

Keppel Infrastructure Trust

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MEDIA RELEASE

Keppel Infrastructure Trust Unaudited Results for the Fourth Quarter and Full Year Ended 31 December 2019

20 January 2020

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 fourth quarter and full year ended 31 December 2019.

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Keppel Infrastructure Trust achieves a 33.7% YoY increase in distributable cash flow for FY 2019

Results Highlights

- Distributable cash flow (DCF) for the full year ended 2019 (FY 2019) was \$188.7 million¹, a 33.7% year-on-year (YoY) increase from FY 2018
- Distribution per Unit (DPU) for FY 2019 was 3.72 cents, translating to a distribution yield of 6.9%²
- Completed the divestment of Keppel Infrastructure Trust (KIT)'s 51% stake in DataCentre One in October 2019

Financial Performance

Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), as Trustee-Manager of KIT, has achieved a DCF of \$38.9 million for the fourth quarter of 2019 (4Q 2019), bringing DCF for FY 2019 to \$188.7 million. This was 13.7% and 33.7% higher than the corresponding periods in 2018 respectively. The stronger performance for FY 2019 was driven mainly by the contribution from Ixom HoldCo Pty Ltd (Ixom), whose acquisition was completed in February 2019.

A segmental breakdown of KIT's DCF is tabled below, and excludes cash flows from Basslink. KIT currently does not depend on Basslink's cash flows for distribution.

| Segmental Performance | Distributable Cash Flow | | | | | |
|-------------------------------------|-------------------------|--------------------|---------------|--------------------|--------------------|---------------|
| | 4Q 2019 \$ '000 | 4Q 2018 \$ '000 | Change (%) | FY 2019 \$ '000 | FY 2018 \$ '000 | Change (%) |
| Distribution & Network ¹ | 20,747 | 8,985 | >100.0 | 99,941 | 40,468 | >100.0 |
| Energy | 7,947 | 11,538 | (31.1) | 41,699 | 45,141 | (7.6) |
| Waste & Water | 18,398 | 18,075 | 1.8 | 73,010 | 71,343 | 2.3 |
| Others ³ | (8,239) | (4,423) | (86.3) | (25,946) | (15,762) | (64.6) |
| Total | 38,853 | 34,175 | 13.7 | 188,704 | 141,190 | 33.7 |

The Trustee-Manager has declared DPU of 0.93 cents for 4Q 2019, bringing DPU for FY 2019 to 3.72 cents. This translates to a distribution yield of 6.9%, based on the market closing price per Unit of \$0.540 as at 31 December 2019.

Operational Performance

Stronger contributions from the Distribution & Network segment was driven mainly by the strategic addition of Ixom. Ixom delivered on its targets in 2019, supported by continued operational excellence, working capital and cost optimisation, as well as ongoing productivity improvements. Ixom is well

¹ Excludes Basslink as KIT does not depend on Basslink's cash flows for distribution

² Based on the market closing price per Unit of \$0.540 as at 31 December 2019

³ Comprises mainly Trust expenses and distribution paid/payable to perpetual securities holders, management fees and financing costs

positioned to pursue long-term growth opportunities, leveraging its established track record and expertise in the manufacturing and distribution of industrial chemicals for a broad range of industries.

As a provider of essential services of town gas, City Gas continued to deliver steady growth, expanding its reach of retail and commercial customers to 859,000 as at end-2019, a 2.0% growth from 2018.

On 27 November 2019, Basslink Pty Ltd announced a 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector and the waiver by the lending syndicate of all breaches and events of default that had arisen under the financing arrangements then. As updated previously, the ongoing disputes between Basslink with Hydro Tasmania (HT) and the State of Tasmania (State) arising from the December 2015 outage have been referred to arbitration. KIT and Basslink continue to work with HT and the State in relation to the Basslink interconnector.

Currently, Ixom and Basslink's operations are not affected by the bushfire in Australia. All of Ixom and Basslink's sites are also not within any fire warning zones. The management teams are monitoring the bushfire risk closely and there are business continuity plans as well as insurance in place should any sites get affected.

In the Energy segment, the Keppel Merlimau Cogen plant (KMC) achieved contracted availability of 96% in 2019. Assets in the Waste & Water sectors continued to fulfill all contractual obligations in the quarter and for the whole of 2019.

Meanwhile, KIT continues to monitor the operational performance of the SingSpring Desalination plant, in which it owns a 70% interest, to ensure that the plant's obligations under the Water Purchase Agreement are satisfactorily discharged. Operations at the plant remain stable, and the plant has fulfilled all contractual requirements as at 31 December 2019.

On 31 October 2019, KIT completed the divestment of its 51% stake in DataCentre One. Proceeds from the divestment are expected to be redeployed into quality acquisitions that will strengthen KIT's portfolio, as well as for refinancing purposes and working capital needs.

Looking Ahead

Investments into infrastructure is expected to remain a key driver of economic growth, as cities look to uplift communities through the provision of essential products and services that will support commercial activities, improve connectivity, as well as drive the use of clean and renewable energy, among others. Supporting this drive for economic progression, infrastructure, as an asset class, is expected to remain resilient through economic cycles given its highly defensive and strategic nature.

Anchored by its well-diversified portfolio of quality infrastructure businesses and assets, KIT is well positioned to deliver sustainable value to Unitholders. At the same time, the Trustee-Manager will continue to grow KIT through acquisitions that will create greater value for the Trust and Unitholders through stable recurring returns and steady long-term capital appreciation.

- End -

About Keppel Infrastructure Trust (www.kepinfratrust.com)

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with over \$5 billion in assets under management. Its goal is to deliver sustainable returns to Unitholders, through a combination of recurring distributions and capital growth over the long term.

KIT's portfolio of strategic infrastructure businesses and assets provide essential products and services to a wide array of customers including government agencies, multinational corporations, commercial and industrial enterprises as well as retail consumers. Its assets are segmented into the three core sectors of Distribution & Network, Energy and Waste & Water.

Businesses and assets in the Distribution & Network segment provide essential products and services in the areas of gas production, telecoms and electricity transmission as well as manufacturing and distribution of critical and essential 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.

The Energy and Waste & Water segments comprises 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 or availability payments, providing KIT with stable cash flows.

The Trustee-Manager for KIT is Keppel Infrastructure Fund Management, a wholly-owned subsidiary of Keppel Capital Holdings Pte. Ltd., a premier asset manager in Asia. KIT is sponsored by Keppel Infrastructure Holdings Pte. Ltd., which invests in, owns and operates competitive energy and infrastructure solutions and services.

**KEPPEL INFRASTRUCTURE TRUST
FULL YEAR 2019 FINANCIAL STATEMENTS AND DISTRIBUTION ANNOUNCEMENT
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Keppel Infrastructure Trust

Registration Number 2007001

(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 January 2007 (as amended))

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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 December 2019 included 100% interest in City Gas, Senoko Waste-to-Energy (WTE) Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, Basslink and Ixom; 70% interest in SingSpring Desalination Plant and 51% in Keppel Merlimau Cogen and City-OG Gas.

On 19 February 2019, KIT completed its acquisition of 100% of the shares in Ixom HoldCo Pty Ltd (“Ixom”), one of the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals which are key to fundamental industries, as well as industrial and specialty chemicals.

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 YEAR ENDED 31 DECEMBER 2019**

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 year ended 31 December 2019.

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

(i) **Consolidated Income Statement**

| | 4Q FY19 S\$'000 | 4Q FY18 S\$'000 | Change % | Group | | Change % |
|---|--------------------|--------------------|-------------|-------------------|-------------------|-------------|
| | | | | FY2019 S\$'000 | FY2018 S\$'000 | |
| Revenue | 422,756 | 172,184 | >100.0 | 1,566,715 | 637,387 | >100.0 |
| Other income | 3,000 | 2,288 | 31.1 | 8,154 | 9,169 | (11.1) |
| Other gain / (losses) - net | 52,297 | (1,309) | N/M | 37,545 | (13,650) | N/M |
| Expenses | | | | | | |
| Fuel and electricity costs | (33,247) | (42,055) | (20.9) | (149,239) | (155,601) | (4.1) |
| Gas transportation and freight costs | (43,323) | (23,771) | 82.3 | (155,607) | (93,873) | 65.8 |
| Depreciation and amortisation | (70,000) | (25,775) | >100.0 | (173,067) | (103,480) | 67.2 |
| Staff costs | (40,113) | (7,473) | >100.0 | (133,911) | (27,378) | >100.0 |
| Operation and maintenance costs | (28,161) | (19,003) | 48.2 | (95,137) | (77,859) | 22.2 |
| Chemicals production and distribution costs | (172,783) | - | N/M | (585,913) | - | N/M |
| Finance costs | (37,578) | (29,956) | 25.4 | (145,864) | (123,669) | 17.9 |
| Trustee-Manager's fees | (5,997) | (2,224) | >100.0 | (25,869) | (9,742) | >100.0 |
| Other operating expenses | (30,187) | (13,433) | >100.0 | (134,318) | (47,459) | >100.0 |
| Total expenses | (461,389) | (163,690) | >100.0 | (1,598,925) | (639,061) | >100.0 |
| Profit/(Loss) before joint venture | 16,664 | 9,473 | 75.9 | 13,489 | (6,155) | N/M |
| Share of results of joint venture | 298 | 1,027 | (71.0) | 3,342 | 3,840 | (13.0) |
| Profit/(Loss) before tax | 16,962 | 10,500 | 61.5 | 16,831 | (2,315) | N/M |
| Income tax expense | 5,950 | 2,374 | >100.0 | (6,637) | (43) | >100.0 |
| Net profit/(loss) after tax | 22,912 | 12,874 | 78.0 | 10,194 | (2,358) | N/M |
| Profit/(Loss) attributable to: | | | | | | |
| Unitholders | 29,473 | 20,413 | 44.4 | 38,578 | 32,023 | 20.5 |
| Perpetual securities holders | 3,423 | - | N/M | 7,757 | - | N/M |
| Non-controlling interests | (9,984) | (7,539) | 32.4 | (36,141) | (34,381) | 5.1 |
| | 22,912 | 12,874 | 78.0 | 10,194 | (2,358) | N/M |

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

| | 4Q FY19 | 4Q FY18 | Change | Group FY2019 | FY2018 | Change |
|--|-----------------|----------|--------|-----------------|----------|--------|
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Net profit/(loss) after tax | 22,912 | 12,874 | 78.0 | 10,194 | (2,358) | N/M |
| Other comprehensive income: | | | | | | |
| <u>Items that may be reclassified</u> | | | | | | |
| <u>subsequently to income statement</u> | | | | | | |
| Cash flow hedges: | | | | | | |
| - Fair value gains/(losses) | 20,909 | (12,464) | N/M | (58,078) | (14,560) | >100.0 |
| - Transfer to income statement | (3,589) | 4,468 | N/M | 18,491 | 28,025 | (34.0) |
| Share of net change in fair value of cash flow hedges of a joint venture | 1,574 | (164) | N/M | 1,008 | 502 | >100.0 |
| Currency translation differences relating to consolidation of foreign subsidiaries | (9,284) | (285) | >100.0 | (46,111) | (91) | >100.0 |
| Defined benefit plan reserve: | | | | | | |
| - Fair value (losses) | (7,901) | - | N/M | (7,901) | - | N/M |
| Other comprehensive income, net of tax | 1,709 | (8,445) | N/M | (92,591) | 13,876 | N/M |
| Total comprehensive income | 24,621 | 4,429 | >100.0 | (82,397) | 11,518 | N/M |
| Attributable to: | | | | | | |
| Unitholders | 31,328 | 12,107 | >100.0 | (54,825) | 42,525 | N/M |
| Perpetual securities holders | 3,423 | - | N/M | 7,757 | - | N/M |
| Non-controlling interests | (10,130) | (7,678) | 31.9 | (35,329) | (31,007) | 13.9 |
| | 24,621 | 4,429 | >100.0 | (82,397) | 11,518 | N/M |

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

| | <u>Group</u> | | <u>Trust</u> | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 31 Dec 2019 S\$'000 | 31 Dec 2018 S\$'000 | 31 Dec 2019 S\$'000 | 31 Dec 2018 S\$'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 2,355,741 | 2,152,479 | - | - |
| Intangibles | 985,341 | 518,758 | - | - |
| Investment in subsidiaries | - | - | 1,305,565 | 801,231 |
| Investment in and advances to joint venture | - | 20,009 | - | - |
| Notes receivables | - | - | 775,712 | 775,712 |
| Amount receivable from a subsidiary | - | - | 12,407 | 15,387 |
| Service concession receivables | 284,372 | 332,221 | - | - |
| Finance lease receivables | 84,772 | 95,070 | - | - |
| Derivative financial instruments | 40 | 69 | - | - |
| Right-of-use asset | 114,668 | - | - | - |
| Other assets | 149,093 | 164,785 | - | - |
| Total non-current assets | 3,974,027 | 3,283,391 | 2,093,684 | 1,592,330 |
| Current Assets | | | | |
| Cash and bank deposits | 470,093 | 231,603 | 215,275 | 26,116 |
| Trade and other receivables | 269,885 | 151,787 | 8,946 | 13,784 |
| Service concession receivables | 47,856 | 46,537 | - | - |
| Finance lease receivables | 10,487 | 10,069 | - | - |
| Derivative financial instruments | 847 | 202 | - | 31 |
| Inventories | 198,772 | 59,236 | - | - |
| Current tax receivable | 2,790 | - | - | - |
| Other current assets | 28,518 | 22,182 | 15 | 14 |
| Total current assets | 1,029,248 | 521,616 | 224,236 | 39,945 |
| Current Liabilities | | | | |
| Borrowings | 1,318,473 | 1,034,565 | - | 147,609 |
| Trade and other payables | 318,733 | 177,905 | 6,606 | 3,648 |
| Provisions | 23,235 | - | - | - |
| Derivative financial instruments | 25,589 | 16,772 | - | - |
| Finance lease payables | 13,786 | - | - | - |
| Income tax payable | 6,281 | 4,356 | 87 | 15 |
| Total current liabilities | 1,706,097 | 1,233,598 | 6,693 | 151,272 |
| Net Current (Liabilities)/Assets | (676,849) | (711,982) | 217,543 | (111,327) |
| Non-Current Liabilities | | | | |
| Borrowings | 793,180 | 740,383 | 99,783 | - |
| Notes payable to non-controlling interests | 260,000 | 260,000 | - | - |
| Derivative financial instruments | 127,441 | 99,491 | 1,230 | - |
| Other payables | 246,373 | 250,732 | - | - |
| Provisions | 55,973 | 26,935 | - | - |
| Finance lease payables | 81,500 | - | - | - |
| Deferred tax liabilities | 18,542 | 15,612 | - | - |
| Total non-current liabilities | 1,583,009 | 1,393,153 | 101,013 | - |
| Net Assets | 1,714,169 | 1,178,256 | 2,210,214 | 1,481,003 |
| Represented by: | | | | |
| Unitholders' Funds | | | | |
| Units in issue | 2,630,307 | 2,138,066 | 2,630,307 | 2,138,066 |
| Other reserves | (255,413) | (162,008) | (1,230) | 31 |
| Accumulated losses | (1,050,488) | (923,582) | (717,834) | (657,094) |
| Total Unitholders' funds | 1,324,406 | 1,052,476 | 1,911,243 | 1,481,003 |
| Perpetual securities | 298,971 | - | 298,971 | - |
| Non-controlling interests | 90,792 | 125,780 | - | - |
| Total | 1,714,169 | 1,178,256 | 2,210,214 | 1,481,003 |

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 Dec 2019 | 31 Dec 2018 |
| | S\$'000 | S\$'000 |
| Unsecured borrowings | | |
| Amount repayable within one year | - | 147,609 |
| Amount repayable after one year | <u>277,361</u> | - |
| | <u>277,361</u> | <u>147,609</u> |
| Secured borrowings | | |
| Amount repayable within one year | <u>1,318,473</u> | 886,956 |
| Amount repayable after one year | <u>515,819</u> | 740,383 |
| | <u>1,834,292</u> | <u>1,627,339</u> |
| Total borrowings | <u>2,111,653</u> | <u>1,774,948</u> |

Details of collaterals

The bank borrowings are secured over the assets and business undertakings of SingSpring, Basslink Group and Ixom 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 Ltd¹, 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. In November 2019, Basslink announced a 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector and the waiver by the lending syndicate of all breaches and events of default that had arisen under the financing arrangements as at 27 November 2019.

Basslink remains current on its debt payments under the project financing subsequent to the return to service of the interconnector on 13 June 2016.

¹ 30% unitholder of SingSpring Trust

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

| | <u>Group</u> | | | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 4Q FY19 S\$'000 | 4Q FY18 S\$'000 | FY2019 S\$'000 | FY2018 S\$'000 |
| Operating activities | | | | |
| Profit/(loss) before tax | 16,962 | 10,500 | 16,831 | (2,315) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 70,000 | 25,775 | 173,067 | 103,480 |
| Finance costs | 37,578 | 29,956 | 145,864 | 123,669 |
| Interest income | (1,537) | (585) | (4,027) | (2,022) |
| Fair value loss on derivative financial instruments | (7,861) | 1,317 | 5,787 | 13,275 |
| Impairment loss on trade and other receivables (net) | (13) | 71 | (119) | 757 |
| Property, plant and equipment written off | - | 3 | - | 3 |
| Transaction cost | 2,950 | - | 38,075 | - |
| Gain on disposal of property, plant and equipment | - | (2) | (21) | (2) |
| Gain on disposal of joint venture | (44,796) | - | (44,796) | - |
| Share of results of joint venture | (298) | (1,027) | (3,342) | (3,840) |
| Unrealised foreign exchange loss | 2,443 | 325 | 793 | (349) |
| Management fees paid in units | - | - | 239 | 528 |
| Operating cash flows before working capital changes | 75,428 | 66,333 | 328,351 | 233,184 |
| Changes in working capital : | | | | |
| Trade and other receivables | 37,410 | 12,800 | 174,925 | 61,059 |
| Trade and other payables | (21,377) | (1,700) | (34,816) | 3,725 |
| Inventories | 34,460 | (3,753) | 53,417 | (5,375) |
| Cash generated from operations | 125,921 | 73,680 | 521,877 | 292,593 |
| Interest received | 1,771 | 752 | 3,989 | 2,028 |
| Interest paid | (46,399) | (23,637) | (157,959) | (110,923) |
| Income tax paid | (6,051) | (392) | (19,716) | (3,221) |
| Net cash from operating activities | 75,242 | 50,403 | 348,191 | 180,477 |
| Investing activities | | | | |
| Acquisition of subsidiary, net of cash acquired (Note b) | - | - | (746,220) | - |
| Dividend received from joint venture | - | 989 | 3,054 | 3,723 |
| Repayment of advances from joint venture | 19,069 | 337 | 19,990 | 1,362 |
| Divestment of joint venture net of transaction cost | 46,111 | - | 46,111 | - |
| Purchase of property, plant and equipment and intangible assets | (16,356) | (8,133) | (33,413) | (8,502) |
| Proceeds from sale of property, plant and equipment | 7,099 | 14 | 7,217 | 14 |
| Proceeds from sale of inventories | 299 | 191 | 1,218 | 313 |
| Net cash from/(used in) investing activities | 56,222 | (6,602) | (702,043) | (3,090) |
| Financing activities | | | | |
| Decrease/(Increase) in restricted cash | 24,284 | (1,209) | 27,093 | (2,144) |
| Proceeds from issuance of units (net) | 6 | - | 492,241 | - |
| Proceeds from issuance of perpetual securities (net) | 104 | - | 298,190 | - |
| Proceeds from borrowings | - | 2,000 | 1,504,165 | 2,000 |
| Repayment of borrowings | (35,372) | (4,186) | (1,494,826) | (16,134) |
| Repayment of obligations under finance leases | (5,083) | - | (12,746) | - |
| Payment of loan upfront fees | (3,783) | - | (17,119) | - |
| Distributions paid to Perpetual securities holders | (6,976) | - | (6,976) | - |
| Distributions paid to Unitholders of the Trust | (46,448) | (35,883) | (165,484) | (143,512) |
| Distributions paid by subsidiaries to non-controlling interests | (1,672) | (389) | (4,966) | (2,172) |
| Net cash (used in)/from financing activities | (74,940) | (39,667) | 619,572 | (161,962) |
| Net increase in cash and cash equivalents | 56,524 | 4,134 | 265,720 | 15,425 |
| Cash and cash equivalents at beginning of the period | 389,101 | 175,374 | 179,705 | 164,202 |
| Effect of currency translation on cash and cash equivalents | (335) | 197 | (135) | 78 |
| Cash and cash equivalents at end of the period (Note a) | 445,290 | 179,705 | 445,290 | 179,705 |

1(c) **CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

Note a:

| | 31 Dec 2019 S\$'000 | 31 Dec 2018 S\$'000 |
|---------------------------|------------------------|------------------------|
| Cash and bank deposits | 470,093 | 231,603 |
| Less: Restricted cash | <u>(24,803)</u> | <u>(51,898)</u> |
| Cash and cash equivalents | <u>445,290</u> | <u>179,705</u> |

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.

Note b:

During the year, the acquisition of 100% share in Ixom was completed on 19 February 2019. The provisional fair values of the net assets of the subsidiary acquired were as follows:

| | Fair value S\$'000 |
|---|-----------------------|
| Property, plant and equipment | 486,070 |
| Identifiable intangible assets | 103,395 |
| Prepayments | 3,420 |
| Financial liabilities | (726,456) |
| Inventories | 202,001 |
| Financial assets | 287,749 |
| Deferred tax assets / (liabilities) | <u>(19,664)</u> |
| Total identifiable assets acquired and liabilities assumed | 336,515 |
| Non-controlling interest | (5,307) |
| Goodwill | 431,465 |
| Total consideration transferred in cash | <u>762,673</u> |
| Net cash outflow arising on acquisition: | |
| Cash consideration | 762,673 |
| Less: cash and cash equivalent balances acquired | <u>(54,528)</u> |
| | <u>708,145</u> |

The Group incurred acquisition costs of \$38.1m.

The purchase price allocation of the acquisition of Ixom for the quarter ended 31 December 2019 is provisional and the Group expects to complete the purchase price allocation exercise within 12 months from date of acquisition of Ixom.

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 | Defined Benefit Plan Reserve S\$'000 | Accumulated Losses S\$'000 | Total Unitholders' Funds S\$'000 | Perpetual Securities S\$'000 | Non-controlling Interests S\$'000 | Total S\$'000 |
| 2019 | | | | | | | | | | |
| At 1 January 2019 | 2,138,066 | (200,226) | (492) | 38,710 | - | (923,582) | 1,052,476 | - | 125,780 | 1,178,256 |
| <u>Total comprehensive income</u> | | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | 9,105 | 9,105 | 4,334 | (26,157) | (12,718) |
| Other comprehensive income for the period | - | (58,212) | (37,046) | - | - | - | (95,258) | - | 958 | (94,300) |
| Total | - | (58,212) | (37,046) | - | - | 9,105 | (86,153) | 4,334 | (25,199) | (107,018) |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Issue of units | 501,032 | - | - | - | - | - | 501,032 | - | - | 501,032 |
| Issue of perpetual securities | - | - | - | - | - | - | - | 300,000 | - | 300,000 |
| Issuance cost | (8,797) | - | - | - | - | - | (8,797) | (1,914) | - | (10,711) |
| Distributions paid | - | - | - | - | - | (119,036) | (119,036) | - | (3,294) | (122,330) |
| Total | 492,235 | - | - | - | - | (119,036) | 373,199 | 298,086 | (3,294) | 667,991 |
| <u>Changes in ownership interests in subsidiary</u> | | | | | | | | | | |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 5,121 | 5,121 |
| At 30 September 2019 | 2,630,301 | (258,438) | (37,538) | 38,710 | - | (1,033,513) | 1,339,522 | 302,420 | 102,408 | 1,744,350 |
| <u>Total comprehensive income</u> | | | | | | | | | | |
| Profit/(loss) for the period | - | - | - | - | - | 29,473 | 29,473 | 3,423 | (9,984) | 22,912 |
| Other comprehensive income for the period | - | 18,825 | (9,071) | - | (7,901) | - | 1,853 | - | (146) | 1,707 |
| Total | - | 18,825 | (9,071) | - | (7,901) | 29,473 | 31,326 | 3,423 | (10,130) | 24,619 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | | | |
| Issuance cost | 6 | - | - | - | - | - | 6 | 104 | - | 110 |
| Distributions paid | - | - | - | - | - | (46,448) | (46,448) | (6,976) | (1,672) | (55,096) |
| Total | 6 | - | - | - | - | (46,448) | (46,442) | (6,872) | (1,672) | (54,986) |
| <u>Changes in ownership interests in subsidiary</u> | | | | | | | | | | |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | 186 | 186 |
| At 31 December 2019 | 2,630,307 | (239,613) | (46,609) | 38,710 | (7,901) | (1,050,488) | 1,324,406 | 298,971 | 90,792 | 1,714,169 |

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

Group

| | Attributable to Unitholders of the Trust | | | | | | | Total S\$'000 |
|---|--|-------------------------------|-----------------------------------|-------------------------------|----------------------------------|---|---|------------------|
| | 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 | |
| 2018 | | | | | | | | |
| At 1 January 2018 | 2,137,538 | (210,861) | (359) | 38,710 | (812,093) | 1,152,935 | 158,959 | 1,311,894 |
| <u>Total comprehensive income</u> | | | | | | | | |
| Profit/(Loss) for the period | - | - | - | - | 11,610 | 11,610 | (26,842) | (15,232) |
| Other comprehensive income for the period | - | 18,664 | 144 | - | - | 18,808 | 3,513 | 22,321 |
| Total | - | 18,664 | 144 | - | 11,610 | 30,418 | (23,329) | 7,089 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | |
| Issue of units | 528 | - | - | - | - | 528 | - | 528 |
| Distributions paid | - | - | - | - | (107,629) | (107,629) | (2,172) | (109,801) |
| Total | 528 | - | - | - | (107,629) | (107,101) | (2,172) | (109,273) |
| At 30 September 2018 | 2,138,066 | (192,197) | (215) | 38,710 | (908,112) | 1,076,252 | 133,458 | 1,209,710 |
| <u>Total comprehensive income</u> | | | | | | | | |
| Profit/(Loss) for the period | - | - | - | - | 20,413 | 20,413 | (7,539) | 12,874 |
| Other comprehensive income for the period | - | (8,029) | (277) | - | - | (8,306) | (139) | (8,445) |
| Total | - | (8,029) | (277) | - | 20,413 | 12,107 | (7,678) | 4,429 |
| <u>Contributions by and distributions to owners</u> | | | | | | | | |
| Distributions paid | - | - | - | - | (35,883) | (35,883) | - | (35,883) |
| Total | - | - | - | - | (35,883) | (35,883) | - | (35,883) |
| At 31 December 2018 | 2,138,066 | (200,226) | (492) | 38,710 | (923,582) | 1,052,476 | 125,780 | 1,178,256 |

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 | Perpetual Securities S\$'000 | Total S\$'000 |
|---|------------------------------|-------------------------------|----------------------------------|---|------------------------------------|------------------|
| 2019 | | | | | | |
| At 1 January 2019 | 2,138,066 | 31 | (657,094) | 1,481,003 | - | 1,481,003 |
| <u>Total comprehensive income</u> | | | | | | |
| Profit for the period | - | - | 67,213 | 67,213 | 4,334 | 71,547 |
| Other comprehensive income for the period | - | (1,135) | - | (1,135) | - | (1,135) |
| Total | - | (1,135) | 67,213 | 66,078 | 4,334 | 70,412 |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Issue of units | 501,032 | - | - | 501,032 | - | 501,032 |
| Issue of perpetual securities | - | - | - | - | 300,000 | 300,000 |
| Issuance cost | (8,797) | - | - | (8,797) | (1,914) | (10,711) |
| Distributions paid | - | - | (119,036) | (119,036) | - | (119,036) |
| Total | 492,235 | - | (119,036) | 373,199 | 298,086 | 671,285 |
| At 30 September 2019 | 2,630,301 | (1,104) | (708,917) | 1,920,280 | 302,420 | 2,222,700 |
| <u>Total comprehensive income</u> | | | | | | |
| Profit for the period | - | - | 37,531 | 37,531 | 3,423 | 40,954 |
| Other comprehensive income for the period | - | (126) | - | (126) | - | (126) |
| Total | - | (126) | 37,531 | 37,405 | 3,423 | 40,828 |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Issuance cost | 6 | - | - | 6 | 104 | 110 |
| Distributions paid | - | - | (46,448) | (46,448) | (6,976) | (53,424) |
| Total | 6 | - | (46,448) | (46,442) | (6,872) | (53,314) |
| At 31 December 2019 | 2,630,307 | (1,230) | (717,834) | 1,911,243 | 298,971 | 2,210,214 |
| 2018 | | | | | | |
| At 1 January 2018 | 2,137,538 | (859) | (602,765) | 1,533,914 | - | 1,533,914 |
| <u>Total comprehensive income</u> | | | | | | |
| Profit for the period | - | - | 107,804 | 107,804 | - | 107,804 |
| Other comprehensive income for the period | - | 790 | - | 790 | - | 790 |
| Total | - | 790 | 107,804 | 108,594 | - | 108,594 |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Issue of units | 528 | - | - | 528 | - | 528 |
| Distributions paid | - | - | (107,629) | (107,629) | - | (107,629) |
| Total | 528 | - | (107,629) | (107,101) | - | (107,101) |
| At 30 September 2018 | 2,138,066 | (69) | (602,590) | 1,535,407 | - | 1,535,407 |
| <u>Total comprehensive income</u> | | | | | | |
| Loss for the period | - | - | (18,621) | (18,621) | - | (18,621) |
| Other comprehensive income for the period | - | 100 | - | 100 | - | 100 |
| Total | - | 100 | (18,621) | (18,521) | - | (18,521) |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Distributions paid | - | - | (35,883) | (35,883) | - | (35,883) |
| Total | - | - | (35,883) | (35,883) | - | (35,883) |
| At 31 December 2018 | 2,138,066 | 31 | (657,094) | 1,481,003 | - | 1,481,003 |

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

| GROUP and TRUST | 1 Oct 2019 to 31 Dec 2019 | 1 Oct 2018 to 31 Dec 2018 | 1 Jan 2019 to 31 Dec 2019 | 1 Jan 2018 to 31 Dec 2018 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Issued units at the beginning of the period | 4,994,391,069 | 3,858,298,065 | 3,858,298,065 | 3,857,378,731 |
| Settlement of management fees ⁽¹⁾ | - | - | 509,007 | 919,334 |
| Private placement | - | - | 680,273,000 | - |
| Preferential offering | - | - | 455,310,997 | - |
| Issued units at the end of the period | 4,994,391,069 | 3,858,298,065 | 4,994,391,069 | 3,858,298,065 |

Note:

(1) This relates to the payment of 5.9% of 4Q FY18 and 4.4% of 1Q FY19 (20.6% of 4Q FY17 and 3% of 1Q FY18) management 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 December 2019 and 31 December 2018.

The total number of issued units as at 31 December 2019 and 31 December 2018 were 4,994,391,069 and 3,858,298,065 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 2018.

5. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all the new and revised SFRS(I) and SFRS(I) INT that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) and SFRS(I) INT did not result in changes to the Group's and Trust's accounting policies except for the adoption of SFRS(I) 16 *Leases*.

SFRS(I) 16 *Leases* is effective for financial years beginning on or after 1 January 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors will not change significantly.

5. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The Group elected 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 *Leases* 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*;
- on a lease-by-lease basis to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

| | <u>Group</u> | |
|---|-----------------------|------------------------|
| | 1 Jan 2019 S\$'000 | 31 Dec 2018 S\$'000 |
| Increase/(Decrease) in: | | |
| <u>Statement of Financial Position</u> | | |
| Right-of-use asset | 43,989 | - |
| Finance lease payables | 43,989 | - |
| | | |

Note:

The variance in right-of-use asset and finance lease payable balances between 1 January 2019 and 31 December 2019 is mainly due to the consolidation of Ixom's leases.

6. EARNINGS PER UNIT ("EPU")

| | <u>Group</u> | | | | | |
|--|---------------|---------------|------|---------------------|---------------|-------|
| | 4Q FY19 | 4Q FY18 | % | FY2019 | FY2018 | % |
| Weighted average number of units | 4,993,471,735 | 3,858,298,065 | 29.4 | 4,708,579,744 | 3,858,117,720 | 22.0 |
| EPU | | | | | | |
| - based on the weighted average number of units in issue (cents) | | | | | | |
| - basic and diluted | 0.59 | 0.53 | 11.3 | 0.82 ⁽¹⁾ | 0.83 | (1.2) |

⁽¹⁾ The EPU for FY2019 comprised of transaction cost incurred in relation to the Ixom acquisition. Excluding the transaction cost, EPU for FY2019 would be 1.63 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

| | <u>Group</u> | | | <u>Trust</u> | | |
|---|--------------|-------------|-------|--------------|-------------|-------|
| | 31 Dec 2019 | 31 Dec 2018 | % | 31 Dec 2019 | 31 Dec 2018 | % |
| NAV per unit (cents) | 26.5 | 27.3 | (2.9) | 38.3 | 38.4 | (0.3) |
| Adjusted NAV per unit (cents) | | | | | | |
| - (after distribution payable to unitholders) | 25.6 | 26.4 | (3.0) | 37.4 | 37.5 | (0.3) |

The Group NAV per unit before hedging and translation reserves was 32.2 cents as at 31 December 2019 and 32.5 cents as at 31 December 2018. The Trust NAV per unit before hedging reserves was 38.3 cents as at 31 December 2019 and 38.4 cents as at 31 December 2018.

7. NET ASSET VALUE (“NAV”) PER UNIT (CONT’D)

The Group NAV per unit including perpetual securities was 32.5 cents as at 31 December 2019 and 27.3 cents as at 31 December 2018. The Trust NAV per unit including perpetual securities was 44.3 cents as at 31 December 2019 and 38.4 cents as at 31 December 2018.

The number of units used for computation of NAV per unit and adjusted NAV per unit were 4,994,391,069 and 3,858,298,065 which were the number of units in issue as at 31 December 2019 and 31 December 2018 respectively.

8. REVIEW OF PERFORMANCE

8.1 Cash flow

The Group’s cash and bank deposits net of restricted cash were S\$445.3 million and S\$179.7 million as at 31 December 2019 and 31 December 2018, respectively.

Net cash generated from operating activities in FY2019 was S\$348.2 million, S\$167.7 million higher than FY2018, largely due to consolidation of Ixom from 19 February 2019 and timing difference in working capital.

Net cash used in investing activities of S\$702.0 million in FY2019 relates mainly to the acquisition of Ixom and capital expenditure, partially offset by the net proceeds in relation to the disposal of 51% stake in Datacentre One. In FY2018 net cash used in investing activities of S\$3.1 million was mainly on purchase of property, plant and equipment. This was partially offset by receipt of dividend and repayment of advances from DataCentre One.

Net cash from financing activities of S\$619.6 million in FY2019 mainly pertains to equity raised, issuance of perpetual securities and borrowings taken to fund the acquisition of Ixom, partially offset by the repayment of certain facilities of the Group and payment of distributions to unitholders. In FY2018, net cash used in financing activities of S\$162.0 million mainly relates to payment of distributions to unitholders and repayment of borrowings.

8.2 Income Statement

Revenue

Group revenue for 4Q FY19 and FY2019 was S\$422.8 million and S\$1,566.7 million, respectively. These were higher than 4Q FY18 and FY2018, largely driven by the consolidation of Ixom from 19 February 2019, which contributed revenue of S\$264.3 million and S\$915.2 million in 4Q FY19 and FY2019, respectively.

At City Gas, revenue of S\$82.0 million and S\$343.2 million in 4Q FY19 and FY2019 were lower than corresponding period last year due to lower tariff as a result of lower fuel prices and lower volume of gas sold. City Gas achieved 100% plant availability during the period.

The Concessions² contributed revenue of S\$25.0 million in 4Q FY19 and S\$100.3 million in FY2019 which were higher than last year due to higher output from the plants. All 4 plants fulfilled their contractual obligations during the period.

Basslink’s revenue for 4Q FY19 of S\$22.5 million was comparable to 4Q FY18 of S\$24.6 million. Revenue for FY2019 of S\$82.2 million was higher than FY2018 of S\$67.1 million, as there was a service outage from 25 March to 5 June 2018, resulting in lower fees earned during that period.

At KMC, revenue of S\$29.0 million and S\$125.8 million for 4Q FY19 and FY2019 respectively was lower than 4Q corresponding period last year due to unplanned maintenance which was promptly rectified. KMC achieved 96% plant availability for the year.

Other gains / (losses) - net

Other gains / (losses) comprised mainly the gain on divestment of 51% stake in Datacentre One and fair value movement of financial derivative instruments.

Expenses

Fuel and electricity costs for 4Q FY19 and FY2019 were lower than last year due to lower fuel prices.

² 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)

Higher gas transportation and freight costs, depreciation and amortisation, staff costs, operation and maintenance, chemicals production and distribution costs, finance costs and other operating expenses in 4Q FY19 and FY2019 as compared to last year is mainly due to the consolidation of Ixom's expenses from 19 February 2019.

Higher trustee-manager's fees in FY2019 were mainly due to the acquisition fee paid in relation to the acquisition of Ixom coupled with divestment fees paid in relation to the divestment of Datacentre One.

Share of results of joint venture relates to KIT's interest in DataCentre One. The 51% stake in Datacentre One has been divested on 31 October 2019.

Profit attributable to Unitholders of the Trust

The Group recorded higher profit attributable to Unitholders of the Trust in 4Q FY19 as compared to last year mainly arising from consolidation of Ixom's results.

Profit attributable to Unitholders in FY2019 was higher compared to FY2018 mainly due to gain from divestment of 51% stake in Datacentre One net of transaction cost incurred during the period in relation to Ixom acquisition. Excluding the transaction cost, profit attributable to Unitholders of the Trust would be higher than last year by S\$44.6 million mainly arising from higher contributions from Basslink and the consolidation of Ixom's results from 19 February 2019.

8.3 Balance Sheet – Group

Total assets as at 31 December 2019 of S\$5,003.3 million, higher than total assets of S\$3,805.0 million as at 31 December 2018 due to consolidation of Ixom.

Similarly, total liabilities as at 31 December 2019 of S\$3,289.1 million was higher than S\$2,626.8 million as at 31 December 2018 due to consolidation of Ixom. The Group reported net current liabilities of S\$676.8 million as at 31 December 2019 which includes reclassification of S\$610.3 million borrowings as current liability which stems from 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector on 27 November 2019. Please refer to Paragraph 10 for further details.

Total Unitholders' funds stood at S\$1,324.4 million as at 31 December 2019, higher than S\$1,052.5 million as at 31 December 2018 arising from an equity fund raising exercise partially offset by distributions paid, hedging reserve and foreign currency translation loss.

8.4 Balance Sheet – Trust

Net assets as at 31 December 2019 of S\$2,210.2 million was higher compared to S\$1,481.0 million as at 31 December 2018 arising from the equity fund raising exercise and perpetual securities issued in relation to acquisition of Ixom during the year.

9. VARIANCE FROM FORECAST STATEMENT

No forecast statement for financial year 2019 has been disclosed.

10. PROSPECTS

City Gas and Ixom are businesses that provide essential products and services which are scalable, supported by their leading market positions.

KIT's power and water and waste assets typically generate stable cash flows as a function of availability. All our plants follow industry best practices.

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 grow the Trust.

10. PROSPECTS (CONT'D)

Keppel Merlimau Cogen

Under the capacity tolling agreement, KMC will receive a maximum annual capacity fee of S\$108 million (S\$55.1 million based on KIT's 51% interest in KMC) as long as it meets the availability and capacity test targets.

City Gas

City Gas is the sole supplier of town gas, with history of over a century, in Singapore. It produces and sells town gas to residential customers, as well as town gas and natural gas to industrial customers.

The tariff adjustments mechanism is designed to ensure that City Gas fully recovers its fuel costs over the long run. In the short run, City Gas's financial performance could fluctuate due to time lag in the adjustment to the gas tariffs in response to changes in fuel cost.

Basslink

Following the low voltage cable outage on 24 August 2019, Basslink Interconnector has returned to service earlier than forecasted on 29 September 2019 and facility payments have resumed. The outage is not expected to have material financial impact on the net tangible asset per unit and distribution per unit of KIT for the financial year ending 31 December 2019.

While intended to be neutral over the long-term, the CRSM in Basslink in 2019 has been positive and ended with positive +12.5% for FY2019.

On 20 December 2015, the Basslink interconnector asset was taken out of service due to a cable failure (the "Incident"). The cable returned to service on 13 June 2016. Basslink continues to maintain its position that the Incident was a Force Majeure Event under the Basslink Operations Agreement and Basslink Service Agreement and strongly denies the allegations made by the State of Tasmania (the "State") and Hydro Tasmania ("HT"). Basslink is vigorously defending itself in the arbitration and the arbitration is expected to conclude in 2020.

On 27 November 2019, Basslink announced a 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector and the waiver by the lending syndicate of all breaches and events of default that had arisen under the financing arrangements as at 27 November 2019.

DataCentre One

On 16 September 2019, KIT announced that it is divesting its 51% stake in DataCentre One to Keppel DC REIT for a consideration of S\$102.9 million. The divestment which was completed on 31 October 2019, allows KIT to realise the remaining lease value in DataCentre One upfront and the net proceeds are expected to be deployed into quality acquisitions that will strengthen KIT's portfolio, as well as for refinancing purposes and working capital needs.

Ixom

Ixom's revenue profile is seasonal over the course of the year which is typical for a business of this nature in Australia and New Zealand.

Ixom, which started contributing to KIT from 19 February 2019, has delivered S\$49.3 million of distributable cashflows to date. The Ixom Group's business has historically produced stable and resilient distributable cash flows each year. For the current period, it is on track to deliver its projected cash distribution targets.

Waste and water plants

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. In view of developments at Hyflux, KIT has increased its monitoring of operational performance at SingSpring Desalination Plant to ensure that SingSpring's obligations under the Water Purchase Agreement are satisfactorily discharged. There has been no impact to operations at the SingSpring Desalination Plant, KIT continues to work to ensure operational continuity. KIT will make the necessary announcements, if and when, there are material developments.

11. DISTRIBUTIONS

11a. Current financial period reported on

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

| | | |
|---------------------|---|--|
| Amount | : | S\$46.4 million |
| Distribution period | : | 1 October 2019 to 31 December 2019 |
| 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 October 2018 to 31 December 2018 |
| 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

14 February 2020

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 29 January 2020 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 29 January 2020 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 29 January 2020 will be entitled to the Distribution.

12. SEGMENT ANALYSIS

Management monitors the results of the Group based on the following operating segments for the purpose of making decisions in resource allocation and performance assessment:

- Energy: tolling arrangement for the power plant in Singapore;
- Distribution & Network: production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia, supplying and distributing water treatment chemicals, industrial and specialty chemicals and leasing of a data centre;
- Water & Waste: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for FY2019 and FY2018 are set out below:

By Business Segment

| | Energy | | Distribution & Network | | | Water & Waste | Corporate | Total |
|--|------------------|---------------------|------------------------|------------------|-------------------|----------------|-----------------|------------------|
| | KMC S\$'000 | City Gas S\$'000 | Basslink S\$'000 | Ixom S\$'000 | DC One S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| FY2019 | | | | | | | | |
| Revenue | 125,816 | 343,189 | 82,202 | 915,185 | - | 100,323 | - | 1,566,715 |
| Profit/(loss) before tax | (40,171) | 47,648 | (8,989) | (11,775) | - | 21,586 | 8,532 | 16,831 |
| Funds from Operations ("FFO")⁽¹⁾ | 41,699 | 45,982 | 7,931 | 49,281 | 6,383 | 79,287 | (25,947) | 204,616 |
| Other segment items | | | | | | | | |
| Depreciation and amortisation | (76,948) | (3,975) | (16,874) | (68,121) | - | (7,149) | - | (173,067) |
| Fair value gain/(loss) on derivative financial instruments | - | (427) | (5,360) | - | - | - | - | (5,787) |
| Impairment loss on trade and other receivables (net) | - | (241) | - | - | - | - | 14 | (227) |
| Share of results of joint venture | - | - | - | - | 3,342 | - | - | 3,342 |
| Finance costs ⁽²⁾ | (64,438) | (5,302) | (43,925) | (23,854) | - | (2,589) | (5,756) | (145,864) |
| A reconciliation of cash earnings to loss before tax is provided as follows: | | | | | | | | |
| Funds from Operations | | | | | | | | 204,616 |
| Reduction in concession / lease receivables | | | | | | | | (55,894) |
| Non-cash finance cost | | | | | | | | (7,820) |
| Other non-cash items | | | | | | | | 17,093 |
| Depreciation and amortisation | | | | | | | | (173,067) |
| Maintenance capital expenditure | | | | | | | | 26,010 |
| Finance cost attributable to non-controlling interest | | | | | | | | (43,850) |
| FFO from joint venture | | | | | | | | (6,383) |
| FFO attributable to non-controlling interests | | | | | | | | 48,369 |
| Distribution to perps holders | | | | | | | | 7,757 |
| Profit before tax | | | | | | | | 16,831 |
| Segment and consolidated total assets | 1,562,915 | 588,278 | 850,486 | 1,244,775 | - | 533,816 | 223,005 | 5,003,275 |
| Segment liabilities | 1,155,435 | 347,384 | 840,836 | 746,130 | - | 77,214 | 88,854 | 3,255,853 |
| Unallocated liabilities: | | | | | | | | |
| Current tax liabilities | | | | | | | | 6,281 |
| Deferred tax liabilities | | | | | | | | 18,542 |
| Consolidated total liabilities | | | | | | | | 3,289,106 |
| Other segment items | | | | | | | | |
| Maintenance capital expenditure - property, plant and equipment | 643 | 886 | 4,151 | 20,327 | - | 3 | - | 26,010 |

⁽¹⁾ Funds from operations is defined as PAT 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 KIT.

12. SEGMENT ANALYSIS (CONT'D)

By Business Segment (cont'd)

| | Energy | Distribution & Network | | Water & Waste | Corporate | Total | |
|--|-----------------|------------------------|-----------------|---------------|---------------|-----------------|----------------|
| | KMC | City Gas | Basslink | DC One | | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| FY2018 | | | | | | | |
| Revenue | 129,121 | 347,629 | 67,123 | - | 93,514 | - | 637,387 |
| Profit/(loss) before tax | (33,572) | 37,043 | (15,886) | - | 22,611 | (12,512) | (2,315) |
| Funds from Operations ("FFO")⁽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) | - | (7,054) | - | (103,480) |
| Fair value loss on derivative financial instruments | - | 8 | (13,283) | - | - | - | (13,275) |
| Impairment loss on trade and other receivables (net) | - | (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 cash earnings to profit before tax is provided as follows:

| | | | | | | | |
|---|------------------|----------------|----------------|---------------|----------------|----------------|------------------|
| 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) |
| Transaction costs in relation to acquisition | | | | | | | - |
| Maintenance capital expenditure | | | | | | | 8,490 |
| Finance cost attributable to non-controlling interest | | | | | | | (43,850) |
| FFO from joint venture | | | | | | | (7,419) |
| FFO attributable to non-controlling interests | | | | | | | 51,424 |
| Profit before tax | | | | | | | (2,315) |
| 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 | | | | | | | |
| Maintenance capital expenditure - property, plant and equipment | - | 697 | 7,780 | - | 13 | - | 8,490 |

⁽¹⁾ Funds from operations is defined as PAT 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 KIT.

12. SEGMENT ANALYSIS (CONT'D)

By Geographical Area

The Group has operations in Singapore and Australia. Revenue is based on the country in which the operation is located. Total non-current assets are shown by the geographical area where the assets are located.

| | Revenue | | Non-current assets ⁽¹⁾ | |
|-----------|-------------------|-------------------|-----------------------------------|------------------------|
| | FY2019 S\$'000 | FY2018 S\$'000 | 31 Dec 2019 S\$'000 | 31 Dec 2018 S\$'000 |
| Singapore | 521,765 | 570,264 | 2,630,211 | 1,811,798 |
| Australia | 1,044,950 | 67,123 | 710,871 | 879,448 |
| | <u>1,566,715</u> | <u>637,387</u> | <u>3,341,082</u> | <u>2,691,246</u> |

⁽¹⁾ Comprise property, plant and equipment, intangibles and investment in joint venture

13. IN THE REVIEW OF PERFORMANCE, THE FACTORS LEADING TO ANY MATERIAL CHANGES IN CONTRIBUTIONS TO TURNOVER AND EARNINGS BY THE BUSINESS OR GEOGRAPHICAL SEGMENTS

Refer to Paragraph 8.

14. BREAKDOWN OF REVENUE

| | FY2019 S\$'000 | FY2018 S\$'000 | Change % |
|--|-------------------|-------------------|-------------|
| a) Revenue | | | |
| First half of the year | 736,487 | 303,157 | >100.0 |
| Second half of the year | <u>830,228</u> | <u>334,230</u> | >100.0 |
| | <u>1,566,715</u> | <u>637,387</u> | >100.0 |
| b) Profit/(Loss) after tax before deducting non-controlling interests | | | |
| First half of the year | (16,462) | (14,812) | 11.1 |
| Second half of the year | <u>26,656</u> | <u>12,454</u> | >100.0 |
| | <u>10,194</u> | <u>(2,358)</u> | N/M |

15. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION

| | FY2019 S\$'000 | FY2018 S\$'000 |
|---|-------------------|-------------------|
| Total Distribution paid/payable | | |
| - 1 January 2018 to 31 March 2018 | - | 35,881 |
| - 1 April 2018 to 30 June 2018 | - | 35,881 |
| - 1 July 2018 to 30 September 2018 | - | 35,883 |
| - 1 October 2018 to 31 December 2018 | - | 35,883 |
| - 1 January 2019 to 24 March 2019 | 33,095 | - |
| - 25 March 2019 to 31 March 2019 | 3,611 | - |
| - 1 April 2019 to 30 June 2019 | 46,448 | - |
| - 1 July 2019 to 30 September 2019 | 46,448 | - |
| - 1 October 2019 to 31 December 2019 ⁽¹⁾ | 46,448 | - |
| | <u>176,050</u> | <u>143,528</u> |

⁽¹⁾ For the quarter ended 31 December 2019, the Trustee-Manager of the Trust declared a distribution per unit of 0.93 Singapore cents totaling S\$46.4 million to the unitholders of the Trust, payable on 14 February 2020.

16. 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 16 April 2019. 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 during the financial period under review (excluding transactions less than S\$100,000 and transactions Conducted under unitholder's mandate pursuant to Rule 920) | | 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) | |
|---|---|-------------------|--|-------------------|
| | FY2019 S\$'000 | FY2018 S\$'000 | FY2019 S\$'000 | FY2018 S\$'000 |
| 1. Temasek Holdings (Private) Limited and its Associates | | | | |
| General Transaction | | | | |
| (a) Sales of Goods and Services | - | - | 12,337 | 1,828 |
| (b) Purchases | 1,044 | - | 171,564 | 175,584 |
| (c) Rental expense | - | - | 2,834 | 1,762 |
| Total | 1,044 | - | 186,735 | 179,174 |
| 2. Keppel Corporation Group | | | | |
| General Transaction | | | | |
| (a) Sales of Goods and Services | 260 | - | 1,090 | - |
| (b) Purchases | - | - | 36,696 | 44,493 |
| (c) Management Fee Expense | - | - | 26,431 | 9,934 |
| (d) Reimbursement of expenses | - | - | 136 | 157 |
| Treasury Transactions | - | - | 480,426 | 162,568 |
| Investment or Divestment | 104,255 | - | - | - |
| Total | 104,515 | - | 544,779 | 217,152 |

REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in Keppel Infrastructure Fund Management Pte Ltd ("KIFM"), as Trustee-Manager of Keppel Infrastructure Trust or any of its principal subsidiaries is a relative of a director or chief executive officer of KIFM or substantial unitholder of Keppel Infrastructure Trust.

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



CHRISTINA TAN HUA MUI
Director

Singapore
20 January 2020

IMPORTANT NOTICE

The past performance of KIT is not necessarily indicative of its future performance. Certain statements made in this announcement may not be based on historical information or facts and may be "forward-looking" statements due to a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar businesses and governmental and public policy changes, and the continued availability of financing in the amounts and terms necessary to support future business. Such forward-looking statements speak only as of the date on which they are made, and KIT does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking statements.

Prospective investors and unitholders of KIT ("Unitholders") are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of KIT) (the "Trustee-Manager") on future events. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained in this announcement. The information is subject to change without notice, its accuracy is not guaranteed, has not been independently verified and may not contain all material information concerning KIT. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, KIT, the Trustee-Manager or any of its affiliates and/or subsidiaries. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on SGX-ST does not guarantee a liquid market for the Units.