risk Management Framework, significant risks areas were also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and Head, Finance are required to provide KIT with written assurance as to the adequacy and effectiveness of the Trustee-Manager's and KIT's system of internal controls and risk management. Such assurances are sought from the internal auditor and external auditor based on their independent assessments of areas they review.

The Board has received assurance from the CEO and Head, Finance that, amongst others:

(a) the financial records of KIT have been properly maintained and the financial statements give a true and fair view of KIT's operations and finances;

(b) the internal controls of the Trustee-Manager and KIT are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and

(c) they are of the view that the Trustee-Manager's and KIT's risk management system is adequate and effective.

Based on the review of the Trustee-Manager's and KIT's governing framework, systems, policies and processes in addressing the key risks under KIT's Enterprise Risk Management Framework, the monitoring and review of KIT's overall performance and representation from Management, the Board, with the concurrence of the ARC, is of the view that, as at 31 December 2018, the Trustee-Manager's and KIT's risk management system is adequate and effective.

Based on the Trustee-Manager's and KIT's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor, the Board, with the concurrence of the ARC, is of the opinion that, as at 31 December 2018, the Trustee-Manager's and KIT's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Trustee-Manager provides reasonable, but not absolute, assurance that the Trustee-Manager and KIT will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

Principle 13:

Effective and independent internal audit function that is adequately resourced

The internal audit function of the Trustee-Manager and KIT is performed by Group Internal Audit. The role of Group Internal Audit is to provide independent assurance to the ARC to ensure that the Trustee-Manager and KIT maintain a sound system of internal controls by reviewing key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the ARC and unrestricted access to all of the Trustee-Manager's and KIT's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal Auditors (IIA), Group Internal Audit is guided by the International Professional Practices Framework set by the IIA. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2016. The results reaffirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing.

The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

During the year, Group Internal Audit adopted a risk-based approach that focuses on significant risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Group Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by Management is tracked and discussed with the ARC.

The ARC reviewed and is satisfied that Group Internal Audit is adequately resourced to perform its functions and has appropriate standing within KIT and the Trustee-Manager.

Unitholder Rights and Communication with Unitholders

Principle 14:

Fair and equitable treatment of Unitholders and protection of Unitholders' rights

Principle 15:

Regular, effective and fair communication with Unitholders

Principle 16:

Greater Unitholder participation at general meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Trustee-Manager regularly communicates with Unitholders, as well as receives and attends to their queries.

All Unitholders are treated fairly and equitably, and the Trustee-Manager strives to provide timely corporate updates to its Unitholders and stakeholders, including changes in KIT and/or its businesses, which may have material impact to the price or value of its Units.

The Trustee-Manager has in place an Investor Relations (IR) Policy which sets out the principles and practices that it applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The IR Policy is published on KIT's website at www.kepinfratrust.com. The policy is reviewed regularly to ensure relevance and effectiveness.

Material information is disclosed in a comprehensive, accurate and timely manner through the SGX-ST via SGXNET and/or media releases. The Trustee-Manager ensures that unpublished price sensitive information is not selectively disclosed, and on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public through the SGX-ST via SGXNET and/or media releases.

Unitholders are kept abreast of the latest announcements and updates on KIT via its corporate website. The Trustee-Manager also keeps equity research analysts apprised of corporate developments through regular meetings, conference calls and e-mail correspondences. In addition, the Trustee-Manager meets with investors regularly to update them on the performance and prospects of KIT, thereby building trust, rapport and ensuring effective two-way communication with the investment community. In 2018, the Trustee-Manager engaged more than 80 local and foreign investors through road shows, investor conferences, one-on-one and group meetings and conference calls in Singapore and Asia.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meetings. Unitholders are informed of such meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers and via SGXNET. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. Unitholders are also informed of the rules, including voting procedures, governing such meetings.

Corporate Governance

In accordance with the BTA and the KIT trust deed, if any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. Each resolution at the AGM will be voted by way of electronic poll voting for Unitholders/proxies present at the meeting. Votes cast for and against and the respective percentages, on each resolution will be made after each poll is conducted. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meeting through the SGX-ST via SGXNET.

The Chairman of the Board and each Board committee is required to be present to address questions at general meetings of Unitholders. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Trustee-Manager will not be implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of Unitholders' meetings, which incorporate substantial comments or queries from Unitholders and responses from the Board and Management. These minutes are available to Unitholders upon request.

Securities Transactions

Insider Trading Policy

The Trustee-Manager has a formal insider trading policy on dealings in the securities of KIT, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealing with KIT's securities on short-term considerations. The policy has been distributed by the Trustee-Manager to its Directors and officers. In compliance with Rule 1207(19) of the Listing Manual on best practices on dealing in securities, the Trustee-Manager issues circulars to its Directors and officers informing that the Trustee-Manager and its officers must not deal in listed securities of KIT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

Conflicts of Interests

General

The Board has formed a Conflicts Resolution Committee (CRC), consisting entirely of independent Directors:

Mr Daniel Cuthbert Ee Hock Huat	Chairman
Mr Thio Shen Yi	Member
Mr Kunnasagaran Chinniah	Member

The CRC's primary role is to review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual). The CRC's responsibilities are set out on page 150 of the Appendix hereto.

The CRC has adopted the following framework to resolve such conflicts or potential conflicts of interest:

(a) first, to identify the conflict or potential conflict and then assess and evaluate its nature and extent; and

(b) then, to develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict.

The CRC will apply this framework both in the course of day-to-day conduct of business, as well as in the specific instances when a particular acquisition or disposal is contemplated. In the course of day-to-day conduct of business, all Directors, officers and employees of the Trustee-Manager are obliged to keep strictly confidential all matters received by them in the course of their service to the Trustee-Manager (including without limitation information relating to potential acquisition or disposal opportunities) and not disclose any such matter to any other person.

As an example, when the Trustee-Manager identifies an acquisition or disposal target and seeks the approval of the Board to pursue the transaction:

(a) Each Director and officer of the Trustee-Manager will be obliged to disclose to the CRC whether he or she, as far as he or she is aware, his or her affiliates (including family members, companies of which he or she is a significant shareholder, director or employee) have an interest in pursuing the same target (Potential Conflict of Interest);

(b) If any Director or officer of the Trustee-Manager discloses to the CRC that he or she or his or her affiliates have a Potential Conflict of Interest, the CRC will consider the nature and extent of the Potential Conflict of Interest and develop such measures as may be appropriate to address these issues (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(c) As part of such measures, the CRC may require the relevant Director or officer of the Trustee-Manager to either abstain from participating in the deliberations of the Board on the transaction, or abstain from voting in the transaction, or both;

(d) The CRC will monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and

(e) The obligation on the Director and officer of the Trustee-Manager to make disclosures to the CRC, and on the CRC to review, a Potential Conflict of Interest in relation to any particular transaction is an ongoing obligation and lasts for so long as that transaction is still on-going. This obligation is not imposed only at the start of the transaction. Thus, if in the course of considering the transaction, a Director or officer of the Trustee-Manager should learn of a Potential Conflict of Interest, then that Director or officer of the Trustee-Manager is required forthwith to make the necessary disclosure to the CRC so that the CRC may consider such matters and take the necessary actions.

The CRC will periodically review the framework to ascertain how it has worked out in practice and, where appropriate, will consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions, disposals or other transactions in a manner contrary to the interests of Unitholders as a whole.

The CRC will have the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the Unitholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The CRC and the framework will be in place for so long as (i) the Trustee-Manager remains as the Trustee-Manager of KIT; (ii) Keppel Capital, its related corporations and/or any of its associates remain as controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or in fact exercise control (as defined in the Listing Manual) over the Trustee-Manager; and (iii) KI remains as a controlling Unitholder of KIT.

The CRC also adopted additional guidelines as set out at page 150 of the Appendix hereto.

Specific potential conflict of interest

There may be potential conflict of interests between KIT, Keppel Capital, Keppel Capital group entities (ie. a subsidiary entity, trust or undertaking of Keppel Capital, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings), KI and other KI group entities (ie. a subsidiary entity, trust or undertaking of KI).

Although the Trustee-Manager is a wholly-owned subsidiary of Keppel Capital, its Board composition includes five independent Directors which make up more than the majority of the Board. All the Directors and officers of the Trustee-Manager have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceeding of the Board unless expressly invited to by the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless the ARC (in the case of interested person transactions) or the CRC (in the case of a conflict of interests) has determined that there is no such interest or conflict of interest.

In respect of matters of KIT which Keppel Corporation, Keppel Capital, KI and/or their subsidiaries have an interest, direct or indirect, Chairman, Ms Christina Tan and Ms Cindy Lim shall abstain from voting in view of their directorship or employment (where applicable) with Keppel Corporation, Keppel Capital, KI and/or their subsidiaries. In respect of matters of KIT which Keppel Capital have an interest, direct or indirect, Mr Kunnasagaran Chinniah shall abstain from voting in view of his role as an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd., a wholly-owned subsidiary of Keppel Capital. In respect of matters of KIT which Temasek and/or its subsidiaries have an interest, direct or indirect, Mr Daniel Ee shall abstain from voting in view of his directorship on a subsidiary of Temasek and Mr Kunnasagaran Chinniah shall also abstain from voting in view of his directorship with and in his capacity as advisor or consultant to certain subsidiaries of Temasek. In such matters, the quorum will comprise a majority of the rest of the independent Directors of the Trustee-Manager. Such matters will fall also within the purview of the ARC.

KI and its associates cannot vote their Units at, or be part of a quorum for, any meeting of Unitholders convened to approve any matter in which KI or any of its associates has a material interest in the business to be conducted.

In addition, if the Trustee-Manager is required to decide whether to take action against any person in relation to a breach of any agreement entered into by the Trustee-Manager for and on behalf of KIT with an interested party of the Trustee-Manager, the Trustee-Manager shall consult with a reputable law firm for legal advice on the matter. For example, if there is a breach of an O&M agreement, the Trustee-Manager will be required to consult a reputable law firm for legal advice on the matter.

Disclosure of conflicts or potential conflicts of interest

During the year, the CRC reviewed conflicts or potential conflicts of interest in the course of KIT's business or operations between (i) KIT and any (ii) Director or officer of the Trustee-Manager, controlling Unitholder, or controlling shareholder of the Trustee-Manager.

Corporate Governance

Interested Person Transactions

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

On 17 April 2018, the Trustee-Manager obtained a general mandate from KIT's Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KIT, a subsidiary of KIT or an associated company of KIT (collectively the Entities at Risk or EAR Group), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into IPTs with interested persons which are necessary for the day-to-day operations of KIT, provided that such transactions are made on normal commercial terms and are not prejudicial to KIT and its minority Unitholders. The Unitholders' Mandate remains in force until the next AGM.

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, it would be advantageous to KIT to renew the above Unitholders' Mandate and the Trustee-Manager will seek Unitholders' approval for the same during the forthcoming AGM.

The IPTs transacted for FY 2018 (and its comparison against the previous financial year) are as follows.

Interested Person Transactions Transacted for FY 2018

Name of interested person/ Nature of transaction	Aggregate value of all interested person transactions during FY 2018 under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during FY 2018 under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	FY18 S$'000	FY17 S$'000	**FY18 S$'000**	FY 17 S$'000
1. Temasek Holdings (Private) Limited and its Associates				
General Transaction				
(a) Sales of Goods and Services	**-**	-	**1,828**	6,261
(b) Management Fee Income	**-**	-	**-**	1,170
(c) Reimbursement of Expenses [(1)]	**-**	-	**-**	32,941
(d) Purchases [(1)]	**-**	-	**175,584**	274,309
(e) Rental Expense	**-**	-	**1,762**	2,115
Total	**-**	-	**179,174**	316,796
2. Keppel Corporation Group				
General Transaction				
(a) Sales of Goods and Services	**-**	-	**-**	298
(b) Management Fee Expense	**-**	-	**9,934**	9,828
(c) Purchases	**-**	-	**44,493**	43,618
(d) Reimbursement of expenses	**-**	-	**157**	232
(e) Treasury Transactions	**-**	-	**162,568**	119,788
Total	**-**	-	**217,152**	173,764

(1) The IPT values for FY 2017 are disclosed based on total contract value from 2017 to 2021.

Material Contracts

For FY 2018, there was no material contract that was not in the ordinary course of business, entered into by KIT or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Unitholder.

Statement of Policies and Practices

The Trustee-Manager has established policies and practices in relation to its management and governance of KIT to ensure that KIT is managed in the interest of the Unitholders. These policies and practices include:

(a) the trust property of KIT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee-Manager of KIT.

(b) the Board reviews and approves all investments, acquisitions and divestments by KIT in accordance with the business objectives and investment scope as set out in KIT's trust deed.

(c) the Board has set up the Conflicts Resolution Committee, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KIT and the Trustee-Manager. The details of the measures taken are as set out at pages 144, 145 and 150.

(d) the Trustee-Manager has established internal control systems to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. The internal auditor carries out a review of IPTs and submit a report to the ARC (comprising entirely of independent Directors). The ARC reviews the report submitted and ensures compliance with applicable legislation and the relevant provisions of the Listing Manual. The details of the IPTs for FY 2018 are set out at page 146.

(e) the Trustee-Manager has adopted a Whistle-Blower Policy, the Keppel Group Employee Code of Conduct, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflect the Management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

(f) the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KIT out of the trust property of KIT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KIT are appropriate and in accordance with the KIT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at page 121.

(g) the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA, BTR and the Listing Manual.

Corporate Governance

Appendix

Board Committees – Terms of Reference

A. Audit and Risk Committee

(1) Review and report to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's internal control system, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);

(2) Perform a review of KIT financial statements and announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for assurance of the integrity of such statements and announcements;

(3) Review audit plans and reports of the external auditor and internal auditor, and consider the effectiveness of actions or policies taken by Management on the recommendations and observations;

(4) Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual (this review will exclude conflicts of interest, which are dealt with by the Conflicts Resolution Committee);

(5) Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KIT;

(6) Review the independence and objectivity of the external auditor and internal auditor annually and as part of the review of independence, to review the nature and extent of non-audit services performed by the external auditor;

(7) Meet with external auditor and internal auditor, without the presence of Management, at least annually;

(8) Review the adequacy and effectiveness of the Trustee-Manager's internal audit function, at least annually;

(9) Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within the Trustee-Manager;

(10) Approve the hiring, removal, evaluation and compensation of the accounting / auditing firm or corporation to which the internal audit function is outsourced;

(11) Recommend to the Board on the proposal to the Unitholders on the appointment, re-appointment and removal of the external auditor;

(12) Approve the remuneration of the external auditor;

(13) Review the audit quality indicators in relation to the external auditor;

(14) Investigate any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;

(15) Obtain, at the Trustee-Manager's or KIT's expense, external professional advice on any matter within its terms of reference;

(16) Report to the Board on critical risk issues, material matters, findings and recommendations;

(17) Obtain recommendations on risk tolerance and strategy from Management, and where appropriate, report and recommend to the Board for its determination:
   i. the nature and extent of significant risks which the Trustee-Manager and KIT may take in achieving its strategic objectives; and
   ii. the overall level of risk tolerance and risk policies;

(18) Review and discuss, as and when appropriate, with management the Trustee-Manager and KIT's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures;

(19) Receive and review quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such risks;

(20) Review the Trustee-Manager's capability to identify and manage new risk types;

(21) Review and monitor management's responsiveness to the critical risk and compliance issues and material matters identified and recommendations of the Audit and Risk Committee;

(22) Receive and review updates from Management to assess the adequacy and effectiveness of the Trustee-Manager's compliance framework in line with relevant laws, regulations and best practices;

(23) Through interactions with the Compliance Lead who has a direct reporting line to the Audit and Risk Committee, review and oversee performance of the Trustee-Manager's implementation of compliance programmes;

(24) Review and monitor the Trustee-Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable;

(25) Review the policy and arrangements (such as whistle-blower policy) by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(26) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit and Risk Committee may deem fit;

(27) Review the Audit and Risk Committee's terms of reference annually and recommend any proposed changes to the Board;

(28) Perform such other functions as the Board may determine; and

(29) Carry out all other functions of the Audit and Risk Committee in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations.

B. Nominating and Remuneration Committee

(1) Review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment/re-appointment/removal of Directors on Trustee-Manager's Board and KIT's subsidiaries;

(2) Re-nomination for re-election of the Directors on the Trustee-Manager's Board and KIT's subsidiaries in accordance with the Trustee-Manager's Constitution, having regard to the Director's contribution and performance;

(3) Review annually the composition of the Board of the Trustee-Manager and conduct an annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making;

(4) Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations. In this connection, the Nominating and Remuneration Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment;

(5) Ensure that the Board of the Trustee-Manager comprises:

   (a) at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager;
   (b) at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
   (c) at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager;

(6) Decide, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager;

(7) Decide how the Trustee-Manager's Board performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director and thereafter carry out annual assessment of the Board and individual Directors based on the criteria set;

(8) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the Chief Executive Officer);

(9) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel;

(10) Review the Trustee-Manager's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

(11) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme);

(12) Report to the Board on material matters and recommendations;

(13) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board;

(14) Perform such other functions as the Board may determine; and

(15) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Nominating and Remuneration Committee may deem fit.

Save that a member of the Nominating and Remuneration Committee shall not be involved in the deliberations in respect of any matter in which he has a personal interest in. Where a member of the Nominating and Remuneration Committee is asked to consider remuneration or a form of benefits that applies generally to the Board or committee members as a whole rather than specific to that member, then the member shall be deemed not to have a personal interest in the matter.

C. Conflicts Resolution Committee

(1) Review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual);

(2) Consider declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identify conflict or potential conflict of interest issues and then assess and evaluate its nature and extent;

(3) Develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(4) Monitor the implementation by the Trustee-Manager of the measures imposed by the Conflicts Resolution Committee in order to resolve or mitigate conflict or potential conflict of interest;

(5) Periodically review the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and

(6) Where appropriate, appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Conflicts Resolution Committee to discharge its duties to the Unitholders.

Save that the terms of reference of the Conflicts Resolution Committee would exclude review of interested person transactions which fall within the purview of the Audit and Risk Committee.

Additional Guidelines to the Conflicts Resolution Committee framework

(1) A conflict of interest situation that arises should be brought to the attention of the Conflicts Resolution Committee immediately, which will consider the situation against the guidelines and if the Conflicts Resolution Committee is of the view that the compliance with the guidelines are not adequate to control, avoid or mitigate the conflict of interest, a Conflicts Resolution Committee meeting will be convened to discuss the conflict.

(2) A distinction is to be made between the processes of participation in deliberation and the voting in the transaction as a Director on the Board. An interested Director will be required to abstain from voting on the transaction where there exists a conflict of interest but it should not prohibit the interested Director from participating in the deliberations of the relevant transaction.

(3) However, if an interested Director is also a direct counterparty (for example, if the Director is an officer or sits on the board of directors of the counterparty), such a Director will be required to not only abstain from voting, but also abstain from deliberation of the transaction. The Board may nonetheless invite such an interested Director, on a case by case basis, particularly where he or she has the relevant expertise in the subject matter of the transaction, to attend Board meetings and discussions to assist the Board in its deliberation of the transaction, and in such event, the Board should excuse the interested Director who is also a counterparty from deliberations which involves sensitive information of the transaction.

(4) It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between interested persons) must be made in the best interests of KIT and this is to be decided on a case-by-case basis. Management should consult the Conflicts Resolution Committee in this respect.

Board Assessment

Evaluation Processes
Each Board member is required to complete questionnaires relating to the Board's and individual Board member's performance and send these questionnaires direct to the Independent Coordinator. Based on the returns of each Director, the Independent Coordinator prepares a consolidated report to brief the Chairman of the NRC and the Board Chairman on the report. The Independent Coordinator will thereafter present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Performance Criteria
The performance criteria adopted for the evaluation process have been consistently applied from year to year, and updated from time to time to account for amendments to the listing rules and Code of Corporate Governance.

The performance criteria for the Board evaluation are in respect of board size and composition, board independence, board processes, composition and effectiveness of board committees, board information and accountability, board performance in relation to discharging its principal functions, and performance of board and board committees in relation to discharging their responsibilities. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes.

The individual director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether a Director works well with other Directors, and participates actively, are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, his or her ability to analyse, and contribute to the productivity of meetings are taken into consideration); (3) Director's duties (under which factors as to the Director's Board committee work contribution (where relevant), whether the Director takes his or her role of director seriously, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at Board and Board committee meetings, whether he or she is available when needed etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his or her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

Whistle-Blower Policy

The Whistle-Blower Policy (the Policy) was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Trustee-Manager and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Trustee-Manager or KIT or contract worker appointed by the Trustee-Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith is:

a. dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Trustee-Manager;
b. fraudulent;
c. corrupt;
d. illegal;
e. other serious improper conduct;
f. an unsafe work practice; or
g. any other conduct which may cause financial or non-financial loss to the Trustee-Manager or KIT or damage to the Trustee-Manager's or KIT's reputation.

A person who files a report or provides evidence which he or she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he or she subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The Head of Group Internal Audit is the Receiving Officer for the purposes of the Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the ARC Chairman on all matters arising under the Policy.

Reporting Mechanism
The Policy emphasises that the role of the Whistle-Blower is a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Trustee-Manager are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be via the established reporting channels), he or she may make the report directly to the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channels.

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All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation
Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his or her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. The Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any other matters arising therefrom.

All employees of the Trustee-Manager have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Trustee-Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation (Investigation Subject(s)).

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal
No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in an investigation. A reprisal means personal disadvantage by:

a. dismissal;
b. demotion;
c. suspension;
d. termination of employment/ contract;
e. any form of harassment or threatened harassment;
f. discrimination; or
g. current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him or her.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
General		
	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	Yes, save in respect of (i) the re-nomination process of directors where the Nominating and Remuneration Committee (NRC) raises the re-nomination of Directors to the Board and the Board discusses and seeks the views and approval of the sole shareholder of the Trustee-Manager, Keppel Capital, regarding the appointment, election and re-appointment of Directors; and (ii) the guidelines on disclosure of remuneration where the Trustee-Manager has disclosed the information under the Annual Remuneration Report in pages 136 to 139 of the Corporate Governance Report even though the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager and not KIT.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	The NRC has put in place a formal process for the renewal of the Board and the selection of new Directors. Following the Board's discussion and seeking the views and approval of the sole shareholder of the Trustee-Manager, a decision will be made to appoint or re-appoint any Director. The information under the Annual Remuneration Report in pages 136 to 139 of the Corporate Governance Report enables investors to understand the link between remuneration paid to Directors, CEO and key management personnel, and performance.
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Trustee-Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	The NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making. In light of such review and in consultation with Management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Yes. The NRC is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge for KIT, and the core competencies such as accounting or finance, legal and regulatory, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge which are required for the Board and the Board committees to be effective.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	There is a process of refreshing the Board progressively. See Guideline 4.6 below on process for nomination of new directors and Board succession planning.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for: (i) selecting and appointing new directors; and (ii) re-electing incumbent directors.	**For new directors** a. The NRC reviewed the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. b. In light of such review and in consultation with Management, the NRC assessed if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment. c. The NRC met with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required. d. The NRC made recommendations to the Board for approval. **For incumbent directors** Having regard to each Director's contribution and performance, the NRC raises the re-nomination of directors to the Board. The Board assesses the suitability of the Directors based on independence, diversity of skills and gender, amongst other criteria. The Board discusses and seeks the views and approval of the sole shareholder of the Trustee-Manager, regarding the appointment, election and re-appointment of directors.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new Directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act, continuing listing obligations and industry-related matters.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of a director.
	(b) If a maximum number has not been determined, what are the reasons?	Not applicable.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Director's actual conduct on the Board, in determining annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his or her duties as a Director.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (Independent Co-ordinator) was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Based on the returns of each Director, the Independent Co-ordinator prepared a consolidated report and briefed the Chairman of the NRC and the Board Chairman on the report. Thereafter, the Independent Co-ordinator presented the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively. The detailed process is set out on pages 135 and 151 of the Corporate Governance Report.
Guideline 2.1	(b) Has the Board met its performance objectives?	Yes.

Guideline	Questions	How has the Company complied?
Guideline 2.3	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Mr Koh Ban Heng, Mr Daniel Cuthert Ee Hock Huat and Mr Kunnasagaran Chinniah are deemed to be independent by the Board, notwithstanding the existence of relationships under the Business Trust Regulations (BTR). Mr Koh Ban Heng is an independent non-executive director of Keppel Infrastructure Holdings Pte. Ltd. (KI), a wholly-owned subsidiary of Keppel Corporation, the indirect substantial shareholder of the Trustee-Manager and KI has business relationships with the Trustee-Manager. Mr Daniel Cuthbert Ee Hock Huat is a director of a subsidiary of Temasek, a deemed substantial shareholder of the Trustee-Manager. Mr Kunnasagaran Chinniah is an advisor, consultant and/or director of certain subsidiaries of Temasek, a deemed substantial shareholder of the Trustee-Manager.
	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	Although Mr Koh Ban Heng is strictly not considered to be independent from Keppel Corporation, the indirect substantial shareholder of the Trustee-Manager, and business relationships with the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Koh is an independent Director. Mr Koh is currently an independent non-executive director of KI, a wholly-owned subsidiary of Keppel Corporation. KI's related corporations received payments in the current and immediately preceding financial year from the Trustee-Manager and its related corporations for operations and maintenance and other services provided to KIT. After review, the Board is satisfied that the above relationships will not interfere with Mr Koh's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Koh is an independent non-executive director of KI, (ii) Mr Koh serves on the Board in his personal capacity, not as KI's representative, (iii) Mr Koh has declared that he does not act in accordance with the instructions of KI, and (iv) Mr Koh has declared that he does not derive any compensation from KI other than remuneration received for his service as a director of KI. Mr Koh has also shown independent judgment in his deliberation of the interests of KIT. Mr Koh's participation in the Board will benefit KIT given his expertise. Mr Koh will however, abstain from the Board's decisions in relation to any matter which involves companies within the Keppel Group.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
		Although Mr Daniel Cuthbert Ee Hock Huat is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Ee is an independent Director. Mr Ee is a director of Ascendas Funds Management (S) Limited (Ascendas), a subsidiary of Temasek. After review, the Board is satisfied that the above relationships will not interfere with Mr Ee's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Ee is an independent non-executive director of Ascendas, (ii) Mr Ee serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Ee has declared he does not act in accordance with the instructions of Temasek, and (iv) Mr Ee has declared that he does not derive any compensation from Ascendas or Temasek other than remuneration received for his service as a director of Ascendas. Mr Ee has also shown independent judgment in his deliberation of the interests of KIT. Mr Ee's participation in the Board will benefit KIT given his expertise. Mr Ee will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries. Although Mr Kunnasagaran Chinniah is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Chinniah is an independent Director. Mr Chinniah is a director of certain subsidiaries of Temasek, including Azalea Asset Management Pte Ltd, Azalea Investment Management Pte Ltd, Astrea III Pte Ltd and Astrea IV Pte Ltd. Mr Chinniah is also advisor to Temasek International Advisors Pte Ltd and consultant to Pavilion Capital International Pte Ltd, both subsidiaries of Temasek. After review, the Board is satisfied that the above relationships will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah is an independent non-executive director of certain subsidiaries of Temasek, (ii) Mr Chinniah serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Chinniah has declared that he does not act in accordance with the instructions of Temasek, and (iv) Mr Chinniah has declared that he does not derive any compensation from Temasek other than remuneration received for his service as a director, advisor or consultant to certain subsidiaries of Temasek. Mr Chinniah is also an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd. (KAIF), a wholly-owned subsidiary of Keppel Capital. After review, the Board is satisfied that the above relationship will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah's investment committee member role on KAIF is an independent non-executive role, (ii) he serves on the Board in his personal capacity, not as Keppel Capital's representative; (iii) Mr Chinniah is not an employee of Keppel Capital and does not act in accordance with the instructions of Keppel Capital, and (iv) Mr Chinniah does not derive any compensation from Keppel Capital other than remuneration received for his service as an investment committee member of KAIF. The Board is of the view that Mr Chinniah has shown independent judgment in his deliberation of the interests of KIT. Mr Chinniah's participation in the Board will benefit KIT given his expertise. Mr Chinniah will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries and/or Keppel Capital.

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Disclosure on Remuneration		
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. The Board, taking into account the views of the Nominating & Remuneration Committee (save for Mr Thio Shen Yi who abstained from deliberation in this matter), noted that Mr Thio Shen Yi was first appointed to the Board on 11 February 2010 and has therefore served on the Board for more than nine years. However, the Board, taking into account the views of the Nominating & Remuneration Committee considered Mr Thio's objective participation on the Board and Board committee meetings and that Mr Thio had demonstrated independent judgment at Board and Board committee meetings and was of the firm view that he has been exercising independent judgment in the best interests of KIT in the discharge of his duties as a Director. The Board therefore continued to deem Mr Thio as an independent Director. Over the years as a Director, Mr Thio has developed significant insights into KIT's business and operations and brings with him a wealth of useful and relevant experience which enables him to provide invaluable contribution to KIT.
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by KIT, the Trustee-Manager has disclosed information on the remuneration of its Directors, CEO and key management personnel on pages 136 to 139 of the Corporate Governance Report. In order not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Trustee-Manager is disclosing the remuneration of the CEO in bands of S$250,000.
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. The level and mix of the remuneration of the CEO and each of the key management personnel, in bands of S$250,000, are set out on page 139 of the Corporate Governance Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	The Trustee-Manager has less than five key management personnel other than the CEO. In order not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Trustee-Manager is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Trustee-Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Trustee-Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 136 to 139.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? (c) Were all of these performance conditions met? If not, what were the reasons?	The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways: 1. by placing a significant portion of executive's remuneration at risk (at-risk component) and in some cases, subject to a vesting schedule; 2. by incorporating appropriate key performance indicators (KPIs) for awarding annual cash incentives: (a) there are four scorecard areas that the Trustee-Manager has identified as key to measuring its performance: (i) Financial; (ii) Process; (iii) Customers & stakeholders; and (iv) People. Some of the key-sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning. (b) the four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Trustee-Manager's overall strategic goals; 3. by selecting performance conditions for KIFM PUP such as cashflow available for distribution, asset under management growth, and total unitholder returns for equity awards that are aligned with Unitholders' interests; 4. by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and 5. forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level. The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of the Trustee-Manager as well as the time horizon of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to: (a) prudent funding of annual performance bonus; (b) granting a portion of the annual performance bonus in the form of deferred units, to be awarded under the KIFM RUP; (c) vesting of contingent unit award under the KIFM PUP being subject to KPIs and/or performance conditions being met; and (d) potential forfeiture of variable incentives in any year due to misconduct. In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2018. In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Trustee-Manager and are encouraged to hold such Units while they remain in the employment of the Trustee-Manager. Please refer to pages 136 to 139 of the Corporate Governance Report for details.

Guideline	Questions	How has the Company complied?
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an on-going basis. As a general rule, Board papers are required to be sent to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussion may be focused on questions that the Directors may have. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Trustee-Manager's Management for further clarification if required. KIT fully recognises that the flow of relevant information on an accurate and timely basis is critical for the Board to be effective in the discharge of its duties. Management therefore provides the Board with accurate information in a timely manner concerning KIT's progress or shortcomings in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues facing KIT. Management also provides the Board members with management accounts on a periodic basis and as the Board may require from time to time. Such reports keep the Board informed, on a balanced and understandable basis, of KIT's performance, financial position and prospects.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. For FY 2018, the internal audit function of KIT and the Trustee-Manager was performed by Keppel Corporation's Group Internal Audit.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board, supported by the Audit and Risk Committee, oversees the Trustee-Manager's and KIT's system of risk management and internal controls. It is guided by a set of Risk Tolerance Guiding Principles as detailed under the "Risk Management" section on pages 163 and 164 of this Annual Report. The Board's view on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management system is based on the review of the Trustee-Manager's and KIT's governing framework, systems, policies and processes in addressing the key risks under KIT's Enterprise Risk Management Framework, the monitoring and review of KIT's overall performance and representation from Management. The Audit and Risk Committee has concurred with this view. The Board's view on the adequacy and effectiveness of the Trustee-Manager's and KIT's internal controls is based on the Trustee-Manager's and KIT's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor. The Audit and Risk Committee has concurred with this view.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. The Board has received assurance from the CEO and the Head, Finance on points (i) and (ii). The Board has received assurance from the internal auditor on the adequacy and effectiveness of the Trustee-Manager's and KIT's internal control systems.

Corporate Governance

Code of Corporate Governance 2012
Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	The audit and non-audit fees paid or payable to the external auditors for FY 2018 are approximately S$382,000 and S$77,000 respectively.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	The Audit and Risk Committee undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees paid or payable to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. Meetings with both existing and potential investors take place throughout the year. In 2018, the Trustee-Manager engaged more than 80 local and foreign investors through road shows, investor conferences, one-on-one and group meetings and conference calls in Singapore and Asia.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Unitholders are kept abreast of the latest announcements and updates on KIT via its corporate website. The Trustee-Manager also keeps equity research analysts apprised of corporate developments through regular meetings, conference calls and e-mail correspondences. In addition, the Trustee-Manager meets with investors regularly to update them on the performance and prospects of KIT, thereby building trust, rapport and ensuring effective two-way communication with the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not Applicable.

Code of Corporate Governance 2012
Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 131
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 131
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 131
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 131
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 132 and 133
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Page 133
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 134, 135, 149 and 150
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 135
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 134 and 135
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 131 to 133
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 135 and 151
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 134, 135, 149 and 150
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 136
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 136 to 139
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 136 to 139
Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	Pages 136 to 139

Corporate Governance

Code of Corporate Governance 2012
Specific Principles and Guidelines for Disclosure

Relevant Guideline or Principle	Page Reference in this Report
Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	Pages 136 to 139
Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S$50,000	Page 139
Guideline 9.5 Details and important terms of employee share schemes	Pages 136 to 139
Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	Pages 136 to 139
Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	Pages 140 to 142
Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	Pages 140 to 143, and 149
Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	Page 140
Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	Pages 151 and 152
Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	Pages 140 and 141
Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	Pages 143 and 144
Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.	Not applicable

Risk Management

Strengthening Enterprise Risk Management

KIT's Enterprise Risk Management (ERM) Framework, which is a component of KIT's System of Management Controls provides a holistic and structured approach towards assessing, monitoring and mitigating risks. The Board has in place three Risk Tolerance Guiding Principles for the Trustee-Manager and KIT. The Risk Tolerance Guiding Principles serve to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The three Risk Tolerance Guiding Principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with the Trustee-Manager's and KIT's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the Trustee-Manager and KIT.
3. The Trustee-Manager does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Robust ERM Framework

The Trustee-Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation as well as monitoring and review. A robust ERM Framework enables the Trustee-Manager and KIT to manage risks systematically and remain nimble in capitalising on opportunities.

The risk assessment takes into account both the impact and likelihood of occurrence, and covers the investment, financial, operational and reputational aspects of KIT's business. Tools deployed include risk rating matrices, key risk indicators and risk registers to assist the Trustee-Manager in its risk management process.

The Board, supported by ARC, is responsible for the governance of risk and ensures that the Trustee-Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and KIT's assets. The Board and ARC provide valuable advice to the Trustee-Manager in formulating various risk policies and guidelines. For FY 2018, the Board, with the concurrence of ARC, is of the opinion that KIT's risk management system is adequate and effective, in addressing the key risks identified.

The Trustee-Manager's risk governance is set out in pages 141 and 142 under Principle 11 (Risk Management and Internal Controls).

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within KIT. In 2018, the Board has assessed and deemed KIT's risk management system to be adequate and effective in addressing the key risks identified below:

Investment Risk

Distribution growth is dependent on KIT's ability to grow its asset base. Timing of new acquisitions is dependent on market opportunities and funding environment. The Trustee-Manager evaluates all investment opportunities according to KIT's stated investment criteria and investment mandate. Investment evaluation includes analysing the asset quality, expected returns, sustainability of asset performance and security of the cash flows.

The Trustee-Manager aims to manage and mitigate risks by diversifying the asset classes and geographic regions in which KIT will invest. KIT has a global investment mandate so as to mitigate country concentration risks.

KIT's current portfolio mainly consists of assets with contracted cash flows based on availability that are not sensitive to fluctuations in utilisation, this provides stable and predictable cashflows to support KIT's distributions to Unitholders. The Trustee-Manager intends to pursue further acquisitions that provide regular and/or predictable cash flows, and/or backed by long-term contracts with creditworthy and reputable off-takers.

Interest Rate Risk

KIT's exposure to interest rate risk is minimal, as the majority of its floating rate borrowings have been hedged. In the event KIT is exposed to interest rate risk on the loans drawn under the working capital facility or additional loans that it may undertake, the risk is managed by maintaining an appropriate level of borrowings and mix between fixed and floating rate borrowings. The Trustee-Manager will also monitor the interest rate exposure of KIT and will consider restructuring KIT's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arise.

Foreign Exchange Risk

KIT's exposure to foreign exchange risk is minimal as KIT has adopted a natural hedge strategy for Basslink. In addition, KIT does not rely on Basslink for its distributions as any excess Australian dollar cash flows are used to amortise the Australian dollar debt in Australia. If KIT acquires other assets in future with cash flows denominated in foreign currencies, the Trustee-Manager may utilise foreign currency hedging instruments to hedge KIT's exposure to specific currency risks relating to future investments, receivables, payables and other commitments.

Credit Risk

KIT's credit risk is mainly on a few customers, the Singapore and Australian Governments, and a related Keppel entity, which are of good credit standing. Credit risk is also mitigated by the diversified customer base of City Gas. The Trustee-Manager monitors the credit risk by ensuring payments are received by the contracted date.

Risk Management

Liquidity Risk
The Trustee-Manager monitors and maintains adequate cash and cash equivalents to finance KIT's operations and mitigate the effects of cash flow fluctuations. The Trustee-Manager manages liquidity risk by maintaining adequate reserves, monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Operational Risk
KIT's assets are built to operate within certain input specifications. Deviations from the specifications may affect the performance of the assets or the production processes. Each asset is also subject to wear and tear and there may be periodic downtime for repairs and maintenance. If downtime exceeds the contractual allowance, affecting availability or production, cashflows may be affected.

Each asset has a set of standard operating procedures including the implementation of various quality management systems such as ISO9001, Hazard Analysis Critical Control Point that are for the day-to-day operations and regular maintenance of the assets to ensure that the assets are performing at optimal efficiency. The Trustee-Manager monitors, reviews and manages, with the Operations & Maintenance (O&M) contractor or appointed contract professionals, the operational risks of these assets regularly.

The Trustee-Manager, together with the O&M contractor or appointed contract professionals, continue to review and assess threats that could disrupt operations. The Trustee-Manager reviews the insurance plans and considers any necessary insurable risks are insured where commercial coverage plans are available. Business continuity plans are tested, reviewed and refined regularly to ensure the assets are ready to respond to these threats. In 2018, various drills were conducted to address threats such as chemical spillage, fire, IT disaster recover, terrorist attack and power outage. The Trustee-Manager will continue to enhance the robustness of KIT's assets' business continuity plans to ensure operational resilience.

Health, Safety & Environment (HSE) Risk
HSE is one of the core values for KIT and the O&M contractors. The Trustee-Manager does not condone safety breaches or lapses. The Trustee-Manager, together with the O&M contractors, embrace a strong safety culture within the work environment and constantly strive to create safety awareness and share best practices. Emphasis is placed on sharing of safety incidents and lessons learnt, and HSE training to foster safety awareness and skills.

The O&M contractors have developed strong HSE policies and practices including the implementation of various occupational health and safety management systems such as OHSAS18001, SS506 and ensure safe working practices and environment are integrated in all the operations of KIT's assets.

Compliance Risk
KIT and the Trustee-Manager's operations are subject to various government regulations and licensing regimes. KIT and the Trustee-Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes. Recognising that non-compliance with laws and regulations has potentially significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KIT's business operations.

The Trustee-Manager also monitors changes in legislations and regulations, as well as new developments in its operating environment in particular, those relating to environmental protection, cybersecurity and workplace safety and health, such as emission levels, hazardous substances, fire safety and employment legislation, have the potential to impact the operations and profitability of the Trust. The Trustee-Manager maintains close working relationships with the O&M team/contractors and authorities to keep abreast of developments in regulatory frameworks and the business environment. The Trustee-Manager also attends regular operations meetings to ensure that assets are meeting contractual requirements and in compliance with applicable laws and regulations.

KIT adopts a strong anti-corruption and anti-bribery stance and regularly communicates key policy requirements to ensure relevant policies, processes and controls are effectively designed, managed and implemented so that compliance risks and controls are effectively managed.

Emerging Risks
The Trustee-Manager monitors evolving or emerging risks. Cybersecurity is an example of an emerging risk which is considered and actions are taken, when necessary, to prevent and mitigate the risk.

Statistics of Unitholdings

As at 4 March 2019

Issued and Fully Paid Units

3,858,567,772 Units (Voting rights: 1 vote per Unit)
There is only one class of units in Keppel Infrastructure Trust

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	591	1.38	21,279	0.00
100 - 1,000	9,213	21.43	6,107,269	0.16
1,001 - 10,000	17,137	39.87	73,586,569	1.91
10,001 - 1,000,000	15,906	37.00	1,081,711,404	28.03
1,000,001 and above	139	0.32	2,697,141,251	69.90
Total	**42,986**	**100.00**	**3,858,567,772**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1.	Keppel Infrastructure Holdings Pte Ltd	702,361,054	18.20
2.	DBS Nominees (Private) Limited	414,844,989	10.75
3.	Bartley Investments Pte. Ltd.	383,124,592	9.93
4.	Citibank Nominees Singapore Pte Ltd	294,321,007	7.63
5.	Nassim Investments Pte Ltd	133,423,297	3.46
6.	Raffles Nominees (Pte) Limited	125,986,143	3.27
7.	Napier Investments Pte. Ltd.	95,396,538	2.47
8.	DBSN Services Pte. Ltd.	64,038,191	1.66
9.	HSBC (Singapore) Nominees Pte Ltd	53,622,648	1.39
10.	United Overseas Bank Nominees (Private) Limited	31,273,058	0.81
11.	KGI Securities (Singapore) Pte Ltd	20,675,900	0.54
12.	OCBC Nominees Singapore Private Limited	17,553,207	0.45
13.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	15,166,745	0.39
14.	Teh Lip Bin	15,029,181	0.39
15.	DBS Vickers Securities (Singapore) Pte Ltd	14,439,172	0.37
16.	UOB Kay Hian Private Limited	13,850,310	0.36
17.	Phillip Securities Pte Ltd	13,646,658	0.35
18.	OCBC Securities Private Limited	9,572,008	0.25
19.	Heng Siew Eng	9,171,000	0.24
20.	MayBank Kim Eng Securities Pte. Ltd.	8,881,137	0.23
Total		**2,436,376,835**	**63.14**

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 4 March 2019, the Substantial Unitholders of Keppel Infrastructure Trust and their interests in the Units of Keppel Infrastructure Trust are as follows:

	Direct Interest		Deemed interest	
Name	No. of units	%	No. of units	%
Keppel Infrastructure Holdings Pte. Ltd.	702,361,054	18.20	-	-
Keppel Corporation Limited [1]	-	-	702,361,054	18.20
Bartley Investments Pte. Ltd.	383,124,592	9.93	-	-
Tembusu Capital Pte. Ltd. [2]	-	-	611,944,427	15.86
Temasek Holdings (Private) Limited [3]	-	-	1,314,305,681	34.06

Notes:
1 Keppel Corporation Limited is deemed to have an interest in the Units which its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd., has interest.
2 Tembusu Capital Pte. Ltd. is deemed to have an interest in the Units in which its subsidiaries have interests.
3 Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in the Units in which the Keppel Corporation Limited group and other subsidiaries and associated companies of Temasek hold or have deemed interests.

Public Unitholders

Based on the information available to the Trustee-Manager as at 4 March 2019, approximately 65.91% of the issued Units in Keppel Infrastructure Trust are held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Infrastructure Trust are at all times held by the public.

As at 4 March 2019, there are no treasury units held.

Financial Calendar

FY 2018	
Financial year-end	31 December 2018
Announcement of 2018 1Q results	16 April 2018
Announcement of 2018 2Q results	17 July 2018
Announcement of 2018 3Q results	16 October 2018
Announcement of 2018 full year results	22 January 2019
Distribution payout to Unitholders for the period 1 January 2018 to 31 March 2018	
- Books closure date	24 April 2018
- Payment date	18 May 2018
Distribution payout to Unitholders for the period 1 April 2018 to 30 June 2018	
- Books closure date	25 July 2018
- Payment date	17 August 2018
Distribution payout to Unitholders for the period 1 July 2018 to 30 September 2018	
- Books closure date	24 October 2018
- Payment date	16 November 2018
Distribution payout to Unitholders for the period 1 October 2018 to 31 December 2018	
- Books closure date	30 January 2019
- Payment date	28 February 2019
Despatch of Annual Report to Unitholders	25 March 2019
Annual General Meeting	16 April 2019

FY 2019	
Financial year-end	31 December 2019
Announcement of 2019 1Q results	April 2019
Announcement of 2019 2Q results	July 2019
Announcement of 2019 3Q results	October 2019
Announcement of 2019 full year results	January 2020

Corporate Information

Trustee-Manager of Keppel Infrastructure Trust

Keppel Infrastructure Fund Management Pte. Ltd.
(A member of Keppel Capital Holdings Pte. Ltd.)
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Singapore 098632

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Phone: +65 6803 1851
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Directors of The Trustee-Manager

Mr Koh Ban Heng
Chairman of the Board
Independent Director

Mr Thio Shen Yi
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Daniel Cuthbert Ee Hock Huat
Independent Director

Mr Kunnasagaran Chinniah
Independent Director

Ms Christina Tan Hua Mui
Non-Executive and
Non-Independent Director

Ms Lim Joo Ling Cindy
Non-Executive and
Non-Independent Director

Audit and Risk Committee

Mr Mark Andrew Yeo Kah Chong
Chairman

Mr Koh Ban Heng

Mr Daniel Cuthbert Ee Hock Huat

Nominating and Remuneration Committee

Mr Thio Shen Yi
Chairman

Mr Koh Ban Heng

Mr Kunnasagaran Chinniah

Ms Christina Tan Hua Mui

Conflicts Resolution Committee

Mr Daniel Cuthbert Ee Hock Huat
Chairman

Mr Thio Shen Yi

Mr Kunnasagaran Chinniah

Unit Registrar And Unit Transfer Office

Boardroom Corporate & Advisory Services Pte. Ltd.
(A member of Boardroom Limited)
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

Company Secretaries

Ms Mak Weiling, Winnie

Ms Ng Peiyi, Joyce

Auditors

Deloitte & Touche LLP
Public Accountants and Chartered Accountants Singapore
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809
Phone: +65 6224 8288
Fax: +65 6538 6166

Partner-in-charge:
Mr Patrick Tan Hak Pheng
Year appointed: 2015

Notice of Annual General Meeting

Keppel 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))

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of units of Keppel Infrastructure Trust ("**KIT**", and the holders of units of KIT, "**Unitholders**") will be held at Suntec Singapore Convention and Exhibition Centre, Summit 2, Level 3, 1 Raffles Boulevard, Suntec City Singapore 039593 on Tuesday, 16 April 2019 at 10.30 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

1. To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the year ended 31 December 2018 and the Independent Auditor's Report thereon. **Ordinary Resolution 1**

2. To re-appoint Messrs Deloitte & Touche LLP as the Auditor of KIT to hold office until the conclusion of the next AGM of KIT, and to authorise the Trustee-Manager to fix their remuneration. **Ordinary Resolution 2**

(B) AS SPECIAL BUSINESS

To consider, and, if thought fit, to pass with or without any modifications, the following resolutions:

3. That pursuant to Clause 6.1 of the trust deed dated 5 January 2007 constituting KIT, as amended and restated by an Amendment and Restatement Deed dated 18 May 2015 (the "**Trust Deed**") and as supplemented by a First Supplemental Deed dated 17 April 2018, Section 36 of the Business Trusts Act (Chapter 31A of Singapore) (the "**Business Trusts Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Trustee-Manager be authorised and empowered to: **Ordinary Resolution 3**

(a) (i) issue units in KIT ("**Units**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,

at any time and on such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued) issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force,

provided that:

(1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units shall be calculated based on the total number of issued Units at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act;

(4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (a) the conclusion of the next AGM of KIT or (b) the date by which the next AGM of KIT is required by applicable regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note 1)

4. That: **Ordinary Resolution 4**

(a) approval be and is hereby given for the renewal of, the Unitholders' general mandate for KIT, its subsidiaries and associated companies that are "entities at risk" as defined under Chapter 9 of the Listing Manual ("**Chapter 9**") of the SGX-ST, or any of these entities, to enter into any of the transactions falling within the categories of interested person transactions described in the Appendix accompanying this Notice dated 25 March 2019 (the "**Appendix**"), and generally on the terms set out in the Appendix, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders, and are entered into in accordance with the review procedures for such interested person transactions as set out in the Appendix (the "**Unitholders' Mandate**");

(b) the Unitholders' Mandate shall, unless revoked or varied by the Unitholders in a general meeting, continue in force until the date that the next AGM of KIT is held or is required by law to be held, whichever is earlier;

(c) the Audit and Risk Committee of the Trustee-Manager be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unitholders' Mandate and/or this Resolution.

(Please see Explanatory Note 2)

5. That : **Ordinary Resolution 5**

(a) the exercise of all the powers of the Trustee-Manager to repurchase issued Units for and on behalf of KIT not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Trustee-Manager from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted; and/or

(ii) off-market purchase(s) (which are not market purchase(s)) in accordance with any equal access scheme(s) as may be determined or formulated by the Trustee-Manager as it considers fit in accordance with the Trust Deed,

and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the "**Unit Buy-Back Mandate**");

(b) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred on the Trustee-Manager pursuant to the Unit Buy-Back Mandate may be exercised by the Trustee-Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of KIT is held;

(ii) the date by which the next annual general meeting of KIT is required by applicable laws and regulations or the Trust Deed to be held; or

(iii) the date on which repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days, on which transactions in the Units were recorded, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days;

"**date of the making of the offer**" means the date on which the Trustee-Manager makes an offer for an off-market purchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an off-market purchase) for each Unit and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Market Day**" means a day on which the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, is open for trading in securities;

"**Maximum Limit**" means that number of Units representing 5% of the total number of issued Units as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Unit to be repurchased, means the repurchase price (excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Unit, 105.0% of the Average Closing Price of the Units; and

(ii) in the case of an off-market purchase of a Unit, 110.0% of the Average Closing Price of the Units; and

(d) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to the Unit Buy-Back Mandate and/or this Resolution.

(Please see Explanatory Note 3)

6. That: **Ordinary Resolution 6**

(a) approval be and is hereby given to:

(i) issue new Units in KIT ("**New Units**"); and/or

(ii) make or grant agreements or Instruments that would or might require New Units to be issued,

so as to raise gross proceeds of up to S$750 million in aggregate pursuant to (i) a non-renounceable preferential offering of New Units to eligible Unitholders on a *pro rata* basis ("**Preferential Offering**") or (ii) the Preferential Offering and a private placement of New Units to institutional and other investors ("**Placement**"), in such manner, on such terms and at such time as the Trustee-Manager may determine, be approved and authorised;

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such New Units are issued) issue New Units in pursuance of any agreement or Instrument made or granted by the Trustee-Manager while this Resolution was in force; and

Notice of Annual General Meeting

(c) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be authorised to complete and do all such things (including, executing, as the case may be, all documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to this Resolution.

(Please see Explanatory Note 4)

7. That subject to and contingent upon the passing of Ordinary Resolution 6: **Ordinary Resolution 7**

(a) the placement of New Units to Keppel Infrastructure Holdings Pte. Ltd. ("**KIHPL**") as part of the Placement ("**Proposed KIHPL Placement**") in the manner outlined in the Appendix, be approved and authorised; and

(b) the Trustee-Manager and any of its Directors, Chief Executive Officer, Chief Financial Officer or Head, Finance be authorised to complete and do all such things (including, executing, as the case may be, all documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer, Chief Financial Officer or Head, Finance may consider expedient or necessary or in the interest of KIT to give effect to this Resolution.

(Please see Explanatory Note 5)

(C) AS OTHER BUSINESS

8. To transact such other business as may be transacted at an AGM of KIT.

BY ORDER OF THE BOARD
Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration No. 200803959H)
as Trustee-Manager of Keppel Infrastructure Trust

Winnie Mak/Joyce Ng
Company Secretaries

Singapore
25 March 2019

Explanatory notes:

1. **Ordinary Resolution 3**
   Ordinary Resolution 3 above, if passed, will empower the Trustee-Manager from the date of the AGM until (i) the conclusion of the next AGM of KIT, (ii) the date by which the next AGM of KIT is required by law to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units, of which up to 20% may be issued on other than on a *pro rata* basis to Unitholders.

   For determining the aggregate number of Units that may be issued, the total number of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

   Ordinary Resolution 3 above, if passed, will also empower the Trustee-Manager from the date of this AGM until the date of the next AGM of KIT, to allot and issue Units to itself instead of cash in the event the Trustee-Manager elects in accordance with Clause 11 of the Trust Deed to receive all or any part of the fees due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed, the Business Trusts Act and applicable regulations.

2. **Ordinary Resolution 4**
   Ordinary Resolution 4 relates to the renewal of a mandate given by the Unitholders on 17 April 2018, approving KIT, its subsidiaries and associated companies that are "entities at risk" (as that term is used in Chapter 9), or any of these entities, to enter into transactions falling within the types of interested person transactions described as Interested Person Transactions (as defined in the Appendix) with any party who is of the class of interested persons described in the Appendix. Please refer to the Appendix for further details.

3. **Ordinary Resolution 5**
   Ordinary Resolution 5 is to renew the Unit Buy-Back Mandate which was approved at the AGM of KIT on 17 April 2018 and if passed, will empower the Trustee-Manager from the date of the AGM of KIT until (i) the date on which the next annual general meeting of KIT is held, (ii) the date by which the next annual general meeting of KIT is required by applicable laws and regulations or the Trust Deed to be held, or (iii) the date on which the repurchases of Units pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Units for and on behalf of KIT not exceeding in aggregate 5% of the total number of Units as at the date of the passing of this Resolution, whether by way of market purchase(s) or off-market purchase(s), on the terms of the Unit Buy-Back Mandate set out in the Appendix unless such authority is revoked or varied by the Unitholders in a general meeting. Please refer to the Appendix for further details.

4. **Ordinary Resolution 6**
   At the Extraordinary General Meeting of KIT held on 12 February 2019 (the "**EGM**"), the Trustee-Manager had sought and obtained Unitholders' approval for, among others, the issuance of New Units in the event the Trustee-Manager undertakes an equity fund raising by way of (i) the Preferential Offering or (ii) the Preferential Offering and the Placement (the "**EGM Mandate**").

   Pursuant to the Business Trusts Act, Chapter 31A of Singapore, the EGM Mandate shall lapse at the conclusion of the AGM. Accordingly, the Trustee-Manager is seeking a fresh mandate from Unitholders at the AGM for the issuance of New Units in the event the Trustee-Manager undertakes an equity fund raising by way of (i) the Preferential Offering or (ii) the Preferential Offering and the Placement.

   Ordinary Resolution 6, if passed, will empower the Trustee-Manager to issue New Units and/or, make or grant agreements or Instruments that would or might require New Units to be issued, so as to raise gross proceeds of up to S$750 million in aggregate pursuant to (i) the Preferential Offering or (ii) the Preferential Offering and the Placement, in such manner, on such terms and at such time as the Trustee-Manager may determine.

   In the event the equity fund raising is completed prior to the date of the AGM, Ordinary Resolutions 6 and 7 will not be tabled at the AGM and will be withdrawn.

5. **Ordinary Resolution 7**
   At the EGM, the Trustee-Manager had sought and obtained Unitholders' approval for, among others, the proposed Placement of New Units to KIHPL. As the Trustee-Manager is seeking a fresh mandate from Unitholders at the AGM for the issuance of New Units in the event the Trustee-Manager undertakes an equity fund raising by way of (i) the Preferential Offering or (ii) the Preferential Offering and the Placement, in the form of Ordinary Resolution 6 above, the Trustee-Manager is also seeking fresh Unitholders' approval at the AGM for the Proposed KIHPL Placement.

   Ordinary Resolution 7, if passed, will empower the Trustee-Manager to issue New Units to KIHPL as part of the Placement.

   Ordinary Resolution 7 is subject to and contingent upon the passing of Ordinary Resolution 6 and in the event the equity fund raising is completed prior to the date of the AGM, Ordinary Resolutions 6 and 7 will not be tabled at the AGM and will be withdrawn. Please also see Explanatory Note 4 above.

Notes:

1. In accordance with the Business Trusts Act and the Trust Deed, a Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy.
3. In accordance with the Business Trusts Act and the Trust Deed, the proxy form must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time fixed for the AGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing, administration and analysis by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Trustee-Manager (or its agents or service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

Proxy Form

IMPORTANT

1. For CPF/SRS investors who hold units in Keppel Infrastructure Trust, this Annual Report is forwarded to them at the request of their Agent Banks/SRS Operators and is sent FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF/SRS investors who wish to attend the Annual General Meeting as observers have to submit their requests through their Agent Banks/SRS Operators so that their Agent Banks/SRS Operators may register, within the specified timeframe, with Keppel Infrastructure Trust's Unit Registrar. Agent Banks/SRS Operators, please refer to Note 12 on the reverse side of the Proxy Form for further details.
4. CPF/SRS investors who wish to vote must submit their voting instructions to their Agent Banks/SRS Operators to enable them to vote on their behalf.
5. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder of KIT accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 March 2019.

Keppel 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))

ANNUAL GENERAL MEETING

I/We ____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)

of ____ (address)
being a Unitholder/Unitholders of Keppel Infrastructure Trust ("**KIT**") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of KIT ("**AGM**") to be held at Suntec Singapore Convention and Exhibition Centre, Summit 2, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 16 April 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
	Ordinary Business		
1.	To receive and adopt the Trustee-Manager's Statement and the Audited Financial Statements of KIT for the year ended 31 December 2018, and the Independent Auditor's Report thereon. (Ordinary Resolution 1)		
2.	To re-appoint Messrs Deloitte & Touche LLP as the Auditor of KIT, and to authorise the Trustee-Manager to fix the Auditor's remuneration. (Ordinary Resolution 2)		
	Special Business		
3.	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments.(Ordinary Resolution 3)		
4.	To approve the renewal of the Unitholders' Mandate. (Ordinary Resolution 4)		
5.	To renew the Unit Buy-Back Mandate. (Ordinary Resolution 5)		
6.	To approve the issuance of New Units pursuant to (i) the Preferential Offering or (ii) the Preferential Offering and the Placement. (Ordinary Resolution 6)		
7.	To approve the Proposed KIHPL Placement. (Ordinary Resolution 7)		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✔) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the respective boxes provided.

Dated this ____________ day of ______________________ 2019

Total Number of Units held	

____
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Important: Please read notes on the reverse.

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Notes to proxy form:

1. In accordance with the Business Trusts Act and the Trust Deed, a unitholder of KIT ("**Unitholder**") entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead, provided that, in the case of units in KIT ("**Units**") entered in the Depository Register, the Trustee-Manager shall be entitled and bound:
   (a) to reject any Proxy Form lodged if the Unitholder, being the appointer, is not shown to have any Units entered against his name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by The Central Depository (Pte) Limited ("**CDP**") to KIT; and
   (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder is or are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KIT, whether that number is greater or smaller than the number specified in any Proxy Form executed by or on behalf of that Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by CDP, he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 5 below) will be deemed to relate to all the Units held by the Unitholder.
5. In accordance with the Business Trusts Act and the Trust Deed, the instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the AGM.
6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretaries
Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of Keppel Infrastructure Trust)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

7. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or notes set out in the Proxy Form.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.
12. Agent Banks/SRS Operators acting on the request of the CPF/SRS investors who wish to attend the AGM as observers are requested to submit in writing, a list with details of the CPF/SRS investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the Agent Banks/SRS Operator) should reach KIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time fixed for the AGM.

General:
The Trustee-Manager shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by the CDP to the Trustee-Manager.

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