

**KEPPEL INFRASTRUCTURE TRUST
THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 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 30 September 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 subsidiary ceased to be the trustee-manager of NetLink Trust on 13 April 2017.

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 THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 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 third quarter and 9 months ended 30 September 2017.

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

(i) Consolidated Income Statement

	<u>Group</u>					
	3Q FY17	3Q FY16	Change	9M FY17	9M FY16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	160,267	160,276	(0.0)	474,359	428,876	10.6
Other income	875	4,255	(79.4)	2,652	22,294	(88.1)
Other losses - net	(1,475)	(1,741)	(15.3)	(5,207)	(4,395)	18.5
Expenses						
Fuel and electricity costs	(29,863)	(25,077)	19.1	(92,200)	(68,640)	34.3
Gas transportation costs	(23,574)	(23,104)	2.0	(69,872)	(67,316)	3.8
Depreciation and amortisation	(26,089)	(28,435)	(8.3)	(78,936)	(85,843)	(8.0)
Staff costs	(6,884)	(6,044)	13.9	(19,656)	(18,794)	4.6
Operation and maintenance costs	(21,154)	(27,763)	(23.8)	(61,855)	(74,992)	(17.5)
Finance costs	(31,502)	(32,448)	(2.9)	(93,699)	(85,993)	9.0
Trustee-Manager's fees	(2,597)	(2,611)	(0.5)	(7,494)	(7,023)	6.7
Other operating expenses	(10,924)	(9,045)	20.8	(35,382)	(29,561)	19.7
Total expenses	(152,587)	(154,527)	(1.3)	(459,094)	(438,162)	4.8
Profit before joint venture	7,080	8,263	(14.3)	12,710	8,613	47.6
Share of results of joint venture	830	231	>100.0	1,805	405	>100.0
Profit before tax	7,910	8,494	(6.9)	14,515	9,018	61.0
Income tax expense	(1,537)	(786)	95.5	(3,113)	(3,188)	(2.4)
Net profit after tax	6,373	7,708	(17.3)	11,402	5,830	95.6
Profit/(Loss) attributable to:						
Unitholders	15,496	16,955	(8.6)	38,006	33,525	13.4
Non-controlling interests	(9,123)	(9,247)	(1.3)	(26,604)	(27,695)	(3.9)
	6,373	7,708	(17.3)	11,402	5,830	95.6

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

	<u>Group</u>					
	3Q FY17	3Q FY16	Change	9M FY17	9M FY16	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Net profit after tax	6,373	7,708	(17.3)	11,402	5,830	95.6
Other comprehensive income:						
<u>Items that may be reclassified</u>						
<u>subsequently to income statement</u>						
Cash flow hedges:						
- Fair value gain/(losses)	396	(21,465)	N/M	(40,320)	(86,478)	(53.4)
- Transfer to income statement	7,577	8,467	(10.5)	21,924	11,884	84.5
Share of net change in fair value of cash flow hedges of a joint venture	40	(1,771)	N/M	(1,126)	(1,771)	(36.4)
Currency translation differences relating to consolidation of foreign subsidiaries	(97)	(679)	(85.7)	(173)	(274)	(36.9)
Other comprehensive income, net of tax	7,916	(15,448)	N/M	(19,695)	(76,639)	(74.3)
Total comprehensive income	14,289	(7,740)	N/M	(8,293)	(70,809)	(88.3)
Attributable to:						
Unitholders	22,979	2,882	>100.0	23,257	(33,913)	N/M
Non-controlling interests	(8,690)	(10,622)	(18.2)	(31,550)	(36,896)	(14.5)
	14,289	(7,740)	N/M	(8,293)	(70,809)	(88.3)

N/M - Not meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	<u>Group</u>		<u>Trust</u>	
	30 Sep 2017 S\$'000	31 Dec 2016 S\$'000	30 Sep 2017 S\$'000	31 Dec 2016 S\$'000
Non-Current Assets				
Property, plant and equipment	2,325,050	2,379,600	-	-
Intangibles	531,056	537,165	-	-
Investment in subsidiaries	-	-	949,256	951,030
Investment in and advances to joint venture	20,990	23,432	-	-
Notes receivables	-	-	775,712	775,712
Amount receivable from a subsidiary	-	-	20,028	22,028
Service concession receivables	390,075	424,025	-	-
Finance lease receivables	107,580	114,823	-	-
Other assets	184,604	122,874	-	-
Total non-current assets	3,559,355	3,601,919	1,744,996	1,748,770
Current Assets				
Cash and bank deposits	228,668	266,859	37,503	51,969
Trade and other receivables	146,554	118,866	5,430	4,717
Service concession receivables	44,971	44,034	-	-
Finance lease receivables	9,614	9,319	-	-
Derivative financial instruments	202	1,055	-	-
Inventories	55,247	54,456	-	-
Other current assets	21,423	22,134	44	55
Total current assets	506,679	516,723	42,977	56,741
Current Liabilities				
Borrowings	766,364	752,106	-	-
Loan from a subsidiary	-	-	-	43,335
Trade and other payables	172,618	160,193	3,729	4,122
Derivative financial instruments	19,812	19,571	-	-
Income tax payable	5,117	5,454	16	19
Total current liabilities	963,911	937,324	3,745	47,476
Net Current (Liabilities)/Assets	(457,232)	(420,601)	39,232	9,265
Non-Current Liabilities				
Borrowings	1,076,665	1,058,576	147,872	122,612
Notes payable to non-controlling interests	260,000	260,000	-	-
Derivative financial instruments	112,822	85,976	1,502	986
Other payables	263,386	268,838	-	-
Provisions	32,580	31,280	-	-
Deferred tax liabilities	20,291	22,678	-	-
Total non-current liabilities	1,765,744	1,727,348	149,374	123,598
Net Assets	1,336,379	1,453,970	1,634,854	1,634,437
Represented by:				
Unitholders' Funds				
Units in issue	2,137,538	2,137,389	2,137,538	2,137,389
Hedging reserve	(219,183)	(204,478)	(1,502)	(986)
Translation reserve	(26,631)	(26,587)	-	-
Capital reserve	38,710	38,710	-	-
Accumulated losses	(759,240)	(689,644)	(501,182)	(501,966)
Total Unitholders' funds	1,171,194	1,255,390	1,634,854	1,634,437
Non-controlling interests	165,185	198,580	-	-
	1,336,379	1,453,970	1,634,854	1,634,437

Please refer to paragraphs 8.3 and 8.4 for further details.

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

	Group	
	30 Sep 2017	31 Dec 2016
	S\$'000	S\$'000
Unsecured borrowings		
Amount repayable after one year	147,872	122,612
	147,872	122,612
Secured borrowings		
Amount repayable within one year	766,364	752,106
Amount repayable after one year	928,793	935,964
	1,695,157	1,688,070
Total borrowings	1,843,029	1,810,682

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 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. As announced on 14 August 2017, 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 30 September 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 30 September 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.

¹ 30% unitholder of SingSpring Trust

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

	Group			
	3Q FY17 S\$'000	3Q FY16 S\$'000	9M FY17 S\$'000	9M FY16 S\$'000
Operating activities				
Profit before tax	7,910	8,494	14,515	9,018
Adjustments for:				
Depreciation and amortisation	26,089	28,435	78,936	85,843
Finance costs	31,502	32,448	93,699	85,993
Interest income	(421)	(441)	(1,203)	(1,297)
Fair value loss on derivative financial instruments	1,460	1,896	5,208	4,135
Allowance for doubtful trade and other receivables (net)	200	19	381	49
Gain on construction of assets	-	(773)	-	(773)
Property, plant and equipment written off	1	10	1	496
(Gain)/Loss on disposal of property, plant and equipment	(7)	17	(7)	17
Share of results of joint venture	(830)	(231)	(1,805)	(405)
Unrealised foreign exchange (gain)/loss	(120)	(257)	64	(133)
Management fees paid in units	-	-	149	67
Operating cash flows before working capital changes	<u>65,784</u>	<u>69,617</u>	<u>189,938</u>	<u>183,010</u>
Changes in working capital :				
Trade and other receivables	(10,205)	(17,198)	(48,910)	(39,313)
Trade and other payables	4,843	6,375	(7,546)	8,831
Inventories	(1,940)	(2,502)	(1,341)	2,243
Cash generated from operations	<u>58,482</u>	<u>56,292</u>	<u>132,141</u>	<u>154,771</u>
Interest received	364	426	1,330	1,221
Interest paid	(24,937)	(29,233)	(75,924)	(79,814)
Income tax paid	(1,246)	(2,258)	(3,733)	(7,148)
Net cash generated from operating activities	<u>32,663</u>	<u>25,227</u>	<u>53,814</u>	<u>69,030</u>
Investing activities				
Dividend received from joint venture	747	-	1,347	-
Repayment of advances from joint venture	324	-	1,774	-
Advances to joint venture	-	-	-	(2,346)
Purchase of property, plant and equipment	(311)	(643)	(492)	(1,224)
Construction of assets	-	(10,561)	-	(17,487)
Proceeds from sale of property, plant and equipment	56	6	56	6
Proceeds from sale of inventories	550	617	550	617
Net cash generated from/(used in) investing activities	<u>1,366</u>	<u>(10,581)</u>	<u>3,235</u>	<u>(20,434)</u>
Financing activities				
(Increase)/Decrease in restricted cash	(915)	(15,704)	1,001	9,270
Proceeds from borrowings	2,400	34,439	47,207	91,466
Repayment of loan from a related party	-	-	-	(4,541)
Repayment of borrowings	(3,235)	(3,364)	(33,120)	(9,681)
Unclaimed distributions written back	-	-	15	-
Payment of loan upfront fees	-	-	-	(326)
Distributions paid to Unitholders of the Trust	(35,875)	(35,870)	(107,617)	(107,611)
Distributions paid by subsidiaries to non-controlling interests	(660)	(998)	(1,845)	(2,228)
Net cash used in from financing activities	<u>(38,285)</u>	<u>(21,497)</u>	<u>(94,359)</u>	<u>(23,651)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(4,256)</u>	<u>(6,851)</u>	<u>(37,310)</u>	<u>24,945</u>
Cash and cash equivalents at beginning of the period	<u>181,534</u>	<u>231,874</u>	<u>214,513</u>	<u>200,064</u>
Effect of currency translation on cash and cash equivalents	45	(17)	120	(3)
Cash and cash equivalents at end of the period (Note a)	<u>177,323</u>	<u>225,006</u>	<u>177,323</u>	<u>225,006</u>

Note a:

	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
Cash and bank deposits	228,668	259,311
Less: Restricted cash	(51,345)	(34,305)
Cash and cash equivalents	<u>177,323</u>	<u>225,006</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.

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

<u>Group</u>	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	
2017								
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	-	-	-	-	22,510	22,510	(17,481)	5,029
Other comprehensive income for the period	-	(22,223)	(9)	-	-	(22,232)	(5,379)	(27,611)
Total	-	(22,223)	(9)	-	22,510	278	(22,860)	(22,582)
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	149	-	-	-	-	149	-	149
Unclaimed distributions written back	-	-	-	-	15	15	-	15
Distributions paid	-	-	-	-	(71,742)	(71,742)	(1,185)	(72,927)
Total	149	-	-	-	(71,727)	(71,578)	(1,185)	(72,763)
At 30 June 2017	2,137,538	(226,701)	(26,596)	38,710	(738,861)	1,184,090	174,535	1,358,625
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	15,496	15,496	(9,123)	6,373
Other comprehensive income for the period	-	7,518	(35)	-	-	7,483	433	7,916
Total	-	7,518	(35)	-	15,496	22,979	(8,690)	14,289
<u>Transactions with owners, recognised directly in equity</u>								
Distributions paid	-	-	-	-	(35,875)	(35,875)	(660)	(36,535)
At 30 September 2017	2,137,538	(219,183)	(26,631)	38,710	(759,240)	1,171,194	165,185	1,336,379

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

<u>Group</u>	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	
2016								
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	-	-	-	-	16,570	16,570	(18,448)	(1,878)
Other comprehensive income for the period	-	(53,858)	493	-	-	(53,365)	(7,826)	(61,191)
Total	-	(53,858)	493	-	16,570	(36,795)	(26,274)	(63,069)
<u>Transactions with owners, recognised directly in equity</u>								
Units issued	67	-	-	-	-	67	-	67
Distributions paid	-	-	-	-	(71,741)	(71,741)	(1,230)	(72,971)
Total	67	-	-	-	(71,741)	(71,674)	(1,230)	(72,904)
At 30 June 2016	2,137,389	(255,630)	(26,629)	38,710	(642,521)	1,251,319	213,494	1,464,813
<u>Total comprehensive income</u>								
Profit/(Loss) for the period	-	-	-	-	16,955	16,955	(9,247)	7,708
Other comprehensive income for the period	-	(13,383)	(690)	-	-	(14,073)	(1,375)	(15,448)
Total	-	(13,383)	(690)	-	16,955	2,882	(10,622)	(7,740)
<u>Transactions with owners, recognised directly in equity</u>								
Distributions paid	-	-	-	-	(35,870)	(35,870)	(998)	(36,868)
At 30 September 2016	2,137,389	(269,013)	(27,319)	38,710	(661,436)	1,218,331	201,874	1,420,205

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

Trust

	Units in Issue S\$'000	Hedging Reserve S\$'000	Accumulated Losses S\$'000	Total Unitholders' Funds S\$'000
2017				
At 1 January 2017	2,137,389	(986)	(501,966)	1,634,437
<u>Total comprehensive income</u>				
Profit for the period	-	-	69,866	69,866
Other comprehensive income for the period	-	(616)	-	(616)
Total	-	(616)	69,866	69,250
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	149	-	-	149
Unclaimed distributions written back	-	-	15	15
Distributions paid	-	-	(71,742)	(71,742)
Total	149	-	(71,727)	(71,578)
At 30 June 2017	2,137,538	(1,602)	(503,827)	1,632,109
<u>Total comprehensive income</u>				
Profit for the period	-	-	38,520	38,520
Other comprehensive income for the period	-	100	-	100
Total	-	100	38,520	38,620
<u>Transactions with owners, recognised directly in equity</u>				
Distributions paid	-	-	(35,875)	(35,875)
At 30 September 2017	2,137,538	(1,502)	(501,182)	1,634,854
2016				
At 1 January 2016	2,137,322	-	(420,925)	1,716,397
<u>Total comprehensive income</u>				
Profit for the period	-	-	55,894	55,894
Other comprehensive income for the period	-	-	-	-
Total	-	-	55,894	55,894
<u>Transactions with owners, recognised directly in equity</u>				
Units issued	67	-	-	67
Distributions paid	-	-	(71,741)	(71,741)
Total	67	-	(71,741)	(71,674)
At 30 June 2016	2,137,389	-	(436,772)	1,700,617
<u>Total comprehensive income</u>				
Profit for the period	-	-	47,208	47,208
Other comprehensive income for the period	-	(1,663)	-	(1,663)
Total	-	(1,663)	47,208	45,545
<u>Transactions with owners, recognised directly in equity</u>				
Distributions paid	-	-	(35,870)	(35,870)
At 30 September 2016	2,137,389	(1,663)	(425,434)	1,710,292

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

	1 Jul 2017 to 30 Sep 2017	1 Jul 2016 to 30 Sep 2016	1 Jan 2017 to 30 Sep 2017	1 Jan 2016 to 30 Sep 2016
GROUP and TRUST				
Issued units at the beginning of the period	3,857,378,731	3,857,063,631	3,857,063,631	3,856,931,931
Issuance of new units ⁽¹⁾	-	-	315,100	131,700
Issued units at the end of the period	3,857,378,731	3,857,063,631	3,857,378,731	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 30 September 2017 and 31 December 2016.

The total number of issued units as at 30 September 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”)

	<u>Group</u>					
	3Q FY17	3Q FY16	%	9M FY17	9M FY16	%
Weighted average number of units	3,857,378,731	3,857,063,631	0.0	3,857,311,787	3,857,037,676	0.0
EPU						
- based on the weighted average number of units in issue (cents)						
- basic and diluted	0.40	0.44	(9.1)	0.99	0.87	13.8

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>		
	30 Sep 2017	31 Dec 2016	%	30 Sep 2017	31 Dec 2016	%
NAV per unit (cents)	30.4	32.5	(6.5)	42.4	42.4	-
Adjusted NAV per unit (cents)						
- (after distribution payable to unitholders)	29.5	31.6	(6.7)	41.5	41.5	-

The Group NAV per unit before hedging and translation reserves was 36.7 cents as at 30 September 2017 and 38.5 cents as at 31 December 2016. The Trust NAV per unit before hedging reserves was 42.4 cents as at 30 September 2017 and 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 30 September 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\$177.3 million and S\$225.0 million as at 30 September 2017 and 30 September 2016, respectively.

Net cash generated from operating activities in 9M FY17 was S\$53.8 million, S\$15.2 million lower than 9M FY16 due to timing difference in receipts and payments.

Net cash generated from investing activities of S\$3.2 million in 9M FY17 arose mainly from receipt of dividend and repayment of advances from Datacentre One. In 9M FY16, net cash used in investing activities relates mainly to advances to Datacentre One and the construction cost of Senoko boiler upgrade.

Net cash used in financing activities of S\$94.4 million and S\$23.7 million in 9M FY17 and 9M FY16 respectively, mainly relate to payment of distributions to unitholders and non-controlling interests of subsidiaries, partially offset by net proceeds from borrowings.

8. REVIEW OF PERFORMANCE (CONT'D)

8.2 Income Statement

Revenue

Group revenue for 3Q FY17 was S\$160.3 million, bringing total revenue recognised in 9M FY17 to S\$474.4 million, 10.6% higher than that of 9M FY16.

At City Gas, revenue of S\$81.7 million in 3Q FY17 and S\$239.2 million in 9M FY17 respectively, were higher than the corresponding periods in the previous financial year, due to higher town gas tariff and higher volume of town gas sold. City Gas achieved 100.0% plant availability during the period.

The Concessions² contributed revenue of S\$25.3 million in 3Q FY17 and S\$71.8 million in 9M FY17 compared to S\$32.6 million in 3Q FY16 and S\$88.6 million in 9M FY16. Revenue was higher last year due to the construction revenue recognised from the Senoko boiler upgrade which was completed in 3Q FY16. All 4 plants fulfilled their contractual obligations during the period.

Basslink's revenue for 3Q FY17 of A\$19.4 million (approximately S\$20.8 million) was 10.7% lower than 3Q FY16 of A\$21.7 million (approximately S\$22.1 million) as it recorded a positive CRSM in 3Q FY16. Its 9M FY17 revenue increased to A\$60.9 million (approximately S\$64.8 million), from A\$28.0 million (approximately S\$28.5 million) in 9M FY16 as no facility fees were recognised during the cable outage which occurred between 20 December 2015 and 12 June 2016.

Revenue from KMC for 3Q FY17 and 3Q FY16 were stable at S\$32.5 million. 9M FY17 revenue of S\$97.5 million was S\$1.9 million higher than 9M FY16 of S\$95.6 million due to an extended maintenance for one of its four turbines in 1Q FY16 which resulted in a slight reduction in capacity fee.

CityNet contributed revenue of S\$1.1 million in 9M FY17, \$2.0 million lower than 9M FY16 of S\$3.1 million due to the cessation as trustee-manager of Netlink Trust with effect from 13 April 2017.

Other income

Other income in 3Q FY16 and 9M FY16 included insurance compensation recognised in connection with Basslink's cable fault.

Other losses - net

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

Expenses

Fuel and electricity costs of S\$29.9 million in 3Q FY17 and S\$92.2 million in 9M FY17 were higher than 3Q FY16 and 9M FY16 due to higher fuel prices and higher volume of natural gas consumed.

Gas transportation costs of S\$23.6 million in 3Q FY17 and S\$69.9 million in 9M FY17 were slightly higher than last year with the upward revision of gas transportation fees and higher volume of town gas transported.

Depreciation and amortisation decreased from S\$28.4 million in 3Q FY16 to S\$26.1 million in 3Q FY17 and S\$85.8 million in 9M FY16 to S\$78.9 million in 9M FY17 as certain assets and intangible assets were fully depreciated and amortised in FY16.

Operation and maintenance costs were lower by S\$6.6 million in 3Q FY17 and S\$13.1 million in 9M FY17 as compared to 3Q FY16 and 9M FY16 respectively, mainly due to the construction expenses in relation to the Senoko boiler upgrade in FY16. The boiler upgrade was completed in 3Q FY16.

Finance costs for 3Q FY17 were comparable to 3Q FY16. Finance costs were higher by S\$7.7 million in 9M FY17 as certain financing costs was not payable by Basslink during the cable outage last year.

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)

Expenses (cont'd)

Other operating expenses increased from S\$9.0 million in 3Q FY16 to S\$10.9 million in 3Q FY17 due to higher marketing expenses incurred by City Gas and professional fees incurred for the Basslink outage. The increase from S\$29.6 million in 9M FY16 to S\$35.4 million in 9M FY17 was 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

Profit attributable to Unitholders of the Trust in 3Q FY17 was 8.6% lower than 3Q FY16 mainly due to insurance income recognised in 3Q FY16, partially offset by higher contributions from City Gas in 3Q FY17.

The higher profit attributable to Unitholders in 9M FY17 as compared to 9M FY16 mainly arose from higher contributions from Basslink, KMC and City Gas. These were partially offset by abortive expenses incurred in connection with a potential acquisition, professional fees incurred for the Basslink outage and lower contribution from CityNet.

8.3 Balance Sheet – Group

The Group reported net current liabilities of S\$457.2 million as at 30 September 2017, which was 8.7% higher than net current liabilities of S\$420.6 million as at 31 December 2016. The net current liabilities position was due to a reclassification of S\$740.3 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 30 September 2017 was S\$4,066.0 million, marginally lower than total assets of S\$4,118.6 million as at 31 December 2016.

As at 30 September 2017, total liabilities of S\$2,729.7 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 as well as higher marked-to-market movements of the derivatives financial instruments recognised.

Total Unitholders' funds stood at S\$1,171.2 million as at 30 September 2017, lower than S\$1,255.4 million as at 31 December 2016 due to distributions paid and marked-to-market movements of derivative financial instruments, partially offset by profit recognised for the period.

8.4 Balance Sheet – Trust

Net assets as at 30 September 2017 was S\$1,634.9 million compared to S\$1,634.4 million as at 31 December 2016 due to profits for the period, partially 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. Maintenance costs may fluctuate during the year depending on timing of the maintenance schedule.

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 (S\$55.1 million based on KIT's 51% interest in KMC) 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.

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 defaults under the project financing which were announced on 18 July 2016 and 14 August 2017. Hydro Tasmania did not pay Basslink the full facility fees from September 2016 to August 2017 (as Hydro Tasmania disagrees that the outage is a force majeure event), and had instead given good faith payments to Basslink from December 2016 to July 2017. On a positive note, from September 2017, Hydro Tasmania had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments) to Basslink. While Basslink will not be able to meet the minimum DSCR for the quarter ended 30 September 2017, following the resumption of payment of the full facility fees for a 12-month period by Hydro Tasmania, Basslink expects to meet the minimum debt service coverage ratio (DSCR) under the project financing as the DSCR is computed on a trailing 12-month basis. To-date, Basslink remains current on the debt and all outstanding payments under the project financing have been fulfilled. Basslink continues to work closely and engage with Hydro Tasmania and the banking syndicate 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\$46 million has been made by the insurer to Basslink, out of which approximately A\$14.1 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 defaults. Basslink is 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 July 2017 to 30 September 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 July 2016 to 30 September 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

17 November 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 October 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 October 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 October 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 18 April 2017. 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)	
	9M FY17 S\$'000	9M FY16 S\$'000
1. Temasek Holdings (Private) Limited and its Associates		
General Transaction		
(a) Sales of Goods and Services	5,832	2,010
(b) Management Fee Income	1,170	3,102
(c) Reimbursement of expenses	32,941	4,910
(d) Purchases	226,636	117,707
(e) Rental expense	1,952	3,109
Total	268,531	130,838
2. Keppel Corporation Group		
General Transaction		
(a) Sales of Goods and Services	298	-
(b) Reimbursement of expenses	113	-
(c) Management Fee Expense	7,757	6,999
(d) Purchases	34,144	58,994
Treasury Transactions	79,182	50,612
Total	121,494	116,605

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.

By Order of the Board
Keppel Infrastructure Fund Management Pte. Ltd.
(Company Registration Number: 200803959H)
As Trustee-Manager of Keppel Infrastructure Trust

WINNIE MAK/JOYCE NG
Company Secretaries
16 October 2017

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 third quarter and 9 months ended 30 September 2017 financial statements of Keppel Infrastructure Trust to be false or misleading, in any material aspect.

On behalf of the Board of Directors



KOH BAN HENG
Chairman



CHRISTINA TAN HUA MUI
Director

Singapore
16 October 2017

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.