

**MEDIA RELEASE**

**KEPPEL INFRASTRUCTURE TRUST UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

**17 April 2017**

The Directors of Keppel Infrastructure Fund Management Pte Ltd, as Trustee-Manager of Keppel Infrastructure Trust, advise the following results of Keppel Infrastructure Trust for the first quarter ended 31 March 2017.

These figures have not been audited.

**1Q FY17 RESULTS HIGHLIGHTS**

1. Distribution per unit ("DPU") of 0.93 Singapore cents was declared for the quarter ended 31 March 2017.
2. Group revenue for 1Q FY17 was S\$155.3 million, S\$24.0 million or 18.3% higher than that of 1Q FY16. This was mainly due to higher contributions from City Gas as a result of higher town gas tariff and higher volume of town gas sold; higher facility fees from Basslink as no facility fees were recognised in 1Q FY16 during the cable outage which occurred between 20 December 2015 and 12 June 2016; and higher revenue from KMC. These were partially offset by lower contribution from the Concessions<sup>(1)</sup> as the 1Q FY16 revenue included construction revenue recognised from the Senoko boiler upgrade.
3. The higher profit attributable to Unitholders in 1Q FY17 as compared to 1Q FY16 mainly arose from higher contributions from Basslink and KMC, coupled with lower depreciation and amortisation expenses. These were partially offset by lower contribution from City Gas due to the time lag in the adjustment of gas tariffs to reflect actual fuel cost.
4. 1Q FY17 distributable cash flows<sup>(2)</sup> of S\$34.2 million was S\$5.9 million lower than 1Q FY16. This was mainly due to time lag in the adjustment of gas tariffs to reflect actual fuel cost at City Gas and abortive expenses incurred by the Trust in connection with a potential acquisition, partially offset by higher contribution from KMC.
5. Net asset value per unit as at 31 March 2017 decreased to 32.0 Singapore cents from 32.5 Singapore cents as at 31 December 2016 primarily attributable to distributions to Unitholders, partially negated by marked-to-market movement of derivative instruments.
6. Gearing<sup>(3)</sup> as at 31 March 2017 was 38.7% compared to 37.4% as at 31 December 2016 as the Trust drew on its facility to repay one of its subsidiaries.

- (1) Concessions comprise Senoko WTE, Tuas WTE, SingSpring Desalination and Ulu Pandan NEWater plants
- (2) Excluding Basslink, consistent with previous results announcements
- (3) Defined as net debt over total assets

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**KEPPEL INFRASTRUCTURE TRUST**  
**FIRST QUARTER ENDED 31 MARCH 2017 FINANCIAL STATEMENTS**  
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## **INTRODUCTION**

Keppel Infrastructure Trust (“KIT” or “Trust”), was originally listed on 12 February 2007 on the Singapore Exchange Securities Trading Limited as CitySpring Infrastructure Trust (“CIT”).

KIT’s portfolio as at 31 March 2017 included 100% interest in City Gas, Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, and Basslink; 70% interest in SingSpring Desalination Plant and 51% in Keppel Merlimau Cogen, DataCentre One and City-OG Gas. KIT also has a wholly-owned subsidiary which was appointed as trustee-manager of NetLink Trust.

The sponsor of KIT is Keppel Infrastructure Holdings Pte. Ltd., a wholly owned subsidiary of Keppel Corporation Limited (“KCL”). Keppel Infrastructure Fund Management Pte. Ltd. is the Trustee-Manager of KIT, and wholly owned by Keppel Capital Holdings Pte. Ltd., which is in turn a wholly owned subsidiary of KCL.

KIT is included in the FTSE ST Large/Mid Cap Index and FTSE ST Mid Cap Index.

KIT, being a business trust, is allowed to pay distributions to Unitholders out of its retained cash and residual cash flows, in accordance with its distribution policy. This is unlike companies, which are governed by the Companies Act, and can only make dividend payments out of accounting profits.

1. **UNAUDITED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

The Directors of **Keppel Infrastructure Fund Management Pte. Ltd.**, as **Trustee-Manager of Keppel Infrastructure Trust**, advises the following unaudited results of the Group for the first quarter ended 31 March 2017.

1(a) **INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME**

(i) **Consolidated Income Statement**

	1Q FY17 S\$'000	<u>Group</u> 1Q FY16 S\$'000	Change %
<b>Revenue</b>	155,281	131,249	18.3
<b>Other income</b>	881	1,708	(48.4)
<b>Other losses - net</b>	(2,107)	(1,351)	56.0
<b>Expenses</b>			
Fuel and electricity costs	(31,444)	(21,435)	46.7
Gas transportation costs	(23,198)	(21,673)	7.0
Depreciation and amortisation	(26,852)	(28,679)	(6.4)
Staff costs	(6,239)	(6,743)	(7.5)
Operation and maintenance costs	(20,204)	(23,116)	(12.6)
Finance costs	(31,108)	(26,064)	19.4
Trustee-Managers' fees	(2,579)	(2,301)	12.1
Other operating expenses	(14,051)	(9,622)	46.0
Total expenses	<u>(155,675)</u>	<u>(139,633)</u>	11.5
<b>Loss before joint venture</b>	(1,620)	(8,027)	(79.8)
Share of results of joint venture	<u>228</u>	<u>(62)</u>	N/M
<b>Loss before tax</b>	(1,392)	(8,089)	(82.8)
Income tax expense	(517)	(1,428)	(63.8)
<b>Net loss after tax</b>	<u>(1,909)</u>	<u>(9,517)</u>	(79.9)
<b>Profit/(Loss) attributable to:</b>			
Unitholders	6,757	2	>100.0
Non-controlling interests	<u>(8,666)</u>	<u>(9,519)</u>	(9.0)
	<u>(1,909)</u>	<u>(9,517)</u>	(79.9)

N/M - Not meaningful

Please refer to paragraph 8.2 for further details.

1(a) INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME (CONT'D)

(ii) Consolidated Statement of Comprehensive Income

	1Q FY17 S\$'000	Group 1Q FY16 S\$'000	Change %
<b>Net loss after tax</b>	<b>(1,909)</b>	<b>(9,517)</b>	<b>(79.9)</b>
<b>Other comprehensive income:</b>			
<u>Items that may be reclassified</u> <u>subsequently to income statement</u>			
Cash flow hedges:			
- Fair value losses	<b>(1,121)</b>	<b>(31,032)</b>	<b>(96.4)</b>
- Transfer to income statement	<b>7,102</b>	<b>1,030</b>	<b>&gt;100.0</b>
Share of net change in fair value of cash flow hedges of a joint venture	<b>(238)</b>	<b>-</b>	<b>N/M</b>
Currency translation differences relating to consolidation of foreign subsidiaries	<b>(29)</b>	<b>(874)</b>	<b>(96.7)</b>
<b>Other comprehensive income, net of tax</b>	<b>5,714</b>	<b>(30,876)</b>	<b>N/M</b>
<b>Total comprehensive income</b>	<b>3,805</b>	<b>(40,393)</b>	<b>N/M</b>

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Trust</u>	
	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000	31 Mar 2017 S\$'000	31 Dec 2016 S\$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	2,360,383	2,379,600	-	-
Intangibles	534,591	537,165	-	-
Investment in subsidiaries	-	-	949,826	951,030
Investment in and advances to joint venture	21,841	23,432	-	-
Notes receivables	-	-	775,712	775,712
Amount receivable from a subsidiary	-	-	22,028	22,028
Service concession receivables	412,709	424,025	-	-
Finance lease receivables	112,435	114,823	-	-
Other assets	145,822	122,874	-	-
<b>Total non-current assets</b>	<b>3,587,781</b>	<b>3,601,919</b>	<b>1,747,566</b>	<b>1,748,770</b>
<b>Current Assets</b>				
Cash and bank deposits	254,924	266,859	55,391	51,969
Trade and other receivables	130,778	118,866	5,360	4,717
Service concession receivables	44,362	44,034	-	-
Finance lease receivables	9,475	9,319	-	-
Derivative financial instruments	462	1,055	-	-
Inventories	53,798	54,456	-	-
Other current assets	20,057	22,134	56	55
<b>Total current assets</b>	<b>513,856</b>	<b>516,723</b>	<b>60,807</b>	<b>56,741</b>
<b>Current Liabilities</b>				
Borrowings	756,211	752,106	-	-
Loan from a subsidiary	-	-	16,335	43,335
Trade and other payables	153,133	160,193	3,872	4,122
Derivative financial instruments	19,591	19,571	-	-
Income tax payable	4,942	5,454	17	19
<b>Total current liabilities</b>	<b>933,877</b>	<b>937,324</b>	<b>20,224</b>	<b>47,476</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(420,021)</b>	<b>(420,601)</b>	<b>40,583</b>	<b>9,265</b>
<b>Non-Current Liabilities</b>				
Borrowings	1,084,079	1,058,576	150,508	122,612
Notes payable to non-controlling interests	260,000	260,000	-	-
Derivative financial instruments	82,674	85,976	1,002	986
Other payables	266,080	268,838	-	-
Provisions	31,676	31,280	-	-
Deferred tax liabilities	21,783	22,678	-	-
<b>Total non-current liabilities</b>	<b>1,746,292</b>	<b>1,727,348</b>	<b>151,510</b>	<b>123,598</b>
<b>Net Assets</b>	<b>1,421,468</b>	<b>1,453,970</b>	<b>1,636,639</b>	<b>1,634,437</b>
<b>Represented by:</b>				
<b>Unitholders' Funds</b>				
Units in issue	2,137,538	2,137,389	2,137,538	2,137,389
Hedging reserve	(197,338)	(204,478)	(1,002)	(986)
Translation reserve	(26,599)	(26,587)	-	-
Capital reserve	38,710	38,710	-	-
Accumulated losses	(718,758)	(689,644)	(499,897)	(501,966)
<b>Total Unitholders' funds</b>	<b>1,233,553</b>	<b>1,255,390</b>	<b>1,636,639</b>	<b>1,634,437</b>
Non-controlling interests	187,915	198,580	-	-
	<b>1,421,468</b>	<b>1,453,970</b>	<b>1,636,639</b>	<b>1,634,437</b>

Please refer to paragraphs 8.3 and 8.4 for further details.

1(b)(ii) **AGGREGATE AMOUNT OF BORROWINGS AND DEBT SECURITIES**

	<u>Group</u>	
	31 Mar 2017	31 Dec 2016
	S\$'000	S\$'000
<b>Unsecured borrowings</b>		
Amount repayable after one year	150,508	122,612
	<u>150,508</u>	<u>122,612</u>
<b>Secured borrowings</b>		
Amount repayable within one year	756,211	752,106
Amount repayable after one year	933,571	935,964
	<u>1,689,782</u>	<u>1,688,070</u>
<b>Total borrowings</b>	<u>1,840,290</u>	<u>1,810,682</u>

**Details of collaterals**

The bank borrowings are secured over the assets and business undertakings of City Gas, SingSpring and Basslink Group. The bank borrowings granted to SingSpring is also secured by a charge over the units in SingSpring held by the Trustee-Manager and Hyflux Ltd<sup>1</sup>, and a charge over the shares held by the Trustee-Manager in SingSpring Pte Ltd. The bank borrowings granted to KMC is secured mainly by an assignment of KMC's rights under the Capacity Tolling Agreement.

On 20 December 2015, the Basslink interconnector experienced an unplanned outage caused by a cable fault. The interconnector returned to service on 13 June 2016. As announced on 18 July 2016, Basslink was unable to meet the minimum debt service coverage ratio covenant in the project financing. As a condition of waiver of this event of default, Basslink was required to agree with the banking syndicate a Long Term Financing Plan ("LTFP") which has yet to be agreed as at 31 March 2017 (31 December 2016). There is no contractual recourse to KIT under the project financing. FRS 1 requires the borrowings to be classified as current liability if an entity breaches a provision of a long term loan agreement on or before the end of the reporting period. Accordingly, Basslink's borrowings were classified as current liabilities as at 31 March 2017 (31 December 2016). Basslink and the banking syndicate are still in discussions to work towards agreeing the LTFP.

Notwithstanding the classification, Basslink is current on its debt payments under the project financing, subsequent to the return to service of the interconnector on 13 June 2016. The classification has no material financial impact on the distributions per unit of KIT for the year ending 31 December 2017 since KIT does not rely on Basslink's cash flows for its distributions.

<sup>1</sup> 30% unitholder of SingSpring Trust



1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS**

	<u>Group</u>	
	1Q FY17 S\$'000	1Q FY16 S\$'000
<b>Operating activities</b>		
Loss before tax	(1,392)	(8,089)
Adjustments for:		
Depreciation and amortisation	26,852	28,679
Finance costs	31,108	26,064
Interest income	(337)	(455)
Fair value loss on derivative financial instruments	2,060	1,342
Allowance for doubtful trade and other receivables	142	95
Loss on disposal of property, plant and equipment	-	249
Share of results of joint venture	(228)	62
Unrealised foreign exchange gain	7	24
Management fees paid in units	149	67
Operating cash flows before working capital changes	<u>58,361</u>	48,038
Changes in working capital :		
Trade and other receivables	(20,257)	(28,010)
Trade and other payables	(14,050)	8,372
Inventories	658	2,012
<b>Cash generated from operations</b>	<u>24,712</u>	30,412
Interest received	525	414
Interest paid	(25,309)	(28,768)
Income tax paid	(1,300)	(2,954)
<b>Net cash used in operating activities</b>	<u>(1,372)</u>	(896)
<b>Investing activities</b>		
Dividend received from joint venture	377	-
Repayment of advances from joint venture	1,204	-
Purchase of property, plant and equipment	(99)	(113)
Construction of assets	-	(6,926)
<b>Net cash generated from/(used in) investing activities</b>	<u>1,482</u>	(7,039)
<b>Financing activities</b>		
(Increase)/decrease in restricted cash	(523)	8,484
Proceeds from borrowings	27,869	25,097
Repayment of borrowings	(3,408)	(3,154)
Payment of loan upfront fees	-	(315)
Distributions paid to Unitholders of the Trust	(35,871)	(35,869)
Distributions paid by subsidiaries to non-controlling interests	(585)	(600)
<b>Net cash used in financing activities</b>	<u>(12,518)</u>	(6,357)
<b>Net decrease in cash and cash equivalents</b>	<u>(12,408)</u>	(14,292)
<b>Cash and cash equivalents at beginning of the period</b>	<u>214,513</u>	200,064
Effect of currency translation on cash and cash equivalents	(48)	22
<b>Cash and cash equivalents at end of the period (Note a)</b>	<u>202,057</u>	185,794

**Note a:**

	31 Mar 2017 S\$'000	31 Mar 2016 S\$'000
Cash and bank deposits	254,924	221,256
Less: Restricted cash	(52,867)	(35,462)
<b>Cash and cash equivalents</b>	<u>202,057</u>	185,794

Restricted cash represents the amount of cash and cash equivalents required to be set aside to meet interest and principal repayments for loans extended to, and for secured bank guarantees of, the Group. Also included in the Group's restricted cash is the insurance proceeds received in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Refer to paragraph 8.1 for further details.

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Group	Attributable to Unitholders of the Trust							
	Units in Issue S\$'000	Hedging Reserve S\$'000	Translation Reserve S\$'000	Capital Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000	Non-controlling Interests S\$'000	Total S\$'000
<b>2017</b>								
At 1 January 2017	2,137,389	(204,478)	(26,587)	38,710	(689,644)	1,255,390	198,580	1,453,970
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	6,757	6,757	(8,666)	(1,909)
Other comprehensive income for the period	-	7,140	(12)	-	-	7,128	(1,414)	5,714
Total	-	7,140	(12)	-	6,757	13,885	(10,080)	3,805
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	149	-	-	-	-	149	-	149
Distributions paid	-	-	-	-	(35,871)	(35,871)	(585)	(36,456)
Total	149	-	-	-	(35,871)	(35,722)	(585)	(36,307)
<b>At 31 March 2017</b>	<b>2,137,538</b>	<b>(197,338)</b>	<b>(26,599)</b>	<b>38,710</b>	<b>(718,758)</b>	<b>1,233,553</b>	<b>187,915</b>	<b>1,421,468</b>
<b>2016</b>								
At 1 January 2016	2,137,322	(201,772)	(27,122)	38,710	(587,350)	1,359,788	240,998	1,600,786
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	2	2	(9,519)	(9,517)
Other comprehensive income for the period	-	(24,661)	(824)	-	-	(25,485)	(5,391)	(30,876)
Total	-	(24,661)	(824)	-	2	(25,483)	(14,910)	(40,393)
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	67	-	-	-	-	67	-	67
Distributions paid	-	-	-	-	(35,869)	(35,869)	(600)	(36,469)
Total	67	-	-	-	(35,869)	(35,802)	(600)	(36,402)
<b>At 31 March 2016</b>	<b>2,137,389</b>	<b>(226,433)</b>	<b>(27,946)</b>	<b>38,710</b>	<b>(623,217)</b>	<b>1,298,503</b>	<b>225,488</b>	<b>1,523,991</b>

1(d)(i) STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS (CONT'D)

<u>Trust</u>	Units in Issue S\$'000	Hedging Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000
<b>2017</b>				
At 1 January 2017	2,137,389	(986)	(501,966)	<b>1,634,437</b>
<u>Total comprehensive income</u>				
Profit for the period	-	-	37,940	<b>37,940</b>
Other comprehensive income for the period	-	(16)	-	<b>(16)</b>
Total	-	(16)	37,940	<b>37,924</b>
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	149	-	-	<b>149</b>
Distributions paid	-	-	(35,871)	<b>(35,871)</b>
Total	149	-	(35,871)	<b>(35,722)</b>
<b>At 31 March 2017</b>	<b>2,137,538</b>	<b>(1,002)</b>	<b>(499,897)</b>	<b>1,636,639</b>
<b>2016</b>				
At 1 January 2016	2,137,322	-	(420,925)	<b>1,716,397</b>
<u>Total comprehensive income</u>				
Profit for the period	-	-	31,915	<b>31,915</b>
Total	-	-	31,915	<b>31,915</b>
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	67	-	-	<b>67</b>
Distributions paid	-	-	(35,869)	<b>(35,869)</b>
Total	67	-	(35,869)	<b>(35,802)</b>
<b>At 31 March 2016</b>	<b>2,137,389</b>	<b>-</b>	<b>(424,879)</b>	<b>1,712,510</b>

1(d)(ii) DETAILS OF ANY CHANGE IN THE UNITS

<b>GROUP and TRUST</b>	1 Jan 2017 to 31 Mar 2017	1 Jan 2016 to 31 Mar 2016
Issued units at the beginning of the period	<b>3,857,063,631</b>	3,856,931,931
Issuance of new units <sup>(1)</sup>	<b>315,100</b>	131,700
Issued units at the end of the period	<b>3,857,378,731</b>	3,857,063,631

Note:

(1) This relates to the payment of 5.8% (2016: 2.4%) of management and performance fees in the form of units to the Trustee-Manager.

1(d)(iii) TOTAL NUMBER OF ISSUED UNITS EXCLUDING TREASURY UNITS AS AT THE END OF THE CURRENT FINANCIAL PERIOD, AND AS AT THE END OF THE IMMEDIATELY PRECEDING YEAR

The Group and Trust does not hold any treasury units as at 31 March 2017 and 31 December 2016.

The total number of issued units as at 31 March 2017 and 31 December 2016 were 3,857,378,731 and 3,857,063,631 respectively.

**1(d)(iv) STATEMENT OF ALL SALES, TRANSFERS, DISPOSAL, CANCELLATION AND/OR USE OF TREASURY UNITS AS AT THE END OF THE CURRENT FINANCIAL PERIOD REPORTED ON**

Not applicable.

**2. AUDIT**

The figures have not been audited nor reviewed by the auditors.

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation in the financial statements for the current financial period are consistent with those of the audited financial statements as at 31 December 2016.

**5. CHANGES IN ACCOUNTING POLICIES**

The Group has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised FRSs and INT FRSs did not result in changes to the Group's and Trust's accounting policies.

**6. EARNINGS PER UNIT ("EPU")**

	<b>1Q FY17</b>	<b>Group 1Q FY16</b>	<b>%</b>
Weighted average number of units	<b>3,857,175,667</b>	3,856,984,032	0.0
EPU			
- based on the weighted average number of units in issue (cents)			
- basic and diluted	<b>0.18</b>	*	>100

\* Less than 0.01 cents

KIT, being a business trust, is allowed to pay distributions to Unitholders out of its retained cash and residual cash flows, in accordance with its distribution policy. This is unlike companies, which are governed by the Companies Act, and can only make dividend payments out of accounting profits.

**7. NET ASSET VALUE ("NAV") PER UNIT**

	<b>Group</b>			<b>Trust</b>		
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>%</b>	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>%</b>
NAV per unit (cents)	<b>32.0</b>	32.5	(1.5)	<b>42.4</b>	42.4	-
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	<b>31.1</b>	31.6	(1.6)	<b>41.5</b>	41.5	-

The Group NAV per unit before hedging and translation reserves was 37.8 cents as at 31 March 2017 and 38.5 cents as at 31 December 2016. The Trust NAV per unit before hedging reserves was 42.5 cents as at 31 March 2017 and 42.4 cents as at 31 December 2016.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 3,857,378,731 and 3,857,063,631 which were the number of units in issue as at 31 March 2017 and 31 December 2016 respectively.

## 8. REVIEW OF PERFORMANCE

### 8.1 Cash flow

The Group's cash and bank deposits net of restricted cash were S\$202.1 million and S\$185.8 million as at 31 March 2017 and 31 March 2016, respectively.

1Q FY17 net cash used in operating activities was S\$1.4 million, S\$0.5 million higher than 1Q FY16. The higher cash outflow is due to timing difference in receipts and payments as compared to 1Q FY16.

Net cash generated from investing activities of S\$1.5 million in 1Q FY17 arose from receipt of dividend and repayment of advances from Datacentre One. In 1Q FY16, net cash used in investing activities relates mainly to Senoko boiler upgrade.

Net cash used in financing activities of S\$12.5 million and S\$6.4 million in 1Q FY17 and 1Q FY16 respectively, mainly relate to payment of distributions to unitholders and non-controlling interests of subsidiaries, and repayment of borrowings, partially offset by proceeds from loan drawdowns during the periods. Restricted cash balance increased in 1Q FY17 compared to a decrease in 1Q FY16.

### 8.2 Income Statement

#### **Revenue**

Group revenue for 1Q FY17 was S\$155.3 million, S\$24.0 million or 18.3% higher than that of 1Q FY16.

City Gas's 1Q FY17 revenue increased by S\$6.9 million to S\$77.5 million as a result of higher town gas tariff and higher volume of town gas sold. City Gas achieved 100.0% plant availability during the period.

Concessions<sup>2</sup> contributed revenue of S\$23.2 million in 1Q FY17 compared to S\$27.9 million in 1Q FY16. 1Q FY16 revenue included construction revenue recognised from the Senoko boiler upgrade. The boiler upgrade was completed in 3Q FY16. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue increased to A\$19.8 million (approximately S\$21.2 million) in 1Q FY17 from A\$1.1 million (approximately S\$1.1 million) in 1Q FY16 as no facility fees were recognised in 1Q FY16 due to the cable outage which occurred between 20 December 2015 and 12 June 2016.

Revenue from KMC was S\$32.4 million, S\$1.8 million higher than 1Q FY16 of S\$30.6 million.

CityNet contributed revenue of S\$1.0 million in 1Q FY17, similar to the comparative financial period last year.

#### **Other income**

Other income in 1Q FY16 was S\$0.8 million higher than 1Q FY17 mainly due to liquidated damages compensation in connection with KMC's plant outage being recognised in 1Q FY16.

#### **Other losses - net**

Other losses comprised mainly the fair value movement on financial derivative instruments.

#### **Expenses**

Fuel and electricity costs of S\$31.4 million in 1Q FY17 were higher than 1Q FY16 due to higher fuel prices and higher volume of natural gas consumed.

Gas transportation costs of S\$23.2 million in 1Q FY17 were slightly higher than 1Q FY16 with the upward revision of gas transportation fees and higher volume of town gas transported.

Depreciation and amortisation decreased from S\$28.7 million in 1Q FY16 to S\$26.9 million in 1Q FY17 as certain assets and intangible assets were fully depreciated and amortised in FY16.

Staff costs in 1Q FY17 were lower than 1Q FY16 due to adjustment of bonus provision in 1Q FY17.

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<sup>2</sup> Concessions comprise Senoko WTE, Tuas WTE, SingSpring Desalination and Ulu Pandan NEWater plants

## 8. REVIEW OF PERFORMANCE (CONT'D)

### 8.2 Income Statement (cont'd)

#### *Expenses (cont'd)*

Operation and maintenance costs dropped by S\$2.9 million or 12.6% to S\$20.2 million in 1Q FY17. 1Q FY16 operation and maintenance costs of S\$23.1 million included construction expenses in relation to the Senoko boiler upgrade. The boiler upgrade was completed in 3Q FY16.

Finance costs was lower by S\$5.0 million in 1Q FY16 as certain financing costs was not payable by Basslink due to the cable outage last year.

Trustee-Managers' fees of S\$2.6 million for 1Q FY17 was higher than 1Q FY16, as a result of difference in timing of receipt of distributions from the respective entities.

Other operating expenses increased from S\$9.6 million in 1Q FY16 to S\$14.1 million in 1Q FY17 due mainly to abortive expenses incurred in connection with a potential acquisition and professional fees incurred for the Basslink outage.

Share of results of joint venture relates to KIT's interest in DataCentre One. The construction of the DataCentre was completed on 12 April 2016 and the lease commenced on the same date. On 7 February 2017, the DataCentre obtained its Certificate of Statutory Completion ("CSC").

#### *Profit attributable to Unitholders of the Trust*

The higher profit attributable to Unitholders in 1Q FY17 as compared to 1Q FY16 mainly arose from higher contributions from Basslink and KMC, coupled with lower depreciation and amortisation expenses. These were partially offset by lower contribution from City Gas due to the time lag in the adjustment of gas tariffs to reflect actual fuel cost.

### 8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$420.0 million as at 31 March 2017, comparable to 31 December 2016. The net current liabilities position was due to a reclassification of S\$731.1 million borrowings from non-current liabilities to current liabilities in accordance with FRS 1. Please refer to Paragraph 1(b)(ii) for further details.

Total assets as at 31 March 2017 was S\$4,101.6 million, marginally lower than total assets of S\$4,118.6 million as at 31 December 2016.

As at 31 March 2017, total liabilities of S\$2,680.2 million was slightly higher than S\$2,664.7 million as at 31 December 2016 as the Trust drew on its facility to repay one of its subsidiaries.

Total Unitholders' funds stood at S\$1,233.6 million as at 31 March 2017, lower than S\$1,255.4 million as at 31 December 2016 due to distributions paid, partially offset by marked-to-market movements of the derivative financial instruments and profit recognised for the quarter.

### 8.4 Balance Sheet – Trust

Net assets as at 31 March 2017 was S\$1,636.6 million compared to S\$1,634.4 million as at 31 December 2016 due to profits for the quarter, offset by distributions paid.

## 9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2017 has been disclosed.

## 10. PROSPECTS

KIT's assets typically generate stable cash flows, with repairs and maintenance of the plants provided for as scheduled outages.

However, if such an outage lasts longer than anticipated and causes the availabilities of the plants to fall below their respective contracted levels, the plants will not be able to receive full payments due under their contracts. In addition, if the plants incur significant downtime due to extraordinary or extensive repairs, it could also lead to termination of contracts and/or liabilities or compensation arising under such agreements. Similarly, reduced availability due to the foregoing reasons would also affect production levels and revenues at City Gas.

City Gas' performance could fluctuate depending on changes in economic conditions and time lag in the adjustments of gas tariffs in response to changes in fuel costs. The tariff adjustments mechanism is designed to ensure that City Gas fully recovers its fuel costs over the long run.

Waste and water concessions have long-term contracts with Singapore statutory bodies and derive most of their cash flows from capacity and availability payments. As such, the underlying performance of these assets are expected to remain stable.

Under the capacity tolling agreement, KMC will receive a maximum annual capacity fee of S\$108 million as long as it meets the availability and capacity test targets, with most of its operating costs being passed through.

While intended to be neutral over the long-term, the CRSM in Basslink may fluctuate in the short-term and such fluctuations will affect the revenues of Basslink. Following a review in April 2016, the CRSM has been adjusted from a band of +25%/-20% to +12.5%/-12.5%, thus reducing the volatility in the facility fees to be received.

DataCentre One was handed over on 12 April 2016 and has commenced generating cash flows. The DataCentre obtained its CSC on 7 February 2017.

CityNet receives an annual management fee from its appointment as trustee-manager of NetLink Trust. CityNet received notice from Singtel of its intention to replace CityNet as the trustee-manager in early 2017. A resolution to replace CityNet as trustee-manager was passed at an Extraordinary General Meeting held on 23 March 2017 and the approval of the Info-communications Media Development Authority of Singapore was sought and obtained thereafter. The effective date of cessation as trustee-manager was 13 April 2017.

On 20 December 2015, Basslink was taken out of service due to a cable fault incident. The cable returned to service on 13 June 2016. The independent international cable expert charged with investigating the cable fault completed the investigations in December 2016 and concluded that the cause of the cable fault is "cause unknown". Based on current circumstances and professional advice, Basslink maintains that the outage is a force majeure event.

Basslink has ongoing discussions with Hydro Tasmania and the banking syndicate on matters arising from the outage, including the subsisting default under the project financing which was announced on 18 July 2016. While Hydro Tasmania has not paid Basslink facility fees since September 2016 (as Hydro Tasmania disagrees that the outage is a force majeure event), Basslink has received good faith payments from Hydro Tasmania since December 2016, whilst the outstanding matters are being resolved. Basslink continues to work closely and engage with Hydro Tasmania towards achieving a satisfactory outcome.

The insurer has confirmed that the physical loss and damage to the cable as well as time element loss (such as business interruption loss) arising from the incident are insurable (subject to the relevant terms of the insurance policy). An advance payment of A\$40 million has been made by the insurer to Basslink, out of which approximately A\$13.7 million was used to pay for part of the repair costs of the interconnector. While the remaining advance payment received is sufficient to cover Basslink's operating needs, its usage is subject to the consent of the banking syndicate due to the aforesaid subsisting default. Basslink is in discussions with the banking syndicate for release of part of the insurance proceeds for Basslink to meet its immediate operating needs as a result of the payment issue with Hydro Tasmania. Basslink is also working with the insurer on the remaining claims under the insurance policy. The foregoing is not expected to have any material financial impact on the distributions per Unit of KIT for the financial year ending 31 December 2017, since KIT does not rely on Basslink's cash flows for its distributions. Unitholders will be updated as more information becomes available.

The Trustee-Manager will evaluate asset enhancement opportunities in its portfolio, and will continue to identify and evaluate suitable acquisitions, including those from the Sponsor, under its investment mandate to further grow the Trust.

## **11. DISTRIBUTIONS**

### **11a. Current financial period reported on**

Any distributions recommended for the current financial period reported on? Yes

Amount : S\$35.9 million

Distribution period : 1 January 2017 to 31 March 2017

Distribution rate : 0.93 Singapore cents per unit

Distribution type : Cash, Tax-exempt Distribution

Tax rate : Distributions to Unitholders are exempt from Singapore income tax, regardless of their nationality, corporate identity or tax residence status. No credit is allowed to Unitholders for the tax paid by the Trustee-Manager.

### **11b. Corresponding Period of the Immediately Preceding Financial Year**

Any distributions recommended for the current financial period reported on? Yes

Amount : S\$35.9 million

Distribution period : 1 January 2016 to 31 March 2016

Distribution rate : 0.93 Singapore cents per unit

Distribution type : Cash, Tax-exempt Distribution

Tax rate : Distributions to Unitholders are exempt from Singapore income tax, regardless of their nationality, corporate identity or tax residence status. No credit is allowed to Unitholders for the tax paid by the Trustee-Manager.

### **11c. Date Payable**

19 May 2017

### **11d. Books Closure Date**

Notice is hereby given that, the Unit Transfer Books and Register of Unitholders of KIT will be closed at 5.00 p.m. on 25 April 2017 for the purposes of determining each Unitholder's entitlement to the Distribution. Duly completed transfers in respect of Units in the capital of KIT received by the Registrar, Boardroom Corporate & Advisory Services Pte. Ltd, 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623, up to 5.00 p.m. on 25 April 2017 will be registered to determine Unitholders' entitlement to the Distribution. Unitholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with Units at 5.00 p.m. on 25 April 2017 will be entitled to the Distribution.



## 12. INTERESTED PERSON TRANSACTIONS

The Group had obtained a general mandate pursuant to Rule 920 for interested person transactions as approved by independent unitholders at the annual general meeting held on 14 April 2016. The figures below are calculated based on the effective interest held by the Trust in each subsidiary. During the financial period, the following interested person transactions were entered into by the Group:

Name of Interested Person / Nature of Transaction	Aggregate value of all interested person transactions conducted during the financial period under review under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	1Q FY17 S\$'000	1Q FY16 S\$'000
<b>1. Temasek Holdings (Private) Limited and its Associates</b>		
General Transaction		
(a) Sales of Goods and Services	407	285
(b) Management Fee Income	943	1,034
(c) Reimbursement of expenses	32,941	1,629
(d) Purchases	143,654	38,470
(e) Rental expense	1,625	2,530
Total	179,570	43,948
<b>2. Keppel Corporation Group</b>		
General Transaction		
(a) Management Fee Expense	2,879	2,445
(b) Purchases	15,543	11,374
Treasury Transactions	45,796	25,790
Total	64,218	39,609

## CONFIRMATION BY THE BOARD

Pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 1Q FY17 financial statements of Keppel Infrastructure Trust to be false or misleading, in any material aspect.

## CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)

The Trustee-Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors



KOH BAN HENG  
Chairman

Singapore  
17 April 2017



ONG TIONG GUAN  
Director