POSITIONING FOR GROWTH

Report to Unitholders 2019

KIT | KEPPEL INFRASTRUCTURE TRUST

VISION

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

MISSION

We create value for our investors by growing a well-diversified portfolio of infrastructure businesses and assets that generate long-term, regular and sustainable distributions.

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OUR SOLUTIONS MEET THE GROWING NEEDS FOR INFRASTRUCTURE AND ESSENTIAL PRODUCTS AND SERVICES.

Positioned for growth, we are building up our portfolio of strategic businesses and assets in Distribution & Network, Energy and Waste & Water to generate stable and defensive cash flows.

KEY FIGURES FOR 2019

Higher Distributable Cash Flows (DCF)

$188.7m

DCF was higher year-on-year driven mainly by the contribution from Ixom HoldCo Pty Ltd, whose acquisition was completed in February 2019.

Stable Distribution per Unit (DPU)

3.72cts

Stable DPU underpinned by a highly defensive portfolio of businesses and assets that provide sustainable returns to Unitholders.

Distribution Yield

6.9%

Based on the DPU of 3.72 cents and the Unit closing price of $0.540 on the last trading day of 2019.

Low Gearing

32.8%

Significant debt headroom to pursue growth opportunities.

Waste Recycled

9,340 tonnes

Amount of scrap metal collected and recycled at KIT's waste-to-energy plants, reducing demand for raw materials.

Energy from Renewable Sources

4.9%

Proactive use of green energy as part of total energy consumption.

Supporting Career Development

22.6 training hrs

Average of 22.6 training hours per full-time employee to support employees' career development and ensuring they possess the relevant skills and knowledge to contribute effectively.

Committed to Doing Good

1,380 volunteer hrs

Partnering Keppel Capital, the Trustee-Manager is committed to uplift local communities.

FINANCIAL HIGHLIGHTS

FINANCIAL SUMMARY
for the financial year ended 31 December

	2019 $'000	2018 $'000	Change %
Total distribution	**165,484**	143,518	15.3
Distribution per Unit (cents)	**3.72**	3.72	0.0
Distribution yield[1] (%)	**6.9**	7.7	(10.4)
Funds from operations[2]	**204,616**	161,105	27.0
Distributable cash flows	**188,703**	141,190	33.7

BALANCE SHEET
for the financial year ended 31 December

	2019 $'000	2018 $'000	Change %
Total assets	**5,003,275**	3,805,007	31.5
Total liabilities	**3,289,106**	2,626,751	25.2
Unitholders' funds	**1,324,406**	1,052,476	25.8
Market capitalisation[1]	**2,696,971**	1,871,275	44.1
Number of Units in issue ('000)	**4,994,391**	3,858,298	29.4
Net asset value per Unit (cents)	**26.5**	27.3	(2.9)
Adjusted net asset value per Unit (cents)[3]	**32.2**	32.5	(0.9)

1 Based on Unit closing price of $0.540 and $0.485 on the last trading days of 2019 and 2018 respectively.
2 Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capex, non-cash adjustments and non-controlling interest adjustments.
3 Based on net asset value before hedging and translation reserves.

CORPORATE PROFILE AND STRATEGIC DIRECTION

Keppel Infrastructure Trust (KIT) is a diversified business trust listed on the Singapore Exchange with over $5 billion in assets under management (AUM) as at 31 December 2019.

KIT's well-diversified portfolio of highly defensive and resilient businesses and assets provides 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 businesses and assets are categorised into three segments: Distribution & Network, Energy and Waste & Water.

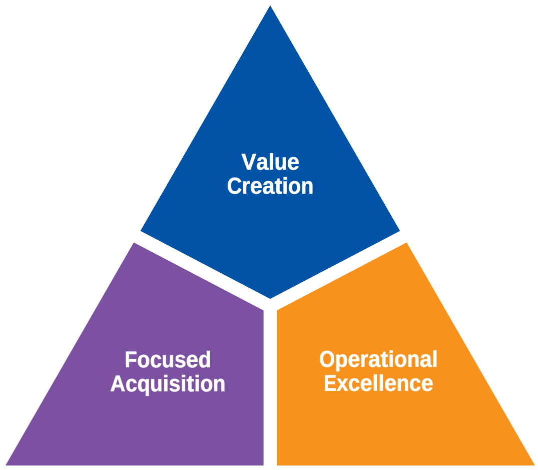
Businesses and assets in the Distribution & Network segment provide essential products and services in the areas of town gas production, telecoms and electricity transmission, as well as manufacturing and distribution of critical and essential chemicals. These businesses and assets are well-positioned to deliver resilient cash flows with potential for growth supported by favourable market dynamics and long-term demand.

The Energy and Waste & Water segments comprise 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 Pte. Ltd., 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'S STRATEGIC GOAL IS TO DELIVER SUSTAINABLE RETURNS TO ITS UNITHOLDERS, THROUGH A COMBINATION OF RECURRING DISTRIBUTIONS AND CAPITAL GROWTH OVER THE LONG TERM.

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



VALUE CREATION

- Generate sustainable cash flows from the Trust's well-diversified portfolio of businesses and assets
- Drive organic growth from existing going concern businesses, including City Gas and Ixom that are supported by long-term favourable demand trends
- Drive strong operational performance and efficiencies, as well as fulfil all contractual requirements to ensure stable cash flows

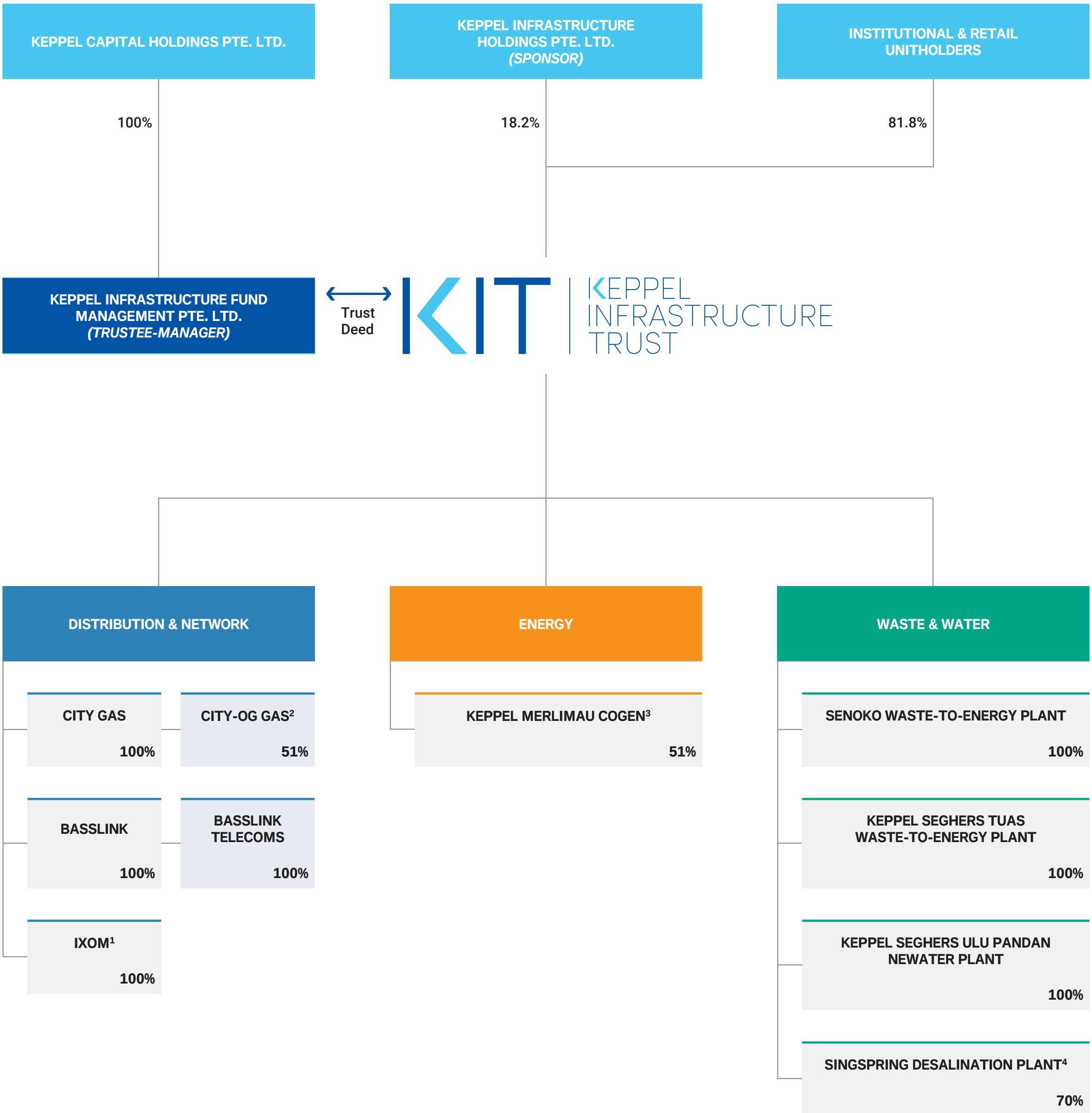
OPERATIONAL EXCELLENCE

- Achieve operational excellence and asset optimisation to extract further value
- Maintain an optimal capital structure to support growth initiatives, and maximise returns for Unitholders
- Implement sustainable practices, where feasible, to support a sustainable future for KIT and its stakeholders

FOCUSED ACQUISITION

- Seek leading businesses and assets with the following investment characteristics:
  - Generate defensive cash flows and revenues that are inflation-linked and/or GDP-linked with potential for growth
  - Possess high barriers to entry
  - Are key providers of essential products and services
- Potential bolt-on acquisitions at City Gas and Ixom
- Undertake co-investment and incubation opportunities with Keppel Capital and/or the Sponsor
- Partner with experienced operators on greenfield investments with limited construction exposure

TRUST STRUCTURE



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

OUR PRESENCE

KIT HAS A GROWING PORTFOLIO OF STRATEGIC BUSINESSES AND ASSETS ACROSS A BROAD RANGE OF HIGHLY DEFENSIVE INDUSTRIES.

SINGAPORE

Distribution & Network

- City Gas

Energy

- Keppel Merlimau Cogen

Waste & Water

- Senoko WTE Plant
- Keppel Seghers Tuas WTE Plant
- Keppel Seghers Ulu Pandan NEWater Plant
- SingSpring Desalination Plant

AUSTRALIA & NEW ZEALAND

Distribution & Network

- Ixom
  - New South Wales
  - New Territories
  - Queensland
  - South Australia
  - Victoria
  - Western Australia
  - North Island
  - South Island
- Basslink
  - Tasmania
  - Victoria

$5b

Assets under management as at end-2019

8

Businesses and assets in KIT's portfolio

Distribution & Network · Energy · Waste & Water

2020 IS A MILESTONE YEAR FOR KIT AS WE MARK OUR 10TH ANNIVERSARY SINCE LISTING IN 2010.

DEAR UNITHOLDERS,

On behalf of the Board and management of the Trustee-Manager, Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), I am pleased to present Keppel Infrastructure Trust's (KIT) annual report for the financial year ended 31 December 2019 (FY 2019).

POSITIONED TO DELIVER SUSTAINABLE VALUE

2019 was yet another eventful and volatile year for the global economy with ongoing trade tensions, as well as economic uncertainties and social unrest across global cities.

Notwithstanding the demanding macroeconomic conditions, KIT continued to deliver steady returns for its Unitholders, backed by the Trust's portfolio of highly defensive businesses and assets, as well as our proactive and prudent capital management.

Distributable cash flows increased 33.7% year-on-year to $188.7 million for FY 2019, due mainly to the acquisition of Ixom HoldCo Pty Ltd (Ixom), which was completed in February 2019.

Distribution per Unit was 3.72 cents, translating to a distribution yield of 6.9% based on the Unit closing price of $0.540 as at the last trading day of 2019.

During the year, KIT raised gross proceeds of approximately $500.8 million through a private placement cum preferential offering to partially repay the bridge loan for the acquisition of Ixom. The equity fund raising exercise was well-received, with the private placement seeing strong demand from investors and the preferential offering was 1.8 times oversubscribed.

In October 2019, we divested KIT's 51% stake in DataCentre One Pte. Ltd. (DataCentre One). The divestment allowed KIT to realise the remaining lease value in DataCentre One upfront. Proceeds from this 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.

Following the establishment of its $1 billion Multicurrency Debt Issuance Programme, KIT issued two tranches of perpetual securities which saw healthy interest from investors, raising total gross proceeds of $300 million. Gross proceeds were used to pare down debt, which improved net gearing to 32.8% as at end-2019, providing the Trust with ample debt headroom to pursue accretive acquisitions that will support KIT's long-term growth.

STRONG PORTFOLIO PERFORMANCE

On the operational front, we continued to uphold high standards across KIT's work and safety practices.

In the Distribution & Network segment, KIT completed the strategic acquisition of Ixom in February 2019. Over the past few quarters, Ixom has performed commendably and delivered on its targets. Together with the team at Ixom, we have put in place strategic initiatives to drive productivity, as well as improve efficiency and operational excellence.

These efforts have yielded results as we have seen incremental improvements across Ixom's operations, including its processes, capital optimisation and cost structure.

On 4 February 2020, Ixom announced the acquisition of Medora Environmental (Medora), a market leader in source water management in the United States (US). Medora's deep experience and knowledge in the water business, as well as its strong network and reach across the US is highly complementary to Ixom and will further enhance Ixom's position as one of the industry leaders in source water management.

Our aim is to continue strengthening core capabilities at Ixom, with a view to create a robust platform to pursue long-term growth opportunities that will deliver healthy cash flows to KIT.

City Gas continued to record steady growth, and achieved 100% availability in 2019. As an essential service provider for town gas, City Gas delivered 1,749 million kWh of town gas to approximately 859,000 customers in 2019.

In Australia, the Basslink Interconnector continued to generate positive cash flows during the year to support its debt obligations and operational requirements. The Commercial Risk Sharing Mechanism was positive at 12.5% due to increased volatility in the electricity market in Victoria. In November 2019, Basslink Pty Ltd announced a 12-month extension of the maturity date of the bank debt in place for the Basslink Interconnector, and the waiver by the lending syndicate of all breaches and events of default. Meanwhile, the arbitration is still ongoing, and we continue to work towards an outcome where Basslink will be able to start contributing to KIT.

In the Energy segment, the Keppel Merlimau Cogen Plant achieved 96% contracted availability in 2019. Meanwhile, performance of concession assets in the Waste & Water segment remained stable, delivering resilient and consistent cash flows to KIT.

KOH BAN HENG
Chairman

COMMITMENT TO SUSTAINABILITY

In keeping with its commitment to adopt best-in-class practices, a Board Safety Committee was established during the year to oversee KIT's efforts in health, safety, security and the environment.

We have also successfully aligned and incorporated the relevant KIT safety policies and practices at Ixom's plants and operations. We will continue to work closely with the management team at Ixom to ensure that its exceptional health and safety record is maintained and improved upon.

We are pleased to report that there were no fatal incidents in 2019. The Group's accident frequency and severity levels were also better than our targets, as we proactively worked with our operations and maintenance contractors to continue upholding safety performance and promoting workplace safety.

CHAIRMAN'S STATEMENT

In the last decade, KIT has evolved to become the largest diversified business trust listed in Singapore, growing from an initial portfolio of three assets to eight strategic businesses and assets today.

The Board of Directors has reviewed and approved the material Environment, Social and Governance (ESG) issues for KIT and considers them an essential part of the Trust's strategy and operations. The Board continues to oversee the management and monitoring of these ESG issues.

In recognition of our efforts towards aligning and including sustainability as part of the Trust's strategy, KIT was named Runner-Up for Sustainability at the 2019 Securities Investors Association of Singapore (SIAS) Investor Choice Awards.

POSITIONING FOR GROWTH

2019 has been an exciting year, and I would like to thank all our Unitholders, business partners, as well as governments and regulatory bodies for your relentless support of KIT.

I would also like to thank my fellow Board members for their wise counsel and support, and the management team for their unstinting efforts and dedication. Ms Cindy Lim stepped down from the Board on 3 January 2020, and on behalf of the Board and management, we thank her for her dedicated service and valuable contributions to KIT.

2020 is a milestone year for KIT as we mark our 10th anniversary since listing in 2010 as K-Green Trust. In the last decade, it is heartening to see how KIT has evolved to become the largest diversified business trust listed in Singapore, growing from an initial portfolio of three assets to eight strategic businesses and assets today.

1 Since its acquisition in February 2019, Ixom has performed commendably and delivered on its targets.

2 A Board Safety Committee was established to oversee KIT's efforts in health, safety, security and the environment.

As we position the Trust for the future, we have refreshed our identity to better reflect KIT's brand character as the preferred business trust, serving as the trusted partner to our stakeholders.

Looking ahead, we remain active in identifying growth opportunities for KIT. We aim to add businesses and assets that have defensive cash flows, possess high barriers to entry and provide essential products and services. We are confident that these will further support KIT's goal of creating long-term value and sustainable returns for our Unitholders.

Yours sincerely,

KOH BAN HENG
Chairman
28 February 2020

BOARD OF DIRECTORS

KOH BAN HENG, AGE 71
Chairman and Independent Director

A N

Date of first appointment as a director:
1 May 2015

Length of service as a director (as at 31 December 2019):
4 years 8 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Tipco Asphalt Company PLC (listed on the Stock Exchange of Thailand)

Other principal directorships
Chung Cheng High School Ltd

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

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Singapore Petroleum Venture Private Limited;
Singapore Refining Company Private Limited;
Linc Energy Ltd; Cue Energy Resources Limited (listed on the Australian Securities Exchange);
Keppel Infrastructure Holdings Pte. Ltd.

Others:
Nil

THIO SHEN YI, AGE 53
Independent Director

N C

Date of first appointment as a director:
11 February 2010

Length of service as a director (as at 31 December 2019):
9 years 11 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

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

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

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
The Community Justice Centre;
CWG International Limited

Others:
Nil

MARK ANDREW YEO KAH CHONG, AGE 57
Independent Director

A S

Date of first appointment as a director:
1 August 2015

Length of service as a director (as at 31 December 2019):
4 years 5 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)

Other principal directorships
Changi Airports International Pte Ltd (Chairman)

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
CitySpring Infrastructure Management Pte. Ltd. (the Trustee-Manager of CitySpring Infrastructure Trust)

Others:
Nil

DANIEL CUTHBERT EE HOCK HUAT, AGE 67
Independent Director

C A

Date of first appointment as a director:
18 May 2015

Length of service as a director (as at 31 December 2019):
4 years 7 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Olive Tree Estates Limited;
Ascendas Funds Management (S) Limited (the Manager of Ascendas REIT)

Other principal directorships
Singapore Mediation Centre

Major Appointments (other than directorships):
Nil

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Citibank Singapore Limited;
CitySpring Infrastructure Management Pte Ltd (the Trustee-Manager of CitySpring Infrastructure Trust);
Singapore Institute of Directors

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

KUNNASAGARAN CHINNIAH, AGE 62
Independent Director

S N C

Date of first appointment as a director:
1 August 2015

Length of service as a director (as at 31 December 2019):
4 years 5 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Edelweiss Financial Services Limited (listed in India);
Nirlon Limited (listed in India)

Other principal directorships
Changi Airports International Pte Ltd;
Edelweiss Tokio Life Insurance Company Limited;
Hindu Endowments Board;
Greenko Energy Holdings;
Azalea Asset Management Pte Ltd;
Azalea Investment Management Pte Ltd.

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

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Edelweiss Agri Value Chain Limited;
Edelweiss Commodities Services Limited;
Edelweiss Finvest Private Ltd

Others:
Nil

CHRISTINA TAN HUA MUI, AGE 54
Non-Executive Director

N

Date of first appointment as a director:
15 September 2016

Length of service as a director (as at 31 December 2019):
3 years 4 months

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

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

Present Directorships (as at 1 January 2020):
Listed entities
Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust);
Keppel DC REIT Management Pte. Ltd. (the manager of Keppel DC REIT);
Keppel REIT Management Limited (the manager of Keppel REIT)

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

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

Past Directorships held over the preceding 5 years (from 1 January 2015 to 31 December 2019):
Various subsidiaries and associated companies of Alpha Investment Partners Limited and funds managed by Alpha Investment Partners Limited

Others:
Nil

Board Committees
A Audit and Risk Committee
N Nominating and Remuneration Committee
C Conflicts Resolution Committee
S Board Safety Committee

THE TRUSTEE-MANAGER

MATTHEW POLLARD, AGE 52
Chief Executive Officer

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

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

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

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

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

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

ERIC NG, AGE 44
Head, Finance

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

As Head of Finance, Mr Ng is responsible for the Trustee-Manager's and KIT's financial and reporting functions, including accounting, taxation, treasury and compliance.

Mr Ng has more than 20 years of experience in large infrastructure companies, handling roles in group reporting, corporate finance, financial control, corporate tax and treasury.

Prior to joining the Trustee-Manager, Mr Ng held various finance roles within the Singapore Power Group, with his last held role as head of the Group's treasury settlements division. Mr Ng started his career at KPMG Singapore as an auditor.

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

APURV CHOUDHARY, AGE 43
Head, Investments

Mr Apurv Choudhary was appointed Head of Investments of the Trustee-Manager with effect from 1 March 2019.

As Head of Investments, Mr Choudhary is responsible for implementing the growth strategy for KIT through identifying, originating and executing investments, as well as working with the Asset Management team in the management of investments.

Prior to joining the Trustee-Manager, Mr Choudhary held senior investment banking and principal investment roles spanning a career of over 18 years entirely in the infrastructure sector in the Asia Pacific region. During this time, he originated and led a number of large acquisitions, fund raisings, recapitalisations and divestments.

Mr Choudhary started his career with J.P. Morgan in 2000 in the infrastructure investment banking team based in Hong Kong. Subsequently, from 2008 to 2019, he headed the power and infrastructure investment banking business for Nomura and Bank of America Merrill Lynch in Asia, and also held senior positions with Capital Partners Group and Eastspring Investments.

He holds a Post Graduate Diploma in Management from the Indian Institute of Management Bangalore and a Bachelor's (Honours) degree in Physics from Delhi University.

MARC LIU, AGE 51
Head, Asset Management

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

As Head of Asset Management at the Trustee-Manager, Mr Liu develops and implements asset management plans to ensure safety, compliance, risk management and emergency response. He is responsible for operational performance and implements asset management plans for KIT's portfolio. Mr Liu also leads in the execution of asset enhancement and upgrading projects. Mr Liu manages a team of asset-related operational and technical functions, as well as the financial support function.

Prior to KIT's merger with CitySpring in 2015, Mr Liu was with City Gas as Senior Manager, Business Development, in 2005, moving to CitySpring to become Vice President, Investment, in 2007 when it was listed, and has served as General Manager of SingSpring Pte Ltd, the Trustee-Manager of SingSpring Trust since 2014.

His experience with critical infrastructure assets is instrumental in the Trustee-Manager, where he proactively manages and monitors capital structure and asset performance to create value, as well as anticipates issues and areas for growth within KIT's portfolio. He monitors the implementation of business plans and other initiatives, including those relating to operations, reporting and environmental, social, governance and safety matters, and leading corrective measures as required. This helps ensure KIT's assets maintain excellent operational performance, while remaining competitive and compliant.

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

OPERATIONS REVIEW

KEPPEL INFRASTRUCTURE TRUST IS COMMITTED TO ACHIEVING OPERATIONAL EXCELLENCE AS IT SEEKS TO DELIVER STABLE AND SUSTAINABLE RETURNS TO UNITHOLDERS.

DISTRIBUTION & NETWORK

City Gas, Ixom, Basslink

Refer to page 18

ENERGY

Keppel Merlimau Cogen

Refer to page 23

WASTE & WATER

Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant

Refer to page 24

PORTFOLIO OVERVIEW

As Trustee-Manager, Keppel Infrastructure Fund Management is committed to ensure operational excellence in the day-to-day management of Keppel Infrastructure Trust's (KIT) portfolio of businesses and assets. The Trustee-Manager actively engages and works closely with the management teams of the businesses and assets to drive value creation and sustainable growth, as well as the operations & maintenance personnel and contractors for technical, operational and engineering support.

In doing so, KIT is able to:

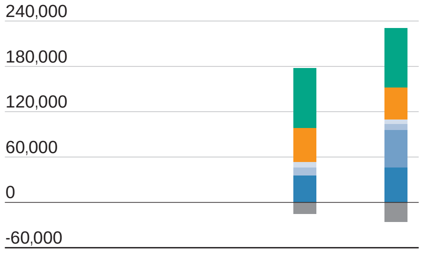
- provide sustainable distributions through proactive and strategic asset management;
- improve operational efficiencies and quality control;
- leverage technology to improve operational performance;
- uphold health, safety and environmental standards; and
- strengthen risk management practices through robust business continuity plans and regulatory compliance.

TOTAL ASSETS (%)
as at 31 December 2019

Distribution & Network (53.7%)	
City Gas	11.8
Ixom	24.9
Basslink	17.0
Energy (15.9%)	
KMC[1]	15.9
Waste & Water (9.9%)	
Concessions	9.9
Others (20.5%)	
Trust assets and non-controlling interest	20.5
Total	**100.0**

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

FUNDS FROM OPERATIONS ($'000)



	2018	**2019**
Distribution & Network		
City Gas	35,257	45,982
Ixom[2]	–	49,281
Basslink	10,397	7,931
DataCentre One[3]	7,419	6,383
Energy		
KMC	45,141	41,699
Waste & Water		
Concessions	78,653	79,287
Others		
Others[4]	(15,762)	(25,947)
Total	161,105	204,616

[2] The acquisition of Ixom was completed on 19 February 2019.
[3] DataCentre One was divested on 31 October 2019.
[4] Comprises mainly management fees, financing costs and distributions paid/payable to perpetual securities holders.

KEPPEL INFRASTRUCTURE TRUST'S PORTFOLIO COMPRISES:
as at 31 December 2019

Asset	KIT's Interest	Business	Customer	Contract Terms
DISTRIBUTION & NETWORK				
City Gas	100%/City Gas Trust owns 51% interest in City-OG Gas	Sole producer and retailer of town gas	Over 859,000 residential, commercial and industrial customers	n.a.
Ixom	100%	Supplier and distributor of key water treatment, industrial and specialty chemicals in Australia and New Zealand	Over 8,000 customers comprising municipalities and blue-chip companies	n.a.
Basslink	100%/Basslink owns 100% interest in Basslink Telecoms	Owner and operator of the Basslink Interconnector between the States of Victoria and Tasmania	Hydro Tasmania (Owned by the Tasmania state government)	2031, with option for 15-year extension
ENERGY				
Keppel Merlimau Cogen Plant (KMC)	51%/Keppel Energy Pte. Ltd. owns 49% interest in KMC	1,300 MW combined cycle gas turbine power plant capacity tolling agreement	Keppel Electric	2030, with option for 10-year extension (underlying land lease till 2035, with option for 30-year extension)
WASTE & WATER				
Senoko Waste-to-Energy (WTE) Plant	100%	2,310 tonnes/day waste incineration concession	NEA, Singapore's national environment agency	2024
Keppel Seghers Tuas WTE Plant	100%	800 tonnes/day waste incineration concession	NEA, Singapore's national environment agency	2034
Keppel Seghers Ulu Pandan NEWater Plant	100%	148,000m^3/day[1] NEWater concession	PUB, Singapore's national water agency	2027
SingSpring Desalination Plant (SSDP)	70%/Hyflux Ltd owns 30% interest in SSDP	136,380m^3/day seawater desalination concession	PUB, Singapore's national water agency	2025 (underlying land lease till 2033)

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

OPERATIONS REVIEW

DISTRIBUTION & NETWORK

- CITY GAS
- IXOM
- BASSLINK

Revenue

$1,340.6m

Compared to $414.8 million in FY 2018

Funds from Operations

$109.6m

Compared to $53.1 million in FY 2018

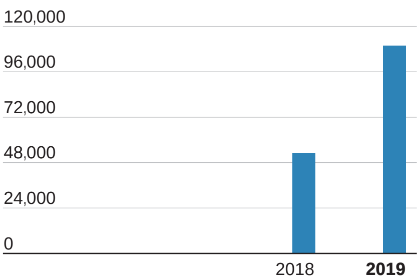
CITY GAS

Overview

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

City Gas also retails natural gas to commercial and industrial customers in Singapore, through City-OG Gas Energy Services Pte. Ltd. (City-OG Gas), a joint venture between City Gas (51%) and Osaka Gas (49%). The City-OG Gas joint venture allows City Gas to combine Osaka Gas' technology and expertise in cogeneration systems and industrial furnaces with City Gas' own customer knowledge and network, to grow and expand the natural gas retail business in Singapore.

FUNDS FROM OPERATIONS ($'000)



	2018	**2019**
Distribution & Network	53,073	109,577

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

To encourage the adoption of gas appliances that have low carbon emissions, City Gas markets co-branded appliances such as water heaters and clothes dryers to its residential customers.

Operating Review

City Gas maintained 100% gas production availability at its Senoko Gasworks facility in 2019, supplying a constant energy source for homes and businesses.

Demand for town gas remained healthy during the year. City Gas' customer base grew 2% year-on-year to 859,000 as at end-2019. In the public housing segment, City Gas installed gas supply infrastructure to approximately 11,933 newly constructed Housing Development Board flats across 82 Build-To-Order projects. In the private housing segment, City Gas installed gas supply infrastructure to approximately 4,441 private residential homes across 13 condominium developments, with close to 80% installing gas water heaters.

During the year, City Gas continued to focus on appliance and product sales, conducting quarterly roadshows and sales events at its City Gas Gallery.

In its efforts to widen its customer reach and drive higher appliance sales, City Gas Gallery relocated from the Central Business District to the shopping district at Plaza Singapura in December 2019. The new City Gas Gallery provides consumers with an immersive experience, offering live product demonstrations on gas appliances, as well as City Gas' wide range of products. In 2020, City Gas will be introducing new Wi-Fi enabled smart gas water heaters that will further reduce energy consumption and enhance the customer experience.

To complete the retail experience, City Gas launched an online store in December 2019 to enhance its offline-to-online marketing and sales solutions.

Demand from the commercial sector was resilient in 2019 supported by the completion of major iconic developments such as Jewel at Changi Airport, Paya Lebar Quarters and Funan Mall, which contributed significantly to town gas volume growth. Asset enhancement works at several shopping malls including Great World City and Thomson Plaza were also completed in 2H 2019, adding to the demand for town gas.

In the Industrial sector, growth is expected to continue in the food processing industry due to the scheduled completion of several multi-storey food processing complexes in 2020. At the same time, demand from the electronics segment is expected to remain stable as most customers are already operating their plants at optimum energy efficient levels.

On the industry development front, City Gas continues to engage key industry stakeholders such as government agencies, professional engineers, developers and consultants through knowledge-based sharing on gas-related topics. The 5th annual City Gas Technical Seminar organised in 2019 was attended by more than 200 industry professionals, with professional engineers making up the majority of the attendees.

Leveraging its core competencies and wide customer base, City Gas aims to seek further growth opportunities, as well as explore new applications and initiatives for the commercial and industrial sectors.

In 2019, City Gas achieved a zero reportable incident rate with respect to health, safety and environmental issues.

Live product demonstrations at the City Gas gallery provide consumers first-hand knowledge of its wide range of products.

OPERATIONS REVIEW
DISTRIBUTION & NETWORK


1

IXOM
Overview
Ixom HoldCo Pty Ltd (Ixom) is a leading industrial infrastructure business in Australia and New Zealand, that provides specialised source water, water and wastewater treatment solutions critical to a clean water supply. Ixom is also a supplier of essential chemical products and solutions for a range of industries.

In Australia, Ixom is the sole manufacturer and provider of liquefied chlorine, as well as the leading provider of manufactured caustic soda. The group is also one of the largest bulk and packaged chemical distribution businesses in Australia and New Zealand. The chemicals manufactured and distributed by Ixom are fundamental components used in a range of industries including the water treatment, dairy and agriculture, mining, construction and nickel refining sectors, most of which have favourable demand outlooks.

Ixom is supported by about 1,000 employees and its business is underpinned by the extensive scale and strategic locale of its assets, facilities and distribution network, which are in close proximity to key ports and customers. The locations of its assets and facilities allow Ixom to benefit from lower transportation costs, while ensuring reliability and timely delivery of its products and services to its customers in a safe manner.

On 4 February 2020, Ixom announced the acquisition of Medora Environmental (Medora), a market leader in source water management in the United States (US). Medora's deep experience and knowledge in the water business, as well as its strong network and reach across the US is highly complementary to Ixom, and will further enhance Ixom's position as one of the industry leaders in source water management.

Operating Review
In its manufacturing business, Ixom's Laverton Chloralkali plant in Melbourne achieved its fourth highest production year on record. The plant attained 90% uptime with planned maintenance shutdowns for the refurbishment of the hydrochloric acid burner tower in 2019.

To expand its commercial offerings to customers, Ixom built a new repackaging facility at the Botany Chloralkali plant in Sydney. When operational in 1H 2020, this state-of-the-art facility will have the ability to package liquid caustic soda, sodium hypochlorite and hydrochloric acid into 200-litre drums and 1,000-litre containers to meet customers' requirements.

Ixom, through its Watercare business unit, which offers the proprietary MIEX® and

MICo® pre-treatment processes, is a leading global supplier of Ion Exchange water treatment solutions. The technology is capable of removing all types of contaminants during the water treatment process, providing safer and cleaner water for industrial and municipal usage which is compliant with industry standards, and has been successfully implemented at water treatment facilities in Australia, Canada, China, Japan, Thailand, the United Kingdom (UK) and the US.

The Watercare business continued to experience healthy expansion into Europe in 2019 with the installation and commissioning of several MIEX® pre-treatment plants in the UK, including one of the largest MIEX® plants to complement the three existing MIEX® systems for Yorkshire Water, servicing 65 million litres per day.

Under the life sciences segment, Ixom delivers practical market leading solutions in personal care, health and household to a wide range of customers. At the same time, its flavours and fragrances business experienced growth in the bakery and alternative milk markets, securing new contracts driven by product innovation and the ability to adapt and react to consumer demand in these niche sectors.

In 2019, Ixom's Process Cleaning Technologies (PCT) business secured new contracts in the dairy and poultry markets across Australasia including Australia, New Zealand and Fiji. As part of its value-added services, Ixom uses its "Ixtel" smart technology solution to help customers optimise chemical storage levels more effectively and efficiently across their PCT operations.

Ixom's Latin America business made further inroads across a broad range of markets including the extension of supply contracts into the oil and gas markets and chemical innovations for the mining sector.

As an Australian Trusted Trader, Ixom's operations and businesses in Asia, Australia, New Zealand and South America are ISO 9001:2015 certified. Ixom is committed to be a trusted supplier for its customers through excellence in quality and food safety. Its FSSC 22000 certification is recognised by the Global Food Safety Initiative and is based on existing ISO standards. Safety and Quality Management Systems are regularly audited by the relevant statutory authorities to ensure that they maintain permits and licenses, and comply with regulatory requirements.

Ixom's strong safety culture is underpinned by robust Health, Safety, Environment (HSE), Quality and Critical Risk Management Systems. Ixom achieved year-on-year improvements across all HSE key performance indicators in 2019 and achieved a zero reportable incident rate with respect to HSE issues.

1 Ixom is one of the leading industrial infrastructure and water businesses in Australia and New Zealand.

2 Ixom supports industries including water treatment, dairy and agriculture, mining, construction and nickel refining.

2

OPERATIONS REVIEW
DISTRIBUTION & NETWORK

BASSLINK

Overview

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

Basslink has a normal design life of 40 years, with a useful life of 65 years subject to appropriate maintenance and replacement of key components.

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

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

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

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

Operating Review

In 2019, the Basslink Interconnector and Basslink Telecoms achieved an availability of 90% and 100% respectively. Basslink also recognised a positive CRSM of +12.5%, due to higher volatility in the electricity market in Victoria.

Over the last 13 years, Basslink has averaged a cumulative lifetime availability of 97.8%. When compared to other HVDC interconnectors, Basslink has exceeded the industry average of 93.3%.

On 24 August 2019, the Basslink Interconnector experienced an unplanned outage due to a low voltage cable failure that was located at an above ground section in the transition station in Gifford, Victoria. The electricity interconnector returned to service on 29 September 2019.

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

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

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

Basslink's cumulative lifetime availability of 97.8% exceeds the industry average of 93.3%.

OPERATIONS REVIEW

ENERGY

- **KEPPEL MERLIMAU COGEN**

Revenue

$125.8m

Compared to $129.1 million in FY 2018

Funds from Operations

$41.7m

Compared to $45.1 million in FY 2018

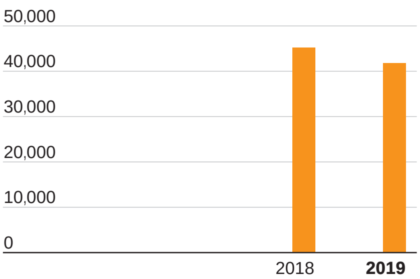
KEPPEL MERLIMAU COGEN

Overview

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

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

FUNDS FROM OPERATIONS ($'000)



	2018	**2019**
KMC	45,141	41,699

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

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

Operating Review

In 2019, the plant achieved a contractual availability of 96.0%, which excluded planned maintenance and outage allowance. The slightly lower contractual availability in 2019 was due to unplanned maintenance works during the year.

There were zero environmental and health incidents and one reportable workplace safety incident in 2019.

OPERATIONS REVIEW

WASTE & WATER

- **SENOKO WTE PLANT**
- **KEPPEL SEGHERS TUAS WTE PLANT**
- **KEPPEL SEGHERS ULU PANDAN NEWATER PLANT**
- **SINGSPRING DESALINATION PLANT**

Revenue

$100.3m

Compared to $93.5 million in FY 2018

Funds from Operations

$79.3m

Compared to $78.7 million in FY 2018

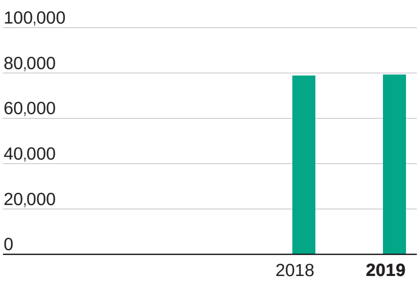
SENOKO WTE PLANT AND KEPPEL SEGHERS TUAS WTE PLANT

Overview

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

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

FUNDS FROM OPERATIONS ($'000)



	2018	2019
Waste & Water	78,653	79,287

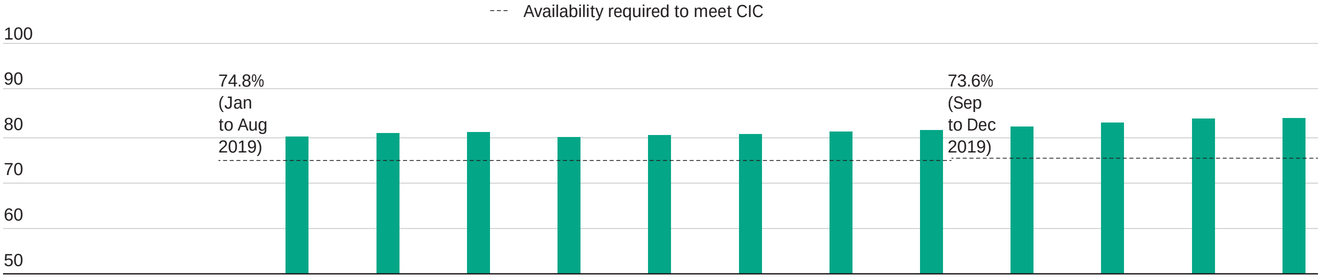
The Keppel Seghers Tuas WTE Plant is Singapore's fifth waste incineration plant and the first to be built under the National Environment Agency of Singapore's (NEA) Public-Private Partnership initiative. The plant incorporates Keppel Seghers' proprietary technologies such as the air-cooled grate and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

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

Operating Review

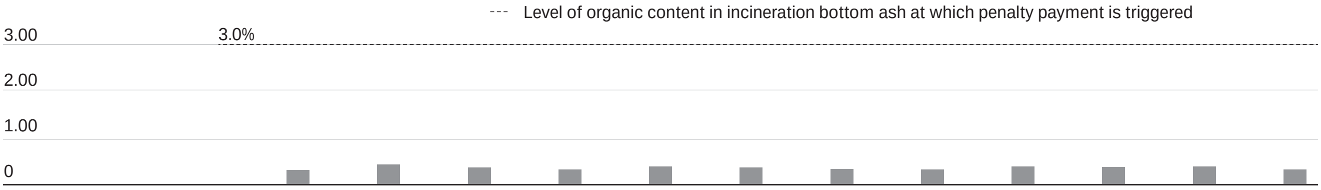
The Senoko WTE and Keppel Seghers Tuas WTE Plants met the required Performance and Customer Service Standards under their respective ISAs in 2019. In addition to full fixed capacity payments from NEA for meeting their Contracted Incineration Capacities (CICs), the plants also received variable payment for refuse incineration service and electricity exported.

SENOKO WTE PLANT
TIME AVAILABILITY FACTOR (12-MONTH MOVING AVERAGE) (%)



Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
79.71	80.50	80.72	79.61	80.03	80.22	80.86	81.10	81.90	82.78	83.66	83.69

SENOKO WTE PLANT
AVERAGE TOTAL ORGANIC CONTENT OF BOTTOM ASH (%)

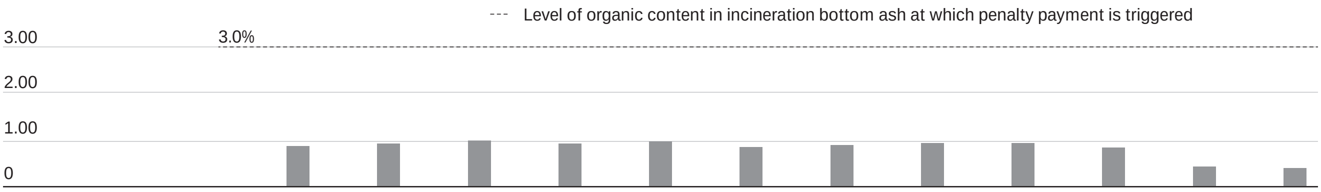


Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
0.30	0.42	0.35	0.31	0.37	0.35	0.32	0.31	0.37	0.36	0.37	0.31

KEPPEL SEGHERS TUAS WTE PLANT
TIME AVAILABILITY FACTOR (12-MONTH MOVING AVERAGE) (%)

Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
87.6	87.6	87.8	91.5	91.4	93.3	91.0	90.9	91.2	91.5	91.5	91.5

KEPPEL SEGHERS TUAS WTE PLANT
AVERAGE TOTAL ORGANIC CONTENT OF BOTTOM ASH (%)



Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
0.85	0.91	0.97	0.91	0.95	0.83	0.88	0.92	0.92	0.82	0.41	0.38

OPERATIONS REVIEW
WASTE & WATER

During the review period, both plants met the requirements under their respective ISAs. Senoko WTE Plant achieved a Time Availability Factor exceeding the 74.8% threshold (for the 10th contract year ended 31 August 2019) and 73.6% threshold (for the 11th contract year) required to receive full fixed capacity payments from NEA.

Keppel Seghers Tuas WTE Plant achieved a Time Availability Factor above the 78.4% threshold (for the 10th contract year ended 29 October 2019) and 77.8% threshold (for the 11th contract year) required to receive full fixed capacity payments from NEA.

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

Both plants achieved Tested Incineration Capacities (TICs) above their CICs. Senoko WTE Plant completed its 10th contract year on 31 August 2019. The new TIC was 3,138 tonnes per day. Keppel Seghers Tuas WTE Plant completed its 10th contract year on 29 October 2019. The new TIC was 1,029 tonnes per day. There were zero reportable workplace safety incidents in 2019.

KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

Overview

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

Operating Review

Keppel Seghers Ulu Pandan NEWater Plant received its full availability payment in 2019 as the warranted capacity was greater than or equal to 148,000 m^3 per day.

The plant also achieved 100% plant availability in 2019, while fulfilling other requirements under the NWA, namely the required storage level, quality specifications of NEWater and residual waste produced.

Ulu Pandan Trust's cash flows fluctuate with changes in power revenue received from PUB, which is tied to changes in electricity price. To mitigate the fluctuations in electricity price, the Trustee-Manager had taken measures to fix the electricity price in 2019, ensuring stability in cash flows.

The plant features a solar photovoltaic system on its rooftops, which helps lower the carbon footprint of the plant and contributes to the national effort to reduce dependency on non-renewable sources of energy. In 2019, the plant generated close to 1.2 GWh of renewable energy, equivalent to the total energy consumption of approximately 250 four-room households annually.

There was one reportable workplace safety incident in 2019.

SINGSPRING DESALINATION PLANT

Overview

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

With a supply capacity of 136,380 m^3 of potable desalinated water per day, the SingSpring Plant has been providing close to 7% of Singapore's water needs since it commenced commercial operations in December 2005.

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

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

The plant also adopts an advanced energy recovery system, which improves its energy-efficiency and cost-effectiveness.

SingSpring undergoes periodic reviews and audits by both internal and external parties to ensure its Operations & Maintenance (O&M) practices are in line with industry standards.

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

Operating Review

The SingSpring Plant achieved 97.5% availability in 2019.

In May 2019, Hyflux Ltd, the parent of the plant's O&M operator Hyflux Engineering Pte Ltd announced its court-supervised process for reorganisation. In light of this development, the Trustee-Manager has stepped up monitoring and put in place various contingency measures to ensure continuity of operations.

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

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

SingSpring completed its annual Net Dependable Capacity Test in November 2019 and met all required benchmarks.

In 2019, there were zero reportable workplace safety incidents.

Together, KIT's waste-to-energy plants have the combined capacity to treat close to half of Singapore's incinerable waste.

FINANCIAL REVIEW

KIT DELIVERED A RESILIENT PERFORMANCE IN FY 2019.

Group Revenue

$1,566.7m

Compared to $637.4 million in FY 2018

Group Funds from Operations

$204.6m

Compared to $161.1 million in FY 2018

Group Distributable Cash Flows

$188.7m

Compared to $141.2 million in FY 2018

In FY 2019, the Group reported revenue of $1,566.7 million, 145.8% higher compared to FY 2018, This was due largely to the contribution from Ixom HoldCo Pty Ltd (Ixom) whose acquisition was completed on 19 February 2019.

The Group recorded profit attributable to Unitholders of the Trust of $38.6 million in FY 2019, 20.6% higher compared to FY 2018, mainly arising from the gain from the divestment of KIT's 51% stake in DataCentre One Pte. Ltd. (DataCentre One). Excluding the transaction cost for the acquisition of Ixom, profit attributable to Unitholders of the Trust would be 139.4% higher than FY 2018 mainly arising from higher contributions from Basslink and the consolidation of Ixom's results from 19 February 2019.

FY 2019 distributable cash flow of $188.7 million was 33.7% higher than FY 2018. The stronger performance was mainly driven by the contribution from Ixom and over recovery of fuel and electricity prices at City Gas.

With the addition of Ixom, the Group recorded total assets and liabilities of $5,003.3 million and $3,289.1 million as at 31 December 2019, this was 31.5% and 25.2% higher respectively as compared to the same period in 2018.

The Group reported net current liabilities of $676.8 million as at 31 December 2019, due to the reclassification of borrowings maturing in 2020 as current liability.

Total Unitholders' funds stood at $1,324.4 million as at 31 December 2019, 25.8% higher compared to the same period in 2018 arising from the equity fund raising exercise in April 2019.

Net cash generated from operating activities in FY 2019 was $356.4 million, 97.1% higher than FY 2018, largely due to the consolidation of Ixom from 19 February 2019.

Net cash used in investing activities of $710.3 million in FY 2019 mainly relates to the acquisition of Ixom and capital expenditure, this was partially offset by net proceeds received from the divestment of KIT's 51% stake in DataCentre One.

Net cash from financing activities of $619.6 million in FY 2019 mainly pertains to equity raised, issuance of perpetual securities and borrowings taken to fund the acquisition of Ixom, this was partially offset by the repayment of certain facilities of the Group and payment of distributions to Unitholders.

FINANCIAL REVIEW
KEY FIGURES

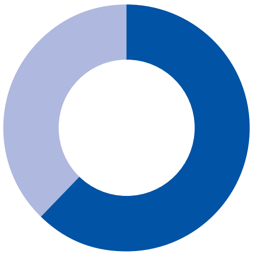
USE OF PROCEEDS OF PLACEMENT AND THE PREFERENTIAL OFFERING

KIT raised approximately $500.8 million through an equity fund raising, comprising the placement of approximately 680.3 million Units at $0.441 per Unit in March 2019 and preferential offering of approximately 455.4 million Units at $0.441 per Unit in April 2019. The proceeds of approximately $492 million have been used to partially repay the facility agreement entered into by the Trustee-Manager to fund the acquisition of Ixom. The remaining proceeds of approximately $8.8 million have been used for the payment of the fees and expenses incurred in connection with the equity fund raising.

The above use of proceeds is in accordance with the stated use of proceeds of the equity fund raising as disclosed in the relevant announcements made.

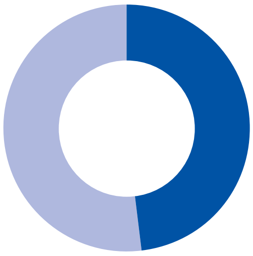
FY 2019 ADJUSTED EBITDA[1] (%)

Distribution & Network (60.6%)	
City Gas	16.7
Ixom	28.4
Basslink	14.5
DataCentre One[2]	1.0
Energy (15.4%)	
KMC	15.4
Waste & Water (24.0%)	
Concessions	24.0
Total	**100.0**



DEBT REPAYMENT PROFILE (%)
as at 31 December 2019

< 1 yr	62.4
1–5 yrs	37.6
Total	**100.0**



DEBT BREAKDOWN BY CURRENCY (%)
as at 31 December 2019

S$	48.2
A$	51.8
Total	**100.0**

1 Adjusted EBITDA includes reduction in concession receivables and excludes trust/corporate expenses.
2 KIT completed the divestment of its 51% stake in DataCentre One on 31 October 2019.

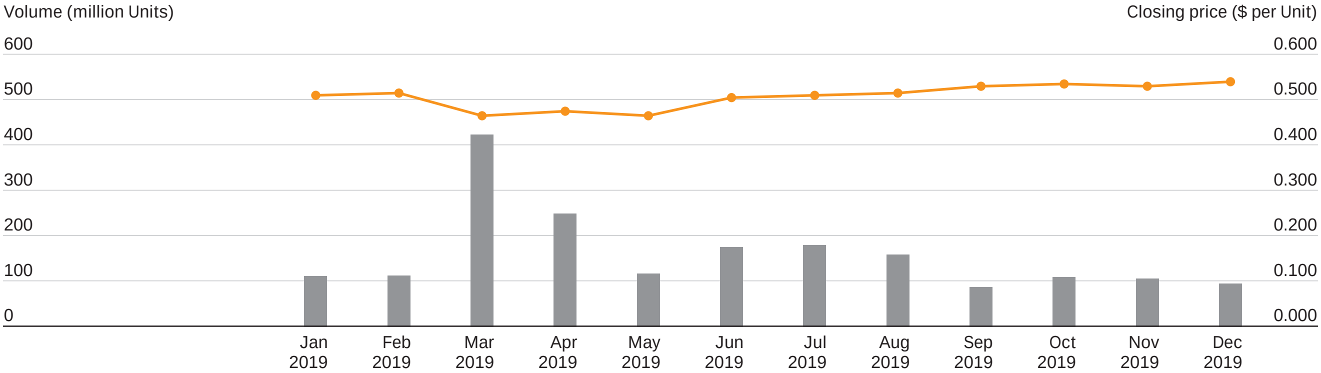
Performance of concession assets in the Waste & Water segment remained stable, delivering resilient and consistent cash flows to KIT.

UNIT PRICE PERFORMANCE

Approximately 1.9 billion Keppel Infrastructure Trust (KIT) Units were traded in FY 2019, a 93% increase from FY 2018. The average daily traded volume was approximately 7.7 million Units, 93% higher than FY 2018.

Total Unitholder return in 2019 was 21.3%[1]. KIT declared a total distribution per Unit of 3.72 cents in FY 2019, which translated to a distribution yield of 6.9% based on the closing price per Unit of $0.540 on 31 December 2019.

MONTHLY TRADING PERFORMANCE



	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019
Month-end closing Unit price ($)	0.510	0.515	0.465	0.475	0.465	0.505	0.510	0.515	0.530	0.535	0.530	0.540
Monthly trading volume (million Units)	111.8	112.8	423.0	249.8	117.5	176.2	179.9	158.7	87.1	109.6	106.2	94.8

UNIT PRICE PERFORMANCE ($ per Unit)

	2019	**2018**
Highest price	**0.550**	0.590
Lowest price	**0.460**	0.450
Average closing price	**0.506**	0.522
Closing price as at the last trading day of the year	**0.540**	0.485
Trading volume (million Units)	**1,927.4**	999.4

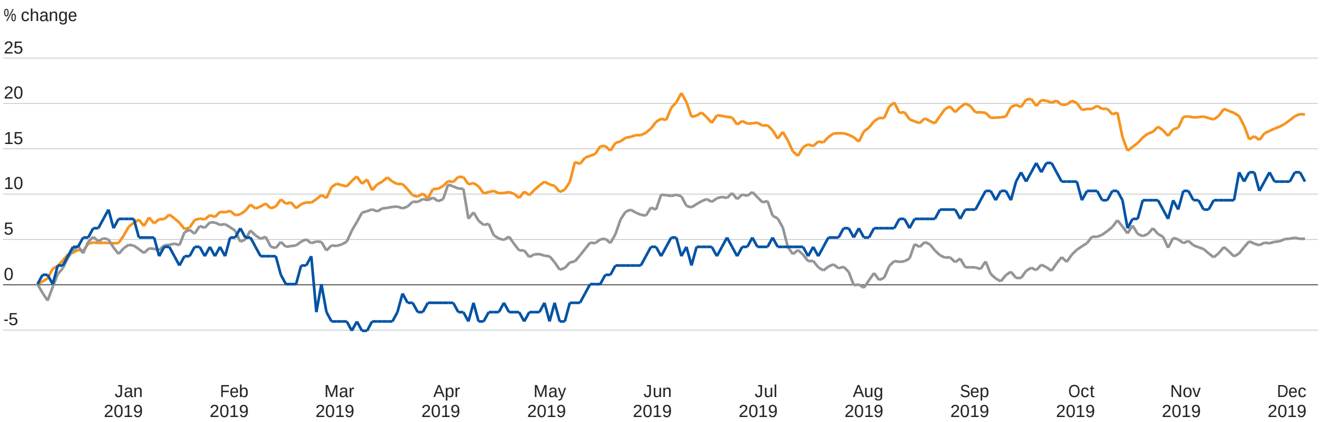
COMPARATIVE YIELDS[2] (%)

as at 31 December 2019

KIT	6.9
Straits Times Index (STI)	4.0
FTSE ST REIT Index	4.4
CPF Ordinary Account	2.5
5-year SG Govt bond	1.6
10-year SG Govt bond	1.7

UNIT PRICE PERFORMANCE AGAINST INDICES[1] (%)

for the period from 1 January 2019 to 31 December 2019



KIT	11.3
STI	5.0
FTSE ST REIT Index	18.8

[1] Source: Bloomberg
[2] Sources: Bloomberg and Monetary Authority of Singapore

INVESTOR RELATIONS

THE TRUSTEE-MANAGER PROVIDES TIMELY DISCLOSURES ON SIGNIFICANT CORPORATE DEVELOPMENTS AND MAINTAINS OPEN CHANNELS OF COMMUNICATION WITH INVESTORS.

The Trustee-Manager recognises the importance of effective communication with all investors and endeavours to provide prompt and relevant information on KIT's strategy, corporate developments and financial performance to the investment community.

This is achieved through one-on-one meetings, investor roadshows and conferences, conference calls, results updates and post-results engagements with analysts, as well as institutional and retail investors.

The team stepped up efforts in the year and engaged over 200 global investors and analysts in Singapore, Australia, Hong Kong and Malaysia. In addition, the Trustee-Manager now conducts quarterly post-results teleconferences with sell-side analysts, and works with brokers to organise post-results engagements to update investors on KIT's performance and outlook.

In March 2019, KIT launched an equity fund raising exercise comprising a placement cum preferential offering to partially fund the bridge loan for the acquisition of Ixom HoldCo Pty Ltd (Ixom), which was announced in November 2018. The Trustee-Manager embarked on a series of roadshows and meetings to share with investors the merits of the strategic acquisition of Ixom, and how Ixom will contribute towards KIT's long-term growth. The Trustee-Manager also partnered with the Securities Investors Association (Singapore) (SIAS) to organise a dialogue session with more than 120 retail Unitholders on the proposed acquisition of Ixom, which was completed in February 2019. The placement tranche saw strong demand from investors and the preferential offering was 1.8 times oversubscribed.

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

Through Keppel Capital, the Trustee-Manager is a member of the Investor Relations Professionals Association of Singapore (IRPAS), which promotes knowledge sharing and continuous improvement of professional competencies amongst IR professionals.

The Annual General Meeting (AGM) remains the primary platform for the Board to engage with Unitholders. KIT's 12th AGM was held at Suntec Singapore Convention Centre on 16 April 2019 and was attended by over 400 Unitholders. Two Extraordinary General Meetings (EGM) were held in 2019 to seek Unitholders' approval for the resolutions relating to the proposed acquisition of Ixom and the divestment of KIT's 51% stake in DataCentre One Pte. Ltd. (DataCentre One). Each EGM was attended by more than 300 Unitholders.

All resolutions at the general meetings are polled electronically and an independent scrutineer is appointed to validate the voting procedures and oversee the process. Minutes from the general meetings are also available on KIT's website.

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

Telephone:
+65 6803 1851

Email:
investor.relations@kepinfratrust.com

Website:
www.kepinfratrust.com

KIT's EGMs on the acquisition of Ixom and the divestment of its 51% stake in DataCentre One were attended by more than 300 Unitholders each.

INVESTOR RELATIONS CALENDAR

1Q 2019	2Q 2019	3Q 2019	4Q 2019
Announced FY 2018 results and arranged teleconference briefing for analysts	Announced 1Q 2019 results and arranged teleconference briefing for analysts	Announced 2Q 2019 results and arranged teleconference briefing for analysts	Announced 3Q 2019 results and arranged teleconference briefing for analysts
FY 2018 post-results investor meetings organised by Credit Suisse	1Q 2019 post-results investor meetings organised by Credit Suisse	2Q 2019 post-results investor meetings organised by DBS	3Q 2019 post-results investor meetings organised by Maybank
SIAS dialogue session with Unitholders for the proposed acquisition of Ixom	Participated in the annual REITs Symposium	Participated in the SGX-Maybank Singapore Corporate Day in Kuala Lumpur	EGM for the proposed divestment of 51% stake in DataCentre One
EGM for the proposed acquisition of Ixom	Investor roadshow in Singapore	Participated in the Citi-REITAS-SGX Singapore REITS Sponsor Day in Singapore	Participated in the SGX-UBS Singapore Corporate Day in Melbourne and Sydney
Investor roadshow in Hong Kong	Convened 12th AGM		

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

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

KIT's website contains information on the Trustee-Manager, the businesses and assets in KIT's portfolio, as well as investor materials such as financial information, distribution details, annual reports and presentations. Investors can also sign up for email alerts through the website, to be notified whenever new announcements are uploaded.

As at end-2019, KIT is amongst the constituent stocks in the MSCI Singapore Small Cap and FTSE ST Mid Cap indices, which enhances KIT's liquidity and visibility amongst the investment community. KIT is currently covered by two equity research houses, namely Credit Suisse and DBS.

The Trustee-Manager provides timely disclosures on significant corporate developments and maintain open channels of communication with investors.

UNITHOLDING BY INVESTOR TYPE (%)
as at 7 February 2020

Sponsor	18.2
Institutional	27.7
Retail	54.1
Total	100.0

UNITHOLDING BY GEOGRAPHY[1] (%)
as at 7 February 2020

Singapore (SG)	33.9
Asia (ex-SG)	3.1
United Kingdom (UK)	3.2
Europe (ex-UK)	1.0
North America	7.0
Others[2]	51.8
Total	100.0

1 Excluding Sponsor and related parties.
2 Others comprise the rest of the world, as well as unidentified holdings and holdings below the analysis threshold.

SIGNIFICANT EVENTS

1Q 2019

Declared and paid a distribution per Unit (DPU) of 0.93 cents to Unitholders for the period from 1 October 2018 to 31 December 2018

Unitholders approved the proposed acquisition of Ixom HoldCo Pty Ltd (Ixom) at an Extraordinary General Meeting on 12 February 2019

Completed the acquisition of Ixom

2Q 2019

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 January 2019 to 31 March 2019

Raised $500.8 million through a placement cum preferential offering

Issued two tranches of Perpetual Securities, raising total gross proceeds of $300 million as part of a newly-established $1 billion Multicurrency Debt Issuance Programme

3Q 2019

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 April 2019 to 30 June 2019

Established the Board Safety Committee

4Q 2019

Declared and paid a DPU of 0.93 cents to Unitholders for the period from 1 July 2019 to 30 September 2019

Completed the divestment of KIT's 51% stake in DataCentre One Pte. Ltd.

Regular site visits are conducted at KIT's assets like Ixom's plant in Melbourne (pictured) for the board and management to keep updated about operational safety practices.

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

WE PLACE SUSTAINABILITY AT THE HEART OF OUR STRATEGY, DELIVERING SOLUTIONS FOR SUSTAINABLE URBANISATION WHILE CREATING ENDURING VALUE FOR OUR STAKEHOLDERS – THROUGH ENVIRONMENTAL STEWARDSHIP, RESPONSIBLE BUSINESS PRACTICES, AND NURTURING OUR PEOPLE AND THE COMMUNITIES, WHEREVER WE OPERATE.

ENVIRONMENTAL STEWARDSHIP

We will do our part to combat climate change, and are committed to improving resource efficiency and reducing our environmental impact.

For more information, go to: pages 38 to 43

RESPONSIBLE BUSINESS

The long-term sustainability of our business is driven at the highest level of the organisation through strong corporate governance and prudent risk management.

For more information, go to: pages 44 to 48

PEOPLE AND COMMUNITY

We are committed to providing a safe and healthy workplace, investing in developing and training our people, and uplifting communities wherever we operate.

For more information, go to: pages 49 to 56

LETTER TO STAKEHOLDERS

GRI 102-14

DEAR VALUED STAKEHOLDERS,

I am pleased to present Keppel Infrastructure Trust's (KIT) sustainability report, prepared in accordance with the internationally-recognised Global Reporting Initiative (GRI) Standards.

Sustainability is key to KIT's business and operations, and our three-pronged approach covering environmental stewardship, responsible business, as well as people and community guides us in our efforts to safeguard long-term value for Unitholders.

2019 saw us continue to proactively drive sustainability across our businesses and operations, and this report covers disclosures and details of the Trust's sustainability performance and initiatives for the year.

Sustainability is key to our businesses and operations, and our three-pronged approach covering environmental stewardship, responsible business, as well as people and community guides us in our efforts to safeguard long-term value for our Unitholders.

DRIVING OPERATIONAL EXCELLENCE

Recognising that safety remains a top priority for KIT, a Board Safety Committee was established in 2019 to provide strategic oversight of the Trust's ongoing efforts in health, safety, security and environment (HSSE). This will ensure that HSSE continues to form an integral part of KIT's strategic initiatives and business processes as we strive to maintain our track record of zero reportable incidents.

On the operational front, many of the Trust's assets already adopt best-in-class green technologies that support a sustainable future. Nonetheless, where possible, we continue to incorporate best practices in sustainability management and seek to improve the performance of our businesses and assets. Some of these initiatives in 2019 are detailed below:

- Implemented a water management plan at City Gas that reduced water consumption by up to 13% in the year;
- Introduced the use of drones for equipment inspection at selected Ixom HoldCo Pty Ltd (Ixom) facilities, improving efficiency and safety levels; and
- Developed a smart chemical handling system at the Keppel Merlimau Cogen Plant, which reduced staff exposure to chemicals, creating a safer work environment.

2019 also saw our two waste-to-energy (WTE) plants in Singapore convert and produce 399,992 gigajoules (GJ) of renewable energy and divert 1,134,800 tonnes of waste from landfill. Meanwhile, a total of 38.9 million m^3 of potable water was produced in 2019 at both the Keppel Seghers Ulu Pandan NEWater Plant and the SingSpring Desalination Plant.

In February 2019, KIT completed the strategic acquisition of Ixom, a manufacturer and distributor of industrial chemicals used in water treatment as well as dairy processing, nickel mining and many other industries. Given the nature of Ixom's business, they have over the years put in place robust environmental and safety practices to safeguard the long-term sustainability, safety and reliability of their operations. We are working closely with the team at Ixom to share and learn best practices and initiatives that will further improve KIT's efforts in environment, health and safety.

At the same time, we will continue to collaborate with the Singapore government and regulators on the recently established carbon tax regime and to strengthen cyber security measures.

NURTURING TALENT AND COMMUNITIES

Our people are the key driver of our businesses, and investing in employee development is central to our strategy to drive long-term sustainable growth. We continue to engage, develop and nurture our workforce through effective training, as well as opportunities for career advancement and development.

On the community front, we are focused on engaging and benefiting the local communities where we operate. In 2019, together with Keppel Capital, we dedicated about 1,380 volunteer hours to community outreach activities. At the same time, the KIT group contributed $125,000 to various charitable causes, including the Australia Wildlife Rescue Organisation, Country Fire Authority of Victoria and Red Cross Bush Fire Appeal, to support communities affected by the Australian bushfire.

SHAPING A SUSTAINABLE TOMORROW

Recognising our efforts towards aligning and integrating sustainability as part of the Trust's strategy, KIT was named Runner-Up for Sustainability at the 2019 Securities Investors Association of Singapore Investor Choice Awards.

We would like to thank our valued stakeholders for supporting us in our efforts and look forward to strengthening our partnership as we build a sustainable future together.

Yours sincerely,

MATTHEW POLLARD
Chief Executive Officer
28 February 2020

ABOUT THIS REPORT

Keppel Infrastructure Trust (KIT) is a listed business trust with sustainability at the centre of its businesses and operations. With several assets that contribute to sustainability, such as waste-to-energy (WTE), seawater desalination and water reuse plants (NEWater), KIT is strengthening the infrastructural foundation for a sustainable future. The business landscapes in which KIT operates also increasingly value resource efficiency and good environmental, social and governance (ESG) performance.

As part of KIT's overarching strategy, the Board of Directors (the Board) of its Trustee-Manager has reviewed and approved the ESG issues that are material to its business. Further, the Board continuously oversees and periodically evaluates the management and monitoring of KIT's sustainability performance. The Trustee-Manager for KIT is Keppel Infrastructure Fund Management Pte. Ltd. (KIFM).

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

GLOBAL REPORTING INITIATIVE STANDARDS

GRI 102-54

The 2019 sustainability report was developed in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The content and aspect boundaries in this report represent the backbone of the Trustee-Manager's sustainability management approach, which closely aligns with the GRI's Reporting Principles of Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. Management and reporting efforts focus on the key material issues with the potential to affect KIT's stakeholders and business operations. The full list of disclosures can be found in the GRI Content Index on pages 57 to 60.

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

REPORTING PERIOD AND SCOPE

GRI 102-46 | 102-49 | 102-50 | 102-52 | 102-53

The strategies, initiatives and material performance metrics disclosed in this report represent the business activities of KIT's Singapore, Australia and New Zealand operations throughout the financial year from 1 January 2019 to 31 December 2019. The sustainability report is published annually. KIT's financial statements can be found on pages 61 to 143. The content in this report has been prepared and reviewed by external reporting consultants. This report has not been through external verification. The Trustee-Manager will review the need for external assurance in the future.

The reporting scope has changed since the publication of the previous sustainability report due to the strategic acquisition of Ixom. Ixom has operations across Australia and New Zealand and provides key chemicals to diverse end markets such as water treatment, dairy and nickel mining.

To provide fuller disclosure, the scope of reporting for Greenhouse Gas (GHG) emissions (Scope 1) has been expanded from 2019 onwards to include Keppel Merlimau Cogen.

For the FY 2019 Sustainability Report, KIFM has redefined the scope for disclosure on employee information under GRI indicators (GRI 401-1, 403-2, 404-1, 404-3, 405-1 and 406-1). The revised scope for FY 2019 and subsequent reports will cover only KIFM employees, and exclude employees hired directly under City Gas, Basslink and Ixom, as KIFM does not directly manage the hiring, training and development of employees under these companies. Following this, KIFM will also restate the FY 2018 employee information to provide comparable data.

In 2019, we have also reviewed the disclosure of our environment sustainability data, and will adopt the equity share approach which will subsequently change the reporting scope for SingSpring Desalination Plant and the Keppel Merlimau Cogen Plant to reflect KIT's percentage interest in the respective entities.

The Trustee-Manager welcomes any feedback related to any aspects of this report. Please contact us at investor.relations@kepinfratrust.com.

MANAGING SUSTAINABILITY

GRI 102-16 | 102-47 | 103-1 | 103-2 | 201-4

The Trustee-Manager understands that environmental, social and governance (ESG) factors represent emerging business risks but also new opportunities for value creation. As such, ESG factors are integrated into business decisions and management procedures. KIT generates and distributes value to our stakeholders through services and infrastructure that advance sustainability and support local communities.

The Trustee-Manager is committed to reduce the environmental impact of its operations and has included environmental and social aspects in its risk management processes. More information on the Trustee-Manager's risk management strategy is available on pages 157, 176 and 177.

GOVERNANCE STRUCTURE

GRI 102-18

KIFM abides by the Code of Corporate Governance 2018 (the Code), issued by the Monetary Authority of Singapore. The Code provides KIFM with a framework for checks, controls and accountability with which to implement governance best practices. In addition, the Code requires the Board to consider sustainability issues when making key business decisions.

Together, the Board and senior management ensure that business activities uphold Corporate Social Responsibility (CSR) values and consider all material ESG factors. They are also responsible for assessing sustainability performance and the effectiveness of risk management measures.

Ixom has adapted KIT's key principles and core policies to its operations and internal corporate structure.

EXTERNAL STANDARDS AND STRATEGIC MEMBERSHIPS

GRI 102-12 | 102-13

KIFM collaborates with other key industry stakeholders to collectively raise standards and encourage best practices. Both operators of our water plants are active members of the Singapore Water Association. City Gas is a regular member of the Gas Association of Singapore and an associate member of the Singapore Green Building Council and Real Estate Developers' Association of Singapore. Our waste-to-energy plant operations and maintenance (O&M) teams are members of the Waste Management and Recycling Association of Singapore.

ENGAGEMENTS WITH KEY STAKEHOLDER GROUPS IN 2019

EMPLOYEES

Objectives of Engagement
Build up our talent pool through continual investments in training and development, as well as employee welfare

Engagement Platforms
Dialogue sessions with senior leaders; employee engagement surveys; appreciation day; health and wellness month; quarterly town halls meetings; career day; leadership programmes; team building activities; involvement in different employee interest groups

Key Topics of Concern
Providing platforms for employees to contribute and share ideas; allowing sharing of ideas on improvement; building a culture of recognition and appreciation; enhancing career through self-directed learning and inspiring others through leading by example

Frequency of Engagement
On-going

GOVERNMENTS, REGULATORY BODIES

Objectives of Engagement
Understand regulatory requirements

Engagement Platforms
Regular meetings and site inspections; renewal of licenses and permits

Key Topics of Concern
Laws and regulations

Frequency of Engagement
Annual/Quarterly/Ad hoc

LOCAL COMMUNITIES

Objectives of Engagement
Impact communities positively

Engagement Platforms
Volunteer activities

Key Topics of Concern
Positive social contributions

Frequency of Engagement
Ad hoc

BUSINESS PARTNERS

Suppliers, Contractors, Joint Venture (JV) partners

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

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

Key Topics of Concern
Compliance; Health, Safety and Environment (HSE) requirements

Frequency of Engagement
Continuously

CUSTOMERS

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

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

Key Topics of Concern
Product and service quality; HSE excellence

Frequency of Engagement
Continuously

UNITHOLDERS

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

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

Key Topics of Concern
Business strategy and direction; economic performance

Frequency of Engagement
Annual/Quarterly/Ad hoc

Basslink's CEO serves as the Chairman of International Cable Protection Committee while the General Manager of Marine and Regulatory at Basslink serves as the Chairman of Oceania Submarine Cable Association.

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

Keppel Capital is a signatory of the United Nations Global Compact and is committed to the Compact's 10 universal principles, which include human rights, labour, environment and anti-corruption.

MATERIALITY ASSESSMENT

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

The key ESG issues that are most relevant to KIT have been identified through a materiality assessment process which forms the foundation of KIFM's sustainability strategy. These material issues identified have the potential to affect business performance and/or the interests of its key stakeholders. These issues and their performance metrics guide operational improvements and decision-making of senior management and internal stakeholders of KIFM.

The materiality assessment process is guided by and aligned with GRI's principles for defining report content. After being identified as material, key issues were prioritised based on the perspectives and interests of key stakeholder groups. Material issues were analysed using clearly defined criteria and classified into Tier 1 (critically important) and Tier 2 (highly important).

The list of material issues has been presented to and validated by the Board and CEO of the Trustee-Manager.

KIFM has a framework in place to periodically review the list of material issues. As KIT's business landscape continues to evolve, the list is updated when necessary.

COMMITMENT TO STAKEHOLDERS

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

KIFM is dedicated to optimise value for its stakeholders. Key stakeholder groups are those with the potential to affect or be affected by KIT's business operations or performance. KIFM engages them through platforms designed to better understand their needs and perspectives as well as to obtain feedback to improve performance, protect best interests and drive growth.

Modes of engagement and key topics of concern are outlined in the table on page 36.

Insights gained through the various stakeholder engagement initiatives help define stakeholder priorities and allow their interests to be considered in relevant business decisions and corporate sustainability strategies.

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

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

ENVIRONMENTAL STEWARDSHIP

WE ARE COMMITTED TO MINIMISING EMISSIONS TO COMBAT CLIMATE CHANGE AND SUPPORT THE TRANSITION TOWARDS A LOW-CARBON FUTURE.

CLIMATE ACTION

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

Keppel Infrastructure Fund Management (KIFM) is committed to minimise its greenhouse gas emissions and contribute to combating climate change as well as the transition towards a low-carbon future. In addition, climate change represents considerable and increasing risks to humanity, crucial resources and physical assets around the world. As such, KIFM seeks to mitigate emerging risks, adapt to changing circumstances and capitalise on new markets through energy optimisation and adoption of renewable and alternative energy sources.

The Carbon Pricing Act was established in Singapore on 20 March 2018, and KIFM is working with the respective agencies to determine the gas emission computation. KIFM supports this initiative to promote a cleaner environment and the Trust is exploring ways to reduce or reuse carbon emissions.

Greenhouse Gas (GHG) Emissions[1]

GRI 305-1 | 305-2 | 305-4

KIFM GHG emissions policies are based on the following three components:

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

To achieve these policies' objectives, KIFM's strategy is to identify, implement, monitor and track carbon management action plans.

The key themes of this strategy are:

- Optimising energy consumption through information monitoring;
- Improving operational efficiencies by adopting smart control systems and more energy-efficient equipment; and
- Imbuing an environmentally-conscious mindset in stakeholders.

From 2019 onwards, KIT has adopted the equity share approach to redefine the scope of reporting for the Keppel Merlimau Cogen Plant (KMC) and SingSpring Desalination Plant (SingSpring) to reflect KIT's percentage interest in both entities. Scope 1 emissions will include KMC data. Scope 1 emissions include KMC data, while Scope 2 emissions do not as KMC is a net exporter of electricity.

GHG emissions are measured in tonnes of carbon dioxide equivalent (tCO_2e) and calculated based on the GHG Protocol, the most widely accepted international standard[2]. Gases included in the calculation include carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O). In 2019, KIT's Scope 1 and Scope 2 GHG emissions totalled 2,341,423 tCO_2e; consisting of 2,173,350 tCO_2e of Scope 1 emissions and 168,073 tCO_2e of Scope 2 emissions. This increase in Scope 1 emissions from 2018 is due to the inclusion of emissions data from KMC in the calculation[3]. However, excluding Scope 1 GHG emissions data from KMC, the total carbon emissions data in 2019 would be 1,015,423 tCO_2e, which is an increase of 17% compared to 2018 due to the acquisition of Ixom. Ixom produces liquefied chlorine by using electricity for the

1 From FY 2019, KIFM will disclose GHG emissions intensity and other environmental data metrics against DCF and not Assets Under Management (AUM). This was done as DCF is a more accurate representation of the economic value delivered to Unitholders. We have also restated the FY 2017 and FY 2018 intensity values for year-on-year comparison.

2 The conversion factors are from the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA) 2017 Government GHG Conversion Factors for Company Reporting.

3 The increase in GHG emissions data from FY 2018 is due to several factors, including the acquisition of Ixom, the inclusion of data from KMC for Scope 1 emissions.

THE CLASSIFICATION OF GHG EMISSIONS IS AS FOLLOWS:

SCOPE 1
DIRECT EMISSIONS

(Emissions from Keppel Merlimau Cogen Plant, Ixom, City Gas, Senoko WTE and Keppel Seghers Tuas WTE Plants, Keppel Seghers Ulu Pandan NEWater Plant, Basslink)

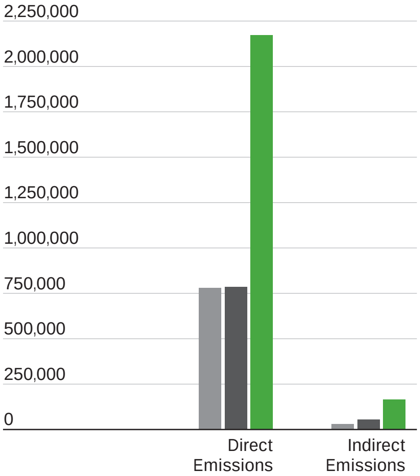
- Diesel
- Natural Gas
- Naphtha

SCOPE 2
INDIRECT EMISSIONS

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

- Electricity

DIRECT AND INDIRECT EMISSIONS (tCO_2e)



	Direct Emissions	Indirect Emissions
2017	782,857	32,859
2018	786,883	55,831
2019	2,173,350	168,073

CARBON EMISSIONS INTENSITY[1]
(tCO_2e/mil SGD)

2017	5,657
2018	5,968
2019	12,408

[1] The Carbon emission intensity values for FY 2017 and FY 2018 have been recalculated against DCF for year-on-year calculation.

Emissions from all of KIT's plants are far below their respective national emission limits.

electrolysis process, contributing to the increase of Scope 2 emissions.

Keppel Infrastructure Trust's (KIT) carbon intensity, based on Distributable Cash Flow (DCF), was 19,215 tCO_2e/mil SGD in 2019.

Other Emissions and Effluents

GRI 306-1 | 305-7

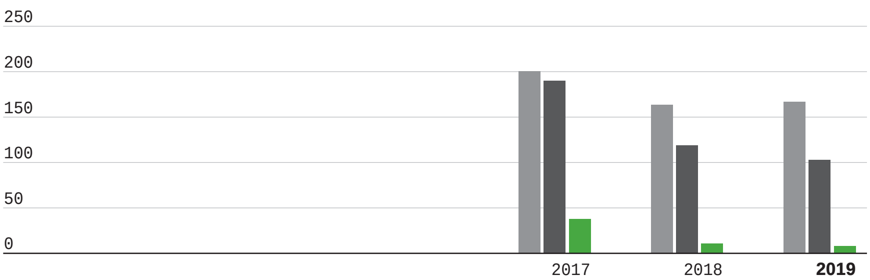
In Singapore, emissions from KMC, Tuas and Senoko Waste-to-Energy (WTE) plants and Ulu Pandan NEWater plant are managed by KIT's sponsor and Operations and Maintenance (O&M) contractor, Keppel Infrastructure. Both nitrogen oxides (NOx) and sulphur dioxide (SO_2) emissions remain far below the levels stipulated by National Environment Agency's (NEA) Environmental Protection and Management (Air Impurities) Regulations; which are 700 milligrams per normal cubic metre (mg/Nm^3) and 500 mg/Nm^3 respectively. The total NOx and SO_2 Emissions were 167 mg/Nm^3 and 103 mg/Nm^3 in 2019.

In 2019, particulate matter emitted was 8 mg/Nm^3, which is well below the NEA emission standard of 100 mg/Nm^3.

In Australia and New Zealand, where Ixom is present, energy and emissions are regulated by the Clean Energy Regulator, National Greenhouse and Energy Reporting Scheme. The Department of Agriculture, Water and Environment also requires an annual National Pollution Inventory submission. Ixom is compliant with all regulatory and reporting requirements.

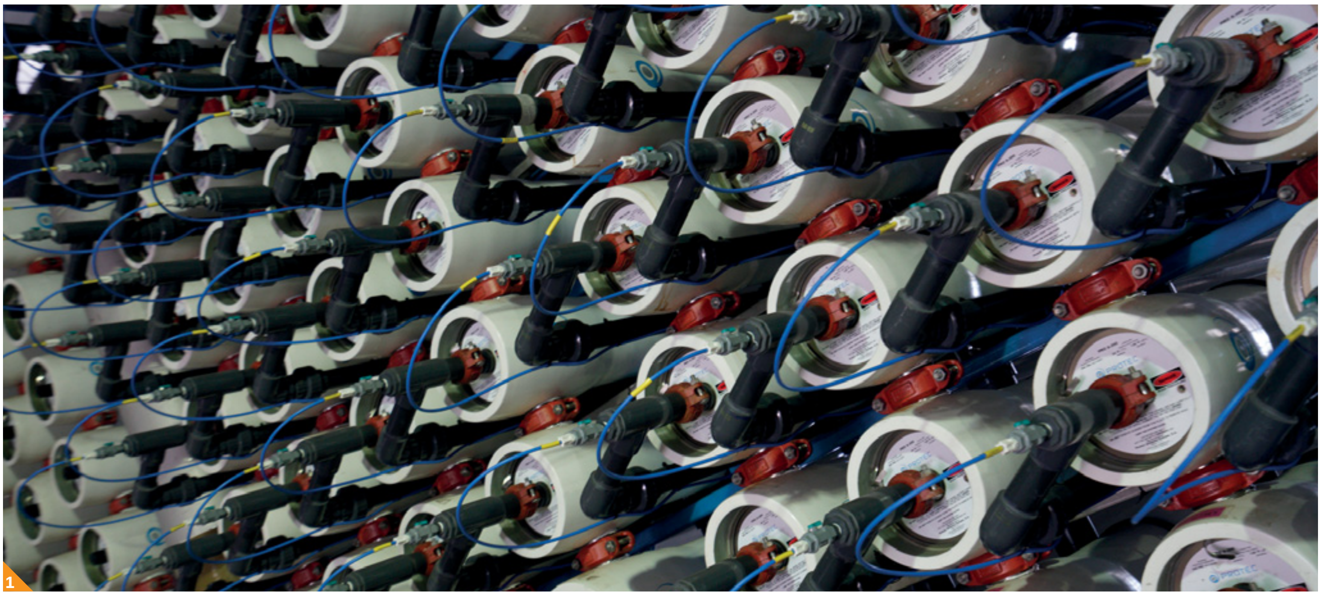
All effluent discharged to watercourses or sewer systems is treated in compliance with all applicable country-specific environmental standards, requirements and limits.

AIR EMISSIONS (mg/Nm^3)

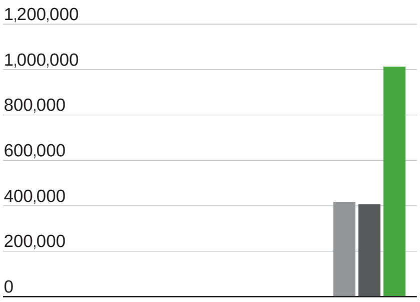


	2017	2018	**2019**
NOx	200.7	163.5	166.7
SO_2	190.0	118.8	103.0
Particulate Matter (PM)	38.0	11.0	8.0

ENVIRONMENTAL STEWARDSHIP



TOTAL INDIRECT ENERGY CONSUMPTION (GJ)



2017	418,881
2018	407,585
2019	1,013,403

Note:
The significant increase in indirect energy consumption in 2019 was due to the acquisition of Ixom.

KIFM ensures that water discharge does not impact the environment through impact studies and outfall designs. In 2019, KIT discharged a total of 53,163,496 m^3 of water, of which 35,170,210 m^3 was discharged into subsurface waters and 17,993,286 m^3 was discharged to sewers that lead to rivers, oceans, lakes, wetlands, treatment facilities and/or groundwater.

ENVIRONMENTAL MANAGEMENT[1]

Overview

KIFM is committed to best corporate responsibility practices and aims to have minimal environmental impact from its operations. Further, its management of environmental resources serves key business objectives to deliver valuable sustainable solutions and adapt to rapidly changing markets that increasingly value ESG performance.

The environmental performance report includes data from City Gas (including Senoko Gasworks), the Basslink Interconnector, Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Desalination Plant (SingSpring), KMC Plant and Ixom. KIFM has redefined the reporting scope for SingSpring and KMC based on the equity share approach for greater accuracy.

Management Approach

KIFM's environmental management approach is based on assessing, avoiding, reducing and mitigating environmental impacts and risks while adopting environmental solutions and practices that optimise value for its stakeholders. Specific initiatives concentrate on key environmental priorities that are material to KIT's business objectives, such as increasing energy efficiency, achieving industry green standards, optimising resources and waste streams, and reducing emissions. To validate its environmental best practices and industry-leading operational performance, KIFM adopts internationally recognised standards such as ISO 14001.

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

Energy Consumption

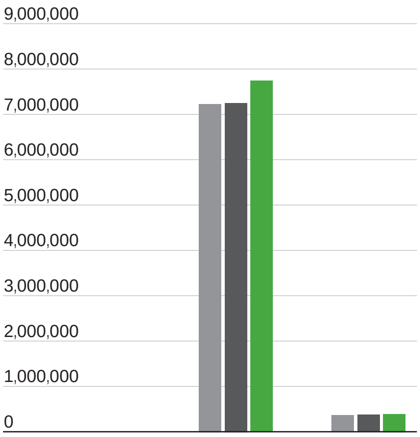
GRI 103-1 | 103-2 | 103-3 | 302-1 | 302-3 | 302-4

KIT businesses and assets consume direct energy primarily through onsite business operations and indirect sources via electricity purchased from external suppliers. Direct energy sources consist mostly of natural gas, but also include diesel and naphtha.

KIT's energy conservation strategies and performance targets focus on Ixom, City Gas, Keppel Seghers Ulu Pandan NEWater Plant and SingSpring, as other KIT assets are energy producers. KIT continuously assesses cost-effective measures to optimise energy management and minimise GHG emissions. KIFM works closely with O&M contractors to ensure that plants are operating according to their energy-efficient designs and that all unnecessary energy consumption is avoided or eliminated.

[1] From FY 2019, KIFM will disclose GHG emissions intensity and other environmental data metrics against DCF and not AUM. This was done as DCF is a more accurate representation of the economic value delivered to Unitholders. We have also restated the FY 2018 intensity values for year-on-year comparison.

TOTAL ENERGY CONSUMPTION BY FUEL TYPE (GJ)



	Non-Renewable	Renewable
2017	7,239,431	373,326
2018	7,262,335	384,597
2019	7,752,775	399,992

KIT businesses and assets consumed a total of 8,152,768 gigajoules (GJ) of energy in 2019. This consisted of 7,139,365 GJ of direct energy and 1,013,403 GJ of indirect energy consumption. Total energy consumption has increased by 6.6% compared to 2018 due to the acquisition of Ixom. Energy intensity in 2019 was 43,204 GJ per million SGD, a 20% decrease from last year.

Standard conversion factors were used to calculate energy data. Raw energy data was collected from the CR360 system, monthly reports and data submitted by various plant operators.

In 2019, 4.9% of KIT's energy consumption was from renewable sources. KIT generates and consumes renewable energy from solar photovoltaic (PV) panels, as well as from municipal solid waste processed at our WTE plants.

KIT also sold around 1,260 terajoules of the electricity it produced. This excludes KMC and is net of energy produced and consumed by KIT assets.

Harnessing Renewable Energy

Producing and consuming renewable energy is a key aspect of KIFM's strategy to reduce GHG emissions. The Keppel Seghers Ulu Pandan NEWater Plant features a rooftop PV installation with a generation capacity of 1 megawatt-peak. This generates approximately 1.2 gigawatt hours annually or enough clean energy to power 250 four-room households in Singapore. To ensure optimised performance, the solar array undergoes regular maintenance and assessments.

This innovative solar PV system was awarded a Solar Pioneer Award, a recognition by the Energy Innovation Programme Office, led by the Singapore Economic Development Board and the Energy Market Authority.

Green Buildings

Green and sustainable design features at KIT assets include but are not limited to energy-efficient lighting installations at our WTE plants; compressor optimisation conducted at KMC; and roof design for natural daylighting at the SingSpring plant.

Water Management

GRI 103-1 | 103-2 | 103-3 | 303-1 | 303-2 | 306-1

Some KIT businesses and assets operate in water-scarce regions. In addition, global issues such as climate change and population growth are expected to exacerbate water scarcity. As such, water is conserved and managed as a critical resource to safeguard our future, in line with Singapore's National Water Agency, PUB's mission to ensure an efficient, adequate and sustainable supply of water.

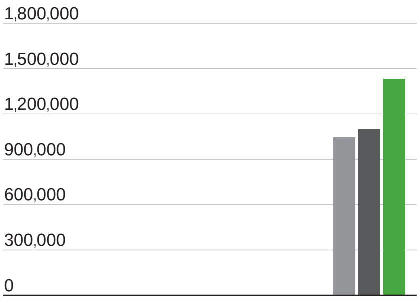
2

1 KIT owns several assets that contribute to sustainability such as waste-to-energy, seawater desalination and water reuse plants.

2 4.9% of KIT's energy consumption was from renewable sources, including solar photovoltaic energy and green energy from our WTE plants.

ENVIRONMENTAL STEWARDSHIP

TOTAL WATER USED (m^3)



2017	1,046,933
2018	1,099,200
2019	1,432,351

As the owner of SingSpring Desalination Plant, KIT directly increases the nation's freshwater supply by using raw seawater for potable water production. In addition, Ixom contributes to water resources by producing chemicals that are crucial to water treatment processes.

To optimise internal water efficiency, KIT promotes water conservation best practices and implements innovative water-efficient equipment, technologies and processes. For example, at KMC, seawater is used to cool the generators to minimise the demand and consumption of NEWater.

KIT sources all its water from municipal water supplies, PUB or from water produced at our water plants. KIFM ensures that KIT's water consumption does not significantly impact any water sources.

In 2019, KIT consumed a total of 2,248,775 cubic metres (m^3) of water for operational needs. It consisted of 997,890 m^3 of NEWater, 434,461 m^3 of potable water and 816,424 m^3 of recycled water. This was a 30% increase compared to 2018 due to the acquisition of Ixom, as its chemical production processes are water-intensive. Although total water consumption has increased, 36% of this consumption consisted of recycled water.

Water Recycling
The Senoko WTE Plant recycles a considerable amount of water through a process of treating effluent water from the refuse leachate and wastewater. The treated water is then used for ash quenching and fire prevention by wetting dry refuse in the bunker. In addition, at the Senoko WTE Plant, drainage channels throughout the site collect rainwater and surface runoff which are subsequently stored in the five catchment basins and then conveyed to the service basins for general use (e.g. reception hall cleaning and boiler house washing).

To supplement rain and surface water during periods of low precipitation, the Senoko WTE Plant's O&M team innovated its water management processes to treat and reuse effluent water generated through various plant processes. This reduces the demand for NEWater as well as discharge rates.

1 City Gas recycles water condensate from its plants in its cooling tower, reducing water consumption by up to 13%.

2 KIT's WTE plants provide alternative energy sources while reducing the amount of solid waste deposited in Singapore's landfills.

To accomplish this, the O&M team designed, fabricated and installed a multi-gravel filtration system to treat and filter effluent water, and transfer it to the service water basins to be reused. The filtration system consists of several layers of porous media resting on a drainage gravel layer, which acts as a support medium for the entire system and allows for backwash to be carried out effectively.

This innovative effluent water filtration system at the Senoko WTE Plant was completed in 2015 and the plant has since drastically reduced the demand for NEWater by supplementing onsite rain and surface water resources.

At City Gas, a water management strategy was implemented to recycle wastewater during the town gas manufacturing process. Water condensate from the medium-pressure cyclic gas-making plants are recycled for the cooling tower. This new process lowers City Gas' water consumption by up to 13% during the year. Other measures such as water efficient taps and showerheads were installed to reduce overall water consumption.

Waste Management

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

Waste management solutions are a crucial component of KIT's sustainability approach, as well as a central function of our WTE plants. KIT continually assesses and implements new opportunities and processes to minimise waste production throughout our operations and optimise recycling, reuse, and WTE processes.

Our WTE plants recover energy from waste otherwise destined for the landfills. To conserve valuable resources and reduce the demand for raw materials, scrap metal is collected at our WTE plants to be recycled. To minimise environmental impact and to ensure safety, hazardous waste is collected by licensed professionals and burned at NEA-designated plants.

KIT's WTE plants not only provide alternative energy sources, they also significantly reduce the amount of solid waste deposited at Singapore's landfills, conserving Singapore's limited land and improving waste management in Singapore.

KIT produced a total of 148,352 tonnes (t) of landfill waste in 2019. In addition to reducing the waste sent to landfills, KIT recycled 9,340 t of material, which includes ferrous scrap metal.

Environmental Compliance

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

There were zero reportable chemical spills at KIT businesses and assets in 2019. To the best of its knowledge, KIFM was in compliance with all relevant laws and regulations in 2019.

To the best of its knowledge, Ixom was also in compliance with all relevant environmental regulations in 2019.

TOTAL WASTE RECYCLED (t)

2017	10,936
2018	10,122
2019	9,340

RESPONSIBLE BUSINESS

WE BELIEVE OUR PRIMARY RESPONSIBILITY IS TO MAXIMISE VALUE CREATION AND DISTRIBUTION INCOME FOR OUR KEY STAKEHOLDERS.

ECONOMIC SUSTAINABILITY

GRI 102-7 | 103-1 | 103-2 | 103-3 | 201-1

Keppel Infrastructure Fund Management's (KIFM) primary responsibility is to maximise value creation and distribution income for its key stakeholders. Keppel Infrastructure Trust's (KIT) economic performance generates direct value for both internal and external stakeholders. KIT's businesses and assets generate value in many forms such as local economy stimulation, job creation, tax revenues and providing basic resources (e.g. energy and water) required for economic functions. Direct economic value is delivered to Unitholders in the form of sustainable distributions, and to its employees through competitive salary packages.

Economic value delivered to Unitholders is measured by Distributable Cash Flow (DCF). In 2019, KIT's DCF was $188.7 million, representing a 33.7% increase compared to 2018. The increase was mainly due to the positive contribution from Ixom.

The economic performance of the Trust is linked to material environmental, social and governance (ESG) factors. As such, both are managed with consideration of each other.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

GRI 102-11 | 102-16

KIFM is committed to implementing best practices in governance in order to uphold the principles of corporate responsibility, and protect long-term value and the interests of its key stakeholders. As such, the Board of Directors consists mostly of Independent Directors to ensure the unbiased consideration of its key stakeholder's interests.

More information on KIFM's corporate governance guidelines and practices are available on pages 144 to 175.

As part of its System of Management Controls, KIFM implements an Enterprise Risk Management framework; a comprehensive and dynamic risk management framework that enables KIFM to adapt to emerging ESG risks and the rapidly changing business landscape. Accordingly, KIFM continuously assesses its operations and adjusts to mitigate potential risks and capitalise on new opportunities related to ESG issues as necessary. These measures protect the resilience and longevity of the Trust.


1

1 In 2019, KIT's DCF was $188.7 million. Featured in the picture is the waste treatment operations at Keppel Seghers Tuas WTE Plant.

2 The 33.7% increase in KIT's distributable cash flow in 2019 was mainly due to the positive contribution from Ixom. Featured in the picture is part of Ixom's chemical manufacturing operations.

Stringent due diligence is conducted on counterparties and/or transactions based on the respective counterparty's risk which is assessed for the likelihood of bribery and/or corruption issues.

More information on KIT's risk management strategy is available on pages 176 and 177.

COMPLIANCE, ANTI-BRIBERY AND ANTI-CORRUPTION MEASURES

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

KIFM is committed to the highest standards of business ethics and implements anti-corruption best practices as part of its commitment to business ethics as well as the United Nations Global Compact's Principles (Principle 10: Measures Against Corruption). KIFM has a policy of zero-tolerance towards corruption, bribery, fraud and other forms of unethical behaviour.

To uphold its commitments, KIFM regularly communicates relevant policies to all its employees, including senior management and directors. All employees must adhere to the Enhanced Code of Conduct, which aims to establish and reinforce the highest standards of integrity and ethical business practices. To accomplish this objective, the Enhanced Code of Conduct has a strong focus on anti-corruption and has defined ethical business standards for conflicts of interests, the offering and receiving of gifts, as well as hospitality and promotional expenditures. The Enhanced Code of Conduct requires all employees to declare potential conflicts of interest and avoid any conflict between their own interests and the best interests of all relevant stakeholders in dealing with suppliers, customers, and other third parties.

Additional policies are in place to ensure ethical working relationships between KIFM and agents or other persons acting on behalf of KIFM and/or KIT. These policies outline standards of conduct to which KIFM or KIT's suppliers and their parent entities, subsidiaries and affiliated entities and employees, must abide by.

Each year, all KIFM employees and governance body members (i.e. directors) complete e-training modules and an online assessment to test and ensure proper knowledge of various policies on topics such as the Enhanced Code of Conduct, Whistle-Blower, Anti-Bribery and Anti-Corruption, Conflict of Interest and Insider Trading policies. Further, compliance training sessions are mandatory for all employees of KIFM and the employees of KIT's various businesses and assets.

RESPONSIBLE BUSINESS

1

Measures adopted to prevent corruption and unethical behaviour include:

- Outlining the responsibilities of all employees to uphold anti-corruption and anti-bribery principles;
- Informing and guiding employees on how to pre-emptively identify and avoid instances of corruption; and
- Implementing policies that outline standards of conduct expected of KIFM and agents acting on behalf of KIFM and KIT asset companies.

In 2019, KIFM had zero instances of corruption and non-compliance with all relevant regulations laws and/or voluntary codes related to anti-competitive behaviour, anti-trust, monopoly, marketing communications, IT privacy breaches, health and safety, as well as ESG-related policies.

The organisation's anti-corruption policies and procedures are communicated to all staff.

Compulsory compliance declarations and training are conducted once every three years at Ixom, while at KIFM and all other KIT's assets, it is conducted annually via the e-training and online declaration platform. KIFM and Ixom are still in the process of synchronising compliance procedures and data. To the best of KIFM's knowledge, there have been zero instances of non-compliance at Ixom in 2019.

KIFM's Competition Law Compliance Manual ensures that its employees do not engage in any anti-competitive behaviour in the conduct of its business. KIT believes that competition drives innovation and advancement of the industry while providing stakeholders with better products and services.

SUPPLY CHAIN AND RESPONSIBLE PROCUREMENT

GRI 102-9 | 102-10

KIT relies on a resilient and responsible supply chain to achieve continued growth and business success. KIFM evaluates suppliers based on ESG practices in addition to the business value that they can offer the Trust. Potential suppliers are selected based on rigorous screening criteria that include reputation, track record of service quality, safety and sustainability criteria.

KIFM's Supplier Code of Conduct fosters sustainability principles across its supply chain by outlining standards for environmental management, business conduct, labour, health and safety practices of suppliers. All of KIFM's major suppliers (providing products or services valued at $200,000 or more in a calendar year) are required to adhere to the Supplier Code of Conduct.

As Trustee-Manager, KIFM benefits from the expertise and skills of its sponsor and subsidiaries, including but not limited to technical management, operations & maintenance (O&M) and engineering, procurement and construction. Wholly-owned subsidiaries of Keppel Infrastructure—the sponsor of KIT—are responsible for the O&M of the Senoko Waste-To-Energy (WTE), Keppel Seghers Tuas WTE, Keppel Seghers Ulu Pandan NEWater and Keppel Merlimau Cogen (KMC) Plants.

Hyflux Engineering designed and built the SingSpring Desalination Plant and has managed its O&M since 2005. Hyflux Engineering's parent company is currently going through a court supervised reorganisation and as such, the Trustee-Manager has implemented the necessary contingency measures at the plant to ensure operational continuity and that its obligations under the Water Purchase Agreement are satisfactorily discharged.

Contractors are required to abide by all relevant laws and regulations during the course of the engagement. During the engagement, KIFM works directly with contractors to evaluate their performance and ensure that they achieve satisfactory levels of service quality and safety standards, as well as other essential criteria.

PRODUCT QUALITY AND SAFETY

Customer Satisfaction

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

High levels of customer satisfaction are achieved by focusing on the consistency, quality and reliability of the products and services delivered to customers. KIFM directly engages with key customers to gain insight into their needs and perspectives to ensure their satisfaction. Key areas of focus for customer satisfaction include operations and maintenance effectiveness, equipment condition, safety record and readiness to respond to emergencies (e.g. chemical spills, flu pandemic, fire outbreaks, terror and cyber-attack threats).

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

Quality and reliability are supported by ongoing efforts such as ad hoc audits, regular reporting, and annual capacity tests. To optimise wait times for licensed Public Waste Collectors delivering waste to KIT's WTE plants, truck turnaround times are closely monitored and communicated to relevant stakeholders.

City Gas is the sole producer and retailer of town gas in Singapore, serving a customer base of approximately 859,000 residential, commercial and industrial customers. City Gas contract workers are trained to ensure that City Gas' large customer base receives consistent and excellent service quality. The highest standards of quality are instilled in all participants of City Gas projects. These best practices, combined with close stakeholder engagement have successfully maintained an excellent track record of customer satisfaction as well as a corporate culture of ensuring high service

1 KIT ensures it has a resilient and responsible supply chain to achieve continued growth and business success.

2 SingSpring Desalination Plant continues to discharge its obligations under the Water Purchase Agreement satisfactorily.

and product quality. City Gas's key business partners include installation subcontractors, Singapore Power (SP) Services for billing and joint venture partners for providing technical solutions to major commercial and industrial customers.

Satisfaction levels of City Gas' domestic and commercial customers are evaluated based on audits, which are performed by a third-party consultant. Commercial customers are engaged through in-person interviews while domestic customer interviews are conducted over the phone. The audits gauge satisfaction levels regarding gas supply turn-on, gas installation work, commercial installation and servicing works carried out by both in-house City Gas technicians as well as term contractors.

In 2019, City Gas' average overall customer satisfaction score was 3.6 out of a total possible score of 4.

There were zero complaints and/or allegations of data breach concerning customer privacy or loss of customer data in 2019.

City Gas' customer base grew 2.0% year-on-year to 859,000 customers.

Security

The Singapore Government has designated several KIT businesses and assets as Key Installations (KINS), which are infrastructure assets of national importance providing essential services such as water, energy and town gas. KINS assets require heightened security measures such as strict access control, intrusion detection systems, advanced surveillance and armed security. Several national security stakeholders, such as the Singapore Police Force and the Police Coast Guard, support the security of KINS through regular security drills and other security support.

KIFM closely engages with government agencies and O&M contractors to implement effective security measures at KIT businesses and assets, and protect nationally critical physical infrastructure. To remain resilient in the event of emergencies and safeguard business continuity, KIFM conducts rigorous scenario planning exercises in collaboration with government authorities. Scenario plans are regularly updated and tested to prepare KIT businesses and assets for a range of potential emergencies.

KIT supports the push for heightened preparedness against cybersecurity threats in Singapore. Aligned with the national cybersecurity strategy, KIFM continues to implement key initiatives to protect critical information infrastructures. Such measures focus on protection, prevention, detection and rapid response and mitigation of potential cybersecurity incidents.

There were zero physical security breaches or cyber attacks affecting the operations of KIT's businesses and assets in 2019.

WE CONSIDER OUR PEOPLE THE MOST IMPORTANT RESOURCE FOR THE SUCCESS OF OUR BUSINESSES, AND ARE COMMITTED TO INVESTING IN THEIR DEVELOPMENT AND WELLBEING.

LABOUR PRACTICES, TALENT MANAGEMENT AND HUMAN RIGHTS

People Matter

People are the most important resource for our business success. Investing in the development and wellbeing of our people is central to our strategy for fostering long-term value and growth.

Keppel Infrastructure Fund Management (KIFM) as Trustee-Manager of Keppel Infrastructure Trust (KIT) is committed to developing its workforce through continual investments in staff welfare, training and development. This is achieved by focusing the efforts in five key areas:

1. Making a difference: Provide platforms for employees to contribute in their own meaningful way;
2. Having a voice: Allow sharing of ideas on improvement;
3. Feeling valued: Build a culture of recognition and appreciation;
4. Growing a career: Enhance career through self-directed learning; and
5. Inspiring to grow: Inspire others through leading by example.

Profile of Employees

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

As at end-2019, headcount increased from six to 20 employees, due to the secondment of dedicated Investment, Asset Management and Finance headcounts directly under KIFM. Out of the 20 employees, 19 are full-time permanent employees and one employee is under contract. Of the total workforce, 25% are members of Senior Management while 75% are executives.

In 2019, KIFM added 18 secondees (10 males and eight females) who included 14 employees between 30-50 years old and four employees under 30 years old. Four employees left KIFM during the year, of whom one female and two male employees (all between 30-50 years old) voluntarily resigned, and one male employee, between 30-50 years old was transferred to another business entity.

Diversity and Inclusion

GRI 102-41 | 103-1 | 103-2 | 103-3 | 405-1 | 406-1

KIFM believes that a diversity of cultures and perspectives helps drive innovation and create value. In addition, KIFM embraces workforce diversity and is committed to fair and equal human resource best practices.

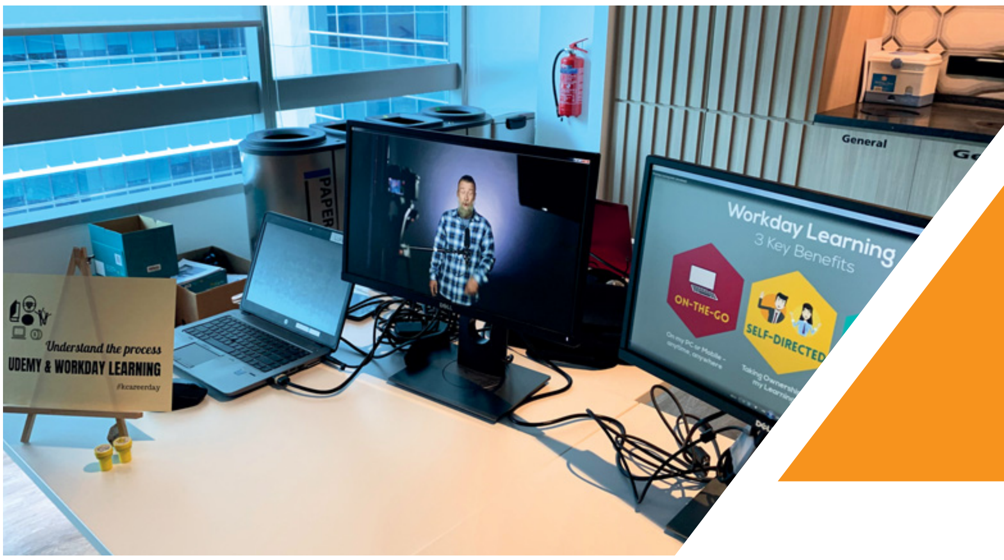
Recruitment decisions across our operations uphold strong principles of diversity and inclusiveness, and human resource decisions are based solely on merit. New hires are selected based on the fit between their experience and skills and the business needs of the Trust. All hiring, development and advancement policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age.

As of 2019, our workforce consisted of 60% male and 40% female staff. Please refer to pages 12 and 13 for additional details on the diversity of the KIFM Board of Directors.

Gender Profile

40%

of staff at KIFM are female, up from 17% in 2018



KIFM employees attended an in-house career day where they could explore platforms such as Udemy and Workday Learning for them to learn new skills or upgrade existing ones.

PEOPLE AND COMMUNITY

KIFM's commitment to non-discrimination and equal opportunities is demonstrated and reinforced by its adoption of the Tripartite Guidelines on Fair Employment Practices and strives to uphold the Employers' Pledge of Fair Employment Practices, which is guided by the following five principles:

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

All KIFM employees are required to abide by the Enhanced Code of Conduct, which reinforces the commitment to human rights and communicates KIFM's stance against discrimination and bias on any basis, including ethnicity, gender, religious beliefs or age.

No employees are currently covered under any collective bargaining agreements.

KIFM has effective procedures and processes in place for the reporting and prompt response to all employee grievances.

There were zero cases of discrimination reported in 2019.

Provision of Benefits

KIFM provides all its permanent employees with competitive compensation and packages that include benefits such as group insurance plans, medical entitlements, leave entitlement and contributions to employees' local pension funds.

The Trustee-Manager is compliant with all legal regulations pertaining to employment terms and the provision of benefits in 2019.

Performance Management

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

To incentivise high performance and ensure that opportunities are granted based on merit, the Trustee-Manager implements a pay-for-performance management approach that creates long-term value and drives individual performance towards collective goals. Providing incentives based on merit optimises employee performance. Incentives include financial compensation, opportunities for advancement, promotions and training.

KIFM employees receive regular comprehensive performance and career development reviews where supervisors and employees discuss performance goals based on targets in four key areas: Financial, Process, Customers & Stakeholders and People.

All employees received performance reviews in 2019.

Succession Planning and Talent Management

The Trustee-Manager's strategic succession planning and talent management framework safeguards business continuity, builds bench strength and fosters sustainable value and growth for the future. These frameworks are reviewed with the senior management biannually and shared with the Board to identify and develop high potential employees and prepare them to take on advanced responsibilities, develop leadership skills and grow value as the Trust expands.

As part of the efforts to strengthen leadership pipeline, opportunities are created for high potential employees to cultivate an innovative, entrepreneurial and global mindset. The opportunities include annual symposiums, case studies and strategic reviews to prepare high-potential employees for projects requiring advanced skills and competencies. KIFM employees also benefit from access to networking events where they can engage directly with senior management and members of other Keppel business units.

Employee Engagement

Effective employee engagement is key to better understanding and serving the needs and perspectives of KIFM employees. The Trustee-Manager's employee engagement strategy utilises two-way feedback communication channels. Each year, KIFM staff participate the Keppel Group Employee Engagement Survey, which is conducted by an external consultant and designed to evaluate the effectiveness of KIFM's employee engagement approach. Together, the Trustee-Manager and Keppel Capital reviewed the results and use the findings to adapt and improve employee relation and development initiatives based on their evolving needs.

The employee engagement survey was conducted in 2019 with participation on a voluntary basis. KIFM achieved a 100% participation rate demonstrating that employees saw the value of the survey, indicating of the level of trust in internal feedback platforms. The results provided real insights into the voices of the employees which allow the Trustee-Manager to implement initiatives and improve employee engagement.

Training and Development

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

Investing in our people is investing in the long-term value and growth of the Trust. At KIFM, employees are encouraged to take advantage of various training and development programmes designed to build new skills and stay ahead of industry trends and developments.

TRAINING HOURS BY EMPLOYEE GENDER[1] (hours)

[1] The training hours have been calculated by taking the training hours of four employees who left KIFM into consideration as well.

TRAINING HOURS BY EMPLOYEE CATEGORY (hours)

To ensure current employees stay competitive in the changing business landscape, leadership programmes such as Advanced Leaders Programme was designed in conjunction with INSEAD. Employees get to develop their strategic thinking and ability to better use their judgement to make decisions. For emerging leaders, a residential leadership programme was designed in collaboration with Nanyang Technological University, with the aim to build competence to transit from operation leadership to strategic leadership.

In 2019, the KIFM workforce received an average of 22.6 training hours per full-time employee.

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

To encourage employees to take charge of their own learning and career development, Keppel Capital organised its inaugural Career Day in June 2019. At the Career Day booths, employees learned how to plan their career and initiate conversations on their career goals, gained a deeper understanding of their individual working styles, and were introduced to various online learning courses available to them.

OCCUPATIONAL HEALTH AND SAFETY

Our people are the most important resource for the current and future success of the Trust, and therefore providing a safe and healthy work environment is one of our greatest priorities and responsibilities.

Safety Management and Performance Management

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

KIFM is committed to upholding occupational health and safety as a core priority and business responsibility.

The Trustee-Manager adopts a Zero Fatality Strategy, which guides the management of safety issues and aims to achieve zero workplace fatalities through five strategic thrusts:

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

Management Approach

Qualified health, safety and environment (HSE) personnel and independent consultants regularly audit and evaluate KIT's safety management systems. Health and safety issues are not in the scope of formal agreements with trade unions.

Formal joint management-worker health and safety committees are established at each facility to provide a platform for two-way communication. At KIT, 20% of the workforce are represented by formal joint management-worker health and safety committees at a local level.

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

Board and Management Oversight

KIT's safety management goal is to achieve zero fatal incidents, and maintain Accident Severity Rates (ASR) and Accident Frequency Rates (AFR) that are well below industry averages. The KIT Board reviews safety performance data against these targets on a quarterly basis.

PEOPLE AND COMMUNITY

1 All of KIT's businesses and assets achieved zero environmental incidents in 2019. The Trustee-Manager works closely with its O&M contractors to ensure the facilities are well-maintained.

2 Two innovative projects at the Keppel Merlimau Cogen plant won awards at various safety events for making operations safer and more efficient.

KIFM engages with O&M contractors to ensure that HSE best practices are properly integrated into O&M procedures. Further, KIFM's asset management team engages operators and contractors in HSE training and initiatives, such as regular monthly meetings, joint site inspections, sharing of lessons learnt from near-miss incidents, annual roadshows, internal and external audits, improvement projects and regular performance reviews.

Performance and Compliance

There were two reportable safety incidents in 2019, a reduction from three in 2018. An employee fell from a cat ladder at KMC and received 16 days of medical leave. A contract worker fell from a mobile platform at the Keppel Seghers Ulu Pandan NEWater Plant and received 16 days of medical leave.

To continuously improve safety measures and performance, targeted staff training and corrective actions are implemented to avoid the occurrence of similar incidents in the future. KIT employees and contractors are not regularly exposed to activities with high incidence or high risk of diseases.

All other businesses and assets achieved zero health and safety incidents in 2019.

Major Hazard Installations are featured at all KIT businesses and assets. In line with the Safety Case Regime under Workplace Safety and Health Regulations, the respective Safety Cases that outline risk mitigation measures and sound process safety management systems have been reviewed and approved by relevant authorities.

Driving Safety Culture and Behaviour Change

KIFM keeps all employees educated and updated on HSE best practices and procedures, fostering a strong safety culture that focuses on behaviour change, identifying and addressing the root cause of incidents and sharing ideas and experiences for all preventable incidents to be avoided in the future. KIFM senior management regularly attend training sessions, and conduct site tours and inspections.

All Keppel entities attend the annual Keppel Safety Convention, a safety awareness event that reiterates and reinforces Keppel's commitment to foster a strong safety culture, where employees can share knowledge, experiences, and ideas for continual improvement.

	Group			Singapore			Australia		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Accident Frequency Rate (AFR) Reportable accidents per million man hours	**0.43**	1.30	0.39	**0.85**	1.33	0.40	**0**	0	0
Accident Severity Rate (ASR) Man-days lost per million man hours	**6.84**	17.00	3.15	**13.58**	17.28	3.19	**0**	0	0

In addition, awards and recognitions are given to Keppel stakeholders to recognise their achievements over the year. At the 2019 Keppel Safety Convention, City Gas received the Safety Project Bronze Award and the Supervisor Award; and Ixom received the Safety Project Silver Award and the Individual Award. KMC received the Silver Award at the Keppel Infrastructure HSE Innovation Convention.

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

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

Health and Wellness

KIFM participates in various activities and programmes designed to promote the health and wellbeing of its workforce. KIFM also organises activities throughout the year to develop interpersonal relationships and engage employees in physical activity.

Healthy snacks and fruits are made available to all employees to encourage healthy diets. Regular health screenings are made available to all employees to help maintain good health.

KIFM's offices are designed to boost morale, productivity, and good health. The proper management of indoor air quality helps protect the health of the workforce. Ergonomic chairs and Green Label-certified furniture and fittings within the office promote comfort and well-being. Purpose-built dining booths, a bistro-style café and relaxation zones throughout the office promote collaboration, team bonding and also help maintain positive morale.

2019 HSE Initiatives

KIFM continuously assesses and implements new initiatives to enhance safety measures, procedures and performance.

The following HSE initiatives were implemented in 2019:

The Establishment of the KIT Board Safety Committee (BSC)

- The KIT BSC was established in July 2019 to oversee and ensure that KIT's safety policies and practices are communicated, implemented and reviewed across all our businesses and assets. Please refer to the SGX announcement of the BSC on 15 July 2019 for more information.
- The KIT BSC conducted visits to Basslink and Ixom during the year to ensure KIT's safety policies and best practices are aligned across all our businesses and assets.

KMC Smart Chemical Handling System

- The team at KMC developed a "Smart Chemical Handling System" which received the National WSH Innovation Award at the Workplace Safety and Health Awards 2019.
- The system reduces the risk of erroneous chemical handling and chemical exposure, by using an electronic sampling interface that adds an additional layer of checks to ensure the right chemicals are used. This enhances safety without significantly compromising the turnover time of the chemical transfer process.

KMC Preheater Tube Cleaning

- The team at KMC developed a "Preheater Tube Cleaning" which received a Silver Award at the Keppel Infrastructure HSE Innovation Convention 2019.
- This innovation introduced engineering improvements that eliminate prolonged work on a high scaffold within a confined space and reduces the risk associated with extensive noise exposure. In addition, it increases cleaning efficiency.

2

City Gas

- To enhance the overall safety procedures, the team improved the plant's gas alarm system to ensure that first responders will be alerted immediately in the event of an emergency. This reduces the response time for personnel to react, identify and ensures safety procedures are rolled-out to neutralise the potential threat with immediacy.
- This initiative won the Bronze Award at the Keppel Safety Convention 2019.

Inspection Drones at Ixom

- To enhance safety and productivity, the team at Ixom developed an operational work plan to use drones for the inspection of selected facilities.
- This improves productivity and safety, reducing man-hours from 60 to eight. This initiative also eliminates all work-at-height (WAH) risks.
- This initiative won the Silver award at the Keppel Safety Convention 2019.

Ixom's Move4Life®

- The Move4Life® SYSTEM is a comprehensive suite of training and consulting services that will dramatically reduce the risk, incidence, and severity of sprain and strain injuries in any manual handling environment and build physical resilience in an ageing or sedentary workforce.
- The primary focus of this workstream was the rollout of Move4Life® across Australian Manufacturing and members of Ixom's HSE department were certified as Move4Life® trainers in November 2018.
- The initial Move4Life® rollout has been completed across Manufacturing Australia with a total of 250 people trained and the focus has now shifted to the implementation of sustainability strategies.

Reducing Work-at-Height Risks at SingSpring Desalination Plant

- The team at SingSpring installed Safety Guard Rails to reduce WAH risks.
- The team further reduced WAH risks by replacing High Bay Lights with LED lights at operational facilities
- LED lights have a longer life span and reduces the frequency of replacing lights, which requires WAH activities.

SUSTAINABILITY AWARDS IN 2019

Businesses and Assets	Award
KIT	Runner-Up for Sustainability at the SIAS Investor Choice Awards
City Gas	Fire Safety Gold Award (Industrial Premises) from SCDF Keppel Group Safety Convention: Safety Project Bronze Award Keppel Group Safety Convention: Supervisor Award
Ixom	Keppel Group Safety Convention: Individual Award Keppel Group Safety Convention: Safety Project Silver Award
KMC	Keppel Infrastructure HSE Innovation Convention: Silver Award Singapore Manufacturing Federation WSH Innovation Awards: Gold Workplace Safety and Health Awards: National WSH Innovation Award
SingSpring Desalination Plant (SingSpring)	BizSafe Level Star
Senoko Waste-to-Energy (WTE) Plant	Keppel Group Safety Convention: Individual Category Award Keppel Infrastructure HSE Innovation Convention: Gold Award

1

KIT safety initiatives are strongly supported by our O&M contractors. Additionally, KIFM works closely with Keppel Capital's (KC) HSE committee to implement initiatives across the KC group of companies.

Enhancing Communication

Communication is key to ensuring that employees are equipped with the knowledge they need to prevent all avoidable health and safety incidents. KIT's safety management community extends to its O&M partners who are directly engaged in various communication efforts and HSE initiatives.

Safety training and guidance are based on KIFM's five Key Safety Principles:

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

HSE alerts are communicated to all KIT businesses and assets in Singapore and Australia. These alerts allow O&M contractors and management staff to refine and implement preventive measures and best practices.

The formation of the BSC during the year has enhanced the communication and implementation of HSE practices across KIT. The BSC will conduct periodic safety site visits to all KIT operational sites, ensuring that safety will remain a top priority in the overall operations and strategic direction of KIT.

1 KIT was named Runner-Up for Sustainability at the 2019 SIAS Investor Choice Awards.

2 Staff from Keppel Capital engaged beneficiaries from MDAS in several workshops.

COMMUNITY DEVELOPMENT

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

As a member of the communities in which it operates, the Trustee-Manager is committed to uplifting local communities, benefiting the underprivileged and promoting environmental stewardship.

Caring for the Environment

The Trustee-Manager believes in the importance of environmental stewardship and implements CSR initiatives that foster positive environmental impacts. In line with this belief, Basslink Telecoms sponsors 'Devils @ Cradle', which is a wildlife sanctuary dedicated to saving the Tasmanian Devil.

Basslink continues to support the fishing and seafood industry through award sponsorships at the Tasmanian Seafood Industry Council and Seafood Industry Victoria industry awards. Basslink has been a founding sponsor at both events since its inception in 2007. This engagement helps protect oceanic ecosystems while preserving the solvency of the seafood industry.

Basslink proudly supports National Tree Day, which is a call to action for all Australians to put their hands in the earth and give back to their community. In 2019, Basslink together with its partners hosted Churchill North Primary School children, parents and teachers to a tree planting day in Victoria. In addition, Basslink is part of the Sea Mist vegetation programme that began in 2005. To date, the programme has witnessed revegetation of 71% of the 200-hectare property area, as it continues to support Australia's greening efforts.

The Trustee-manager is committed to minimise any potential negative impacts that its operations may have on local ecosystems. All KIT operations have implemented Environmental Impact Assessments (EIA) prior to construction. Based on the results of the EIA studies, water quality test reports, air emission sensor readings and monthly O&M reports, several of our operations have the potential to negatively impact local communities.

Those operations and their potential impacts are outlined below:

- **SingSpring:** Trade effluent with concentration of salt and heavy metals discharged back to sea (within allowable limits; waived by NEA).
- **Keppel Seghers Ulu Pandan NEWater Plant:** Trade effluent discharged back to PUB sewage system (within allowable limits).
- **Senoko WTE, Keppel Seghers Tuas WTE and KMC plants:** Discharge of air pollutants, e.g. Dioxin, NOx and CO_2 (within allowable limits); discharge of recycled seawater for plant cooling back to the sea (within allowable limits).

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

PEOPLE AND COMMUNITY

Producing significant benefits to sustainable infrastructure is central to KIT's operational purpose. Such benefits produced by KIT's businesses and assets include conserving landfill space, generating renewable and alternative energy, producing clean water at our NEWater and desalination plants and manufacturing and distribution of liquefied chlorine in Australia for water treatment.

Uplifting the Less Privileged

The Trustee-Manager's corporate social responsibility (CSR) strategy involves actively engaging with underprivileged community members and contributing both time and financial contributions to uplift their lives.

In 2019, KC continued its ongoing relationship with its adopted charity, The Muscular Dystrophy Association (Singapore) (MDAS). MDAS is a self-help organisation committed to uplift the lives of people with muscular dystrophy. Collaborative activities with MDAS beneficiaries conducted in 2019 included a Coffee Art on Canvas Workshop, a Clay Making Workshop as well as a Prata Flipping Workshop.

This year, City Gas continued its ongoing support of the Singapore Civil Defence Force's CD Lionhearter Club, an initiative that engages tertiary students in programmes for humanitarian missions, civil defense and emergency preparedness.

Believing in "Doing Good Together" by combining resources to give more to meaningful causes, City Gas tapped on its network of commercial customers; connecting Club Rainbow Singapore (CRS) with a City Gas customer (Le Rainbow Catering), to offer free cooked meals for Club Rainbow's adventure camp in March 2019. The initiative benefited both CRS and Le Rainbow Catering; giving the latter an opportunity to support a cause that resonated with its core business. CRS is a non-profit organisation providing compassionate services to chronically ill children and their families.

On 5 December 2019, City Gas further strengthened its partnerships with CRS when it hosted approximately 36 CRS beneficiaries and their caregivers on a sightseeing tour along the Singapore River. The occasion allowed City Gas to recognise the work of caregivers and the challenges they faced raising children with chronic illness and special needs. The event was an opportunity for City Gas staff volunteers to bond with the young beneficiaries. As part of the year-end festive season, beneficiaries were given new stationery supplies to kick-start the new school year.

2019 also marked the fourth year that City Gas has been supporting the Singapore Red Cross Society. On 15 March 2019, staff volunteers from City Gas participated in the blood donation drive at the Bloodbank@Woodlands.

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

KIFM and KC collectively dedicated about 1,380 volunteer hours to benefit less fortunate members of the community. At the same time, the KIT group contributed $125,000 to various charitable causes, including to the Australia Wildlife Rescue Organisation, Country Fire Authority of Victoria and Red Cross Bush Fire Appeal, to support communities affected by the Australian bushfire.

City Gas hosted children and caregivers from Club Rainbow to a fun-filled Singapore River sightseeing tour in December 2019.

GRI CONTENT INDEX

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

GRI Standard	Disclosure Number	Disclosure Title	Chapter, Page Reference, Performance and/or Explanation for Omissions
GRI 101: Foundation 2016			
		Organisational Profile	
GRI 102: General Disclosures 2016	102-1	Name of the organisation	4
	102-2	Activities, brands, products and services	17 to 26
	102-3	Location of headquarters	Back cover
	102-4	Location of operations	4 to 7, Corporate Information Page
	102-5	Ownership and legal form	4 to 5, 17
	102-6	Markets served	2 to 3, 17 to 26
	102-7	Scale of the organisation	2 to 7, 49
	102-8	Information on employees and other workers	49
	102-9	Supply chain	46 to 47
	102-10	Significant changes to organisation and its supply chain	32, 46 to 47
	102-11	Precautionary principle or approach	37, 44, 157, 176, 177
	102-12	External initiatives	36
	102-13	Membership of associations	36
		Strategy	
	102-14	Statement from senior decision maker	34
		Ethics and Integrity	
	102-16	Values, principles, standards, and norms of behaviour	44, 144 to 175
		Governance	
	102-18	Governance structure	36
		Stakeholder Engagement	
	102-40	List of stakeholder groups	36
	102-41	Collective bargaining agreements	50
	102-42	Identifying and selecting stakeholders	36 to 37
	102-43	Approach to stakeholder engagement	36 to 37
	102-44	Key topics and concerns raised	36 to 37
		Reporting Practice	
	102-45	Entities included in the consolidated financial statements	17, 110 to 112
	102-46	Defining report content and topic Boundaries	35, 37
	102-47	List of all material topics	37
	102-48	Restatements of information	**Employee Data** Total number of employees: Six New hires: two (one between the age of 30-50 and another over 50 years old) Turnover: four (three male and one female employees. Three were between 30-50 and one were above 50 years old) 67% were members of Senior Management and 33% were executives 83% were male, 17% were female Training hours per employee: 29.6 Training hours by Gender: Male: 27.0 Female: 43.0 Training hours by Employee Category: Senior Management: 18.25 Executive: 52.5
	102-49	Changes in reporting	35
	102-50	Reporting period	35
	102-51	Date of most recent report	The 2018 sustainability report was published in April 2019.
	102-52	Reporting cycle	35
	102-53	Contact point of questions regarding the report	35
	102-54	Claims of reporting in accordance with the GRI Standards	35
	102-55	GRI content index	57 to 60
	102-56	External assurance	This report has not been externally assured.

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Chapter, Page Reference, Performance and/or Explanation for Omissions
		CATEGORY: ECONOMIC	
		Economic Performance	
GRI 201: Economic Performance 2016	103-1	Explanation of the material topic and its Boundary	8 to 11, 37, 44
	103-2	The management approach and its components	44, 27 to 28
	103-3	Evaluation of the management approach	44, 27 to 28
	201-1	Direct economic value generated and distributed	3, 44, 70 to 74
		Anti-corruption	
GRI 205: Anti-corruption 2016	103-1	Explanation of the material topic and its Boundary	37, 45 to 46
	103-2	The management approach and its components	45 to 46
	103-3	Evaluation of the management approach	45 to 46
	205-1	Operations assessed for risks related to corruption	45 to 46
	205-2	Communication and training about anti-corruption policies and procedures	45 to 46
	205-3	Confirmed incidents of corruption and actions taken	45 to 46
		Anti-competitive Behaviour	
GRI 206: Anti-competitive Behaviour 2016	103-1	Explanation of the material topic and its Boundary	37, 45 to 46
	103-2	The management approach and its components	45 to 46
	103-3	Evaluation of the management approach	45 to 46
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	45 to 46
		Socioeconomic Compliance	
GRI 419: Socioeconomic Compliance 2016	103-1	Explanation of the material topic and its Boundary	37, 45 to 46
	103-2	The management approach and its components	45 to 46
	103-3	Evaluation of the management approach	45 to 46
	419-1	Non-compliance with laws and regulations in the social and economic area	45 to 46
		CATEGORY: ENVIRONMENT	
		Energy	
GRI 302: Energy 2016	103-1	Explanation of the material topic and its Boundary	37, 40 to 41
	103-2	The management approach and its components	40 to 41
	103-3	Evaluation of the management approach	40 to 41
	302-1	Energy consumption within the organisation	40 to 41
	302-3	Energy intensity	40 to 41
	302-4	Reduction of energy consumption	40 to 41
		Water	
GRI 303: Water 2016	103-1	Explanation of the material topic and its Boundary	37, 41 to 43
	103-2	The management approach and its components	41 to 43
	103-3	Evaluation of the management approach	41 to 43
	303-1	Water withdrawal by source	41 to 43
	303-2	Water sources significantly affected by withdrawal of water	41 to 43
		Emissions	
GRI 305: Emissions 2016	103-1	Explanation of the material topic and its Boundary	37 to 39
	103-2	The management approach and its components	38 to 39
	103-3	Evaluation of the management approach	38 to 39
	305-1	Direct (Scope 1) GHG emissions	38 to 39
	305-2	Energy indirect (Scope 2) GHG emissions	38 to 39
	305-4	GHG emissions intensity	38 to 39
	305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	38 to 39

GRI Standard	Disclosure Number	Disclosure Title	Chapter, Page Reference, Performance and/or Explanation for Omissions
		CATEGORY: ENVIRONMENT	
		Effluents and Waste	
GRI 306: Effluents and Waste 2016	103-1	Explanation of the material topic and its Boundary	37, 43
	103-2	The management approach and its components	43
	103-3	Evaluation of the management approach	43
	306-1	Water discharge by quality and destination	39, 41
	306-2	Waste by type and disposal method	43
		Environmental Compliance	
GRI 307: Environmental Compliance 2016	103-1	Explanation of the material topic and its Boundary	37, 43
	103-2	The management approach and its components	43
	103-3	Evaluation of the management approach	43
	307-1	Non-compliance with environmental laws and regulations	43
		CATEGORY: SOCIAL	
		Employment	
GRI 401: Employment 2016	103-1	Explanation of the material topic and its Boundary	37, 49
	103-2	The management approach and its components	49
	103-3	Evaluation of the management approach	49
	401-1	New employee hires and employee turnover	49
		Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2016	103-1	Explanation of the material topic and its Boundary	37, 51 to 54
	103-2	The management approach and its components	51 to 54
	103-3	Evaluation of the management approach	51 to 54
	403-1	Workers representation in formal joint management—worker health and safety committees	51 to 52
	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	52
	403-3	Workers with high incidence or high risk of diseases related to their occupation	51 to 52
	403-4	Health and safety topics covered in formal agreements with trade unions	51 to 52
		Training and Education	
GRI 404: Training and Education 2016	103-1	Explanation of the material topic and its Boundary	37, 50-51
	103-2	The management approach and its components	50-51
	103-3	Evaluation of the management approach	50-51
	404-1	Average hours of training per year per employee	50-51
	404-3	Percentage of employees receiving regular performance and career development reviews	50-51
		Diversity and Equal Opportunity	
GRI 405: Diversity and Equal Opportunity 2016	103-1	Explanation of the material topic and its Boundary	37, 49
	103-2	The management approach and its components	49
	103-3	Evaluation of the management approach	49
	405-1	Diversity of governance bodies and employees	12 to 15, 49
		Non-Discrimination	
GRI 406: Non-Discrimination 2016	103-1	Explanation of the material topic and its Boundary	37, 49 to 50
	103-2	The management approach and its components	49 to 50
	103-3	Evaluation of the management approach	49 to 50
	406-1	Incidents of discrimination and corrective actions taken	49 to 50

GRI CONTENT INDEX

GRI Standard	Disclosure Number	Disclosure Title	Chapter, Page Reference, Performance and/or Explanation for Omissions
		CATEGORY: SOCIAL **Local Communities**	
GRI 413: Local Communities 2016	103-1	Explanation of the material topic and its Boundary	37, 55 to 56
	103-2	The management approach and its components	55 to 56
	103-3	Evaluation of the management approach	55 to 56
	413-1	Operations with local community engagement, impact assessments, and development programmes	55 to 56
	413-2	Operations with significant actual and potential negative impacts on local communities	55 to 56
		Marketing and Labelling	
GRI 417: Marketing and Labelling 2016	103-1	Explanation of the material topic and its Boundary	37, 45
	103-2	The management approach and its components	45
	103-3	Evaluation of the management approach	45
	417-3	Incidents of non-compliance concerning marketing communications	45
		Customer Privacy	
GRI 418: Customer Privacy 2016	103-1	Explanation of the material topic and its Boundary	37, 47 to 48
	103-2	The management approach and its components	47 to 48
	103-3	Evaluation of the management approach	47 to 48
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	47 to 48
		Security	
Non-GRI Standard	103-1	Explanation of the material topic and its Boundary	37, 48
	103-2	The management approach and its components	48
	103-3	Evaluation of the management approach	48
	Non-GRI	Number of major security breaches affecting plant availability	48

TRUSTEE-MANAGER'S STATEMENT & FINANCIAL STATEMENTS

TRUSTEE-MANAGER'S STATEMENT

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

The directors of the Trustee-Manager present their statement, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2019.

Opinion of the Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust as set out on pages 70 to 143 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at December 31, 2019, and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year then ended; and

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

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

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

(b) the interested person transactions entered into by the Group during the financial year ended December 31, 2019 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

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

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

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

Directors

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

Koh Ban Heng (Chairman)
Thio Shen Yi
Mark Andrew Yeo Kah Chong
Daniel Cuthbert Ee Hock Huat
Kunnasagaran Chinniah
Christina Tan Hua Mui

Arrangements to Enable Directors to Acquire Units and Debentures

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

Directors' Interests in Units or Debentures

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

Name of directors and corporation in which interests are held	Direct interest: At beginning of financial year	Direct interest: At end of financial year	Deemed interest: At beginning of financial year	Deemed interest: At end of financial year
Interests in Keppel Infrastructure Trust (Units)				
Koh Ban Heng	36,100	101,859	–	93
Thio Shen Yi	26,206	72,397	–	-
Mark Andrew Yeo Kah Chong	28,500	80,363	–	-
Daniel Cuthbert Ee Hock Huat	27,900	78,692	–	-
Kunnasagaran Chinniah	536,300	638,283	421,346	471,064

The unitholdings of the above directors as at January 21, 2020 were the same as those at December 31, 2019.

Unit Options

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

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

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

Audit and Risk Committee

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

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

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

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

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

The Audit and Risk Committee also reviewed the following:

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

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

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

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

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

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

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

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

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

Auditors

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

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

Koh Ban Heng
Chairman

Christina Tan Hua Mui
Director

Singapore
February 28, 2020

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

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

Matthew Rupert Pollard
Chief Executive Officer

Singapore
February 28, 2020

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Keppel Infrastructure Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at December 31, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 143.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the provisions of Singapore Business Trusts Act, Chapter 31A (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at December 31, 2019 and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
1. Purchase price allocation of acquisition of companies (the "acquisition") On February 19, 2019, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager") in its capacity as Trustee-manager of Keppel Infrastructure Trust ("the Trust") completed the acquisition of 100% of the shareholdings in Ixom HoldCo Pty Ltd and its subsidiaries ("Ixom Group") for a cash consideration of A$770.1 million ($762.7 million). This acquisition is significant to the Group due to the total consideration involved. Under SFRS(I) 3 Business Combinations, the Group is required to allocate the purchase price between the acquired assets and liabilities, which could give rise to the recognition of tangible and intangible assets and goodwill or recognition of a gain on bargain purchase. This process of Purchase Price Allocation ("PPA") requires the exercise of significant judgement and estimates and involves a certain degree of complex valuation considerations, particularly in relation to the valuation of customer intangibles. The Group's disclosure of the business combination accounting applied to the acquisition is set out in Notes 2 and 45 to the financial statements. The Group's disclosure of the goodwill and other intangible assets arising from the acquisition is set out in Notes 2, 8 and 45 to the financial statements.	We have discussed with the Trustee-Manager and their external independent valuers and obtained an understanding on the processes undertaken to perform the PPA exercise. Our audit procedures focused on challenging the reasonableness of the key assumptions applied in the PPA in arriving at the fair value of the assets acquired and liabilities assumed. These procedures included: • Assessing the independence and competency of the external independent valuers and evaluating the bases and assumptions of the valuation methodology; • Reviewing the relevant documents supporting the acquisition and the PPA and evaluating the appropriateness of the accounting for the acquisition and the classification of the assets acquired and liabilities assumed in accordance with SFRS(I) 3; • Assessing the fair values of the acquired assets and assumed liabilities supported by independent third party professional valuation reports; and • Using our valuation specialists to review key assumptions used in the valuation models, in particular the discount rates and estimates of future cash flows. Based on our procedures, we noted that the PPA has been performed in accordance with SFRS(I) 3, including the disclosures thereon. We also noted that management's key assumptions applied in the PPA, in arriving at the fair value of the assets acquired and liabilities assumed, to be within a reasonable range of our expectations.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

Key Audit Matters | **Our audit performed and responses thereon**

2. Impairment of Assets - property, plant and equipment, finite-lived intangible assets and goodwill

Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually and for other assets, where there are indicators of impairment. This assessment requires the exercise of significant judgement in determining the recoverable values of the cash generating units ("CGUs"), including growth rates, discount rates, terminal values and expected changes to selling prices and direct costs.

These assets represent a significant portion of the Group's total assets and their proportion as at December 31, 2019 are as follows:

- Property, plant and equipment (47.1% of Group's total assets);
- Goodwill (16.7% of Group's total assets); and
- Finite-lived intangible assets (3.0% of Group's total assets).

The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 6 and Note 8 to the financial statements.

Our audit performed and responses thereon:

Our audit procedures focused on evaluating and challenging the key assumptions used by the Trustee-Manager in concluding the impairment review. These procedures included:

- Using our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates and terminal growth rates (where applicable);
- Challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations;
- By reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them; and
- Performing sensitivity analysis on the key assumptions used.

Based on our procedures, we noted the Trustee-Manager's key assumptions to be within a reasonable range of our expectations.

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

3. Basslink cable outage (the "outage")

As detailed in Note 44 to the financial statements, the Basslink Interconnector experienced an unplanned outage on December 20, 2015.

The Basslink operations form part of the Group's Distribution & Network segment, which is further disclosed in Note 43 to the financial statements.

The implications of the outage include, *inter alia*, the following:

- **Breach of minimum debt service coverage ratio on loan covenant**

  During the year, Basslink obtained a 12-month extension on the maturity date of its bank borrowings and a waiver of all breaches and events of default to date. As disclosed in Note 20 to the financial statements, the loan of $610.3m is now due in November 2020 and accordingly has been classified as a current liability as at December 31, 2019. Basslink's ability to continue as a going concern is highly dependent on the lenders not demanding repayment of the loan and withdrawing the credit facility.

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

  Furthermore:

  - The Basslink bank borrowings are non-recourse to the Group;
  - The Group is not dependent on Basslink's cash flows for its operations and distributions to unitholders for at least the 12-month period from the date of the auditor's report.

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

Our audit performed and responses thereon:

We evaluated the Trustee-Manager's assessment of the implications of the outage to the Group, in particular, the following:

- The appropriateness of the preparation of the financial statements of the Group on a going concern basis;
- Recoverability of Basslink's receivables; and
- Disputes with the State of Tasmania and Hydro Tasmania ("HT").

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

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

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

- the carrying amount of Basslink's receivables as at December 31, 2019 approximates the recoverable amount; and
- no provision for disputed claims from the State is required.

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

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

Key Audit Matters	Our audit performed and responses thereon
3. Basslink cable outage (the "outage") (continued)	

- **Recoverability of Basslink's receivables**
  As disclosed in Note 44 to the financial statements, Basslink's customer, Hydro Tasmania ("HT"), disputed the claim that the outage was a "force majeure" event and has not paid the Basslink facility fees for the period from September 2016 to August 2017 and had instead given "good faith payments" to Basslink from December 2016 to July 2017.

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

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

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

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

  The Trustee-Manager is of the view that the carrying amount of Basslink's receivables, included under unbilled receivables (Note 17), as at December 31, 2019 approximates the recoverable amount.

- **Disputes with the State of Tasmania and Hydro Tasmania**
  In March 2018, the State of Tasmania (the "State") issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Operations Agreement ("BOA"), and alleged that Basslink should indemnify the State for its losses which amounts to over A$100.0m (S$93.0m).

  In September 2018, Basslink issued a Notice of Dispute to HT, which was referred to arbitration, under the BSA, to recover the withheld receivables from HT.

  In October 2018, HT issued a Notice of Dispute to Basslink, which was referred to arbitration, under the BSA, based upon the allegations in the DNV GL reports commissioned by the lawyers for HT.

  In relation to the State's claim against Basslink, Basslink engaged CCI to perform a further investigation. In November 2018, CCI concluded in its report (the "CCI report"), amongst others, that the cause of the cable outage continues to be unknown.

  The outcome of the arbitration in relation to the FY2015 outage, is expected to be made known in the second half of 2020. As at December 31, 2019, no provision has been made for the claim by the State as based on the outage investigation report and CCI report, the Trustee-Manager is of the view that the cause of the cable fault was a "*force majeure*" event.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KEPPEL INFRASTRUCTURE TRUST

(Constituted under a Trust Deed in the Republic of Singapore)

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

The Trustee-Manager is responsible for the other information. The other information comprises the Key Figures for 2019, Financial Highlights, Corporate Profile and Strategic Direction, Our Presence, Investor Relations, Chairman's Statement, composition of Board of Directors, The Trustee-Manager, Operations Review, Financial Review, Keppel Infrastructure Trust's Unit Price Performance, Significant Events for year ended 2019, Trust Structure, Corporate Information, Sustainability Report, Trustee-Manager's Statement, Statement by the Chief Executive Officer, Corporate Governance, Risk Management and Financial Calendar, which we obtained prior to the date of this auditor's report, and the Statistic of Unitholdings which is expected to be made available to us after that date.

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

February 28, 2020

STATEMENT OF FINANCIAL POSITION

December 31, 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-Current Assets					
Property, plant and equipment	6	**2,354,813**	2,152,479	**–**	–
Right-of-use assets	7	**115,596**	–	**–**	
Intangibles	8	**985,341**	518,758	**–**	–
Investment in subsidiaries	9	**–**	–	**1,305,565**	801,231
Investment in and advances to joint venture	10	**–**	20,009	**–**	–
Notes receivables	11	**–**	–	**775,712**	775,712
Amount receivable from a subsidiary	12	**–**	–	**12,407**	15,387
Service concession receivables	13	**284,372**	332,221	**–**	–
Finance lease receivables	14	**84,772**	95,070	**–**	–
Derivative financial instruments	18	**40**	69	**–**	–
Other assets	15	**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	16	**470,093**	231,603	**215,275**	26,116
Trade and other receivables	17	**269,885**	151,787	**8,946**	13,784
Service concession receivables	13	**47,856**	46,537	**–**	–
Finance lease receivables	14	**10,487**	10,069	**–**	–
Derivative financial instruments	18	**847**	202	**–**	31
Inventories	19	**198,772**	59,236	**–**	–
Other current assets	15	**31,308**	22,182	**15**	14
Total current assets		**1,029,248**	521,616	**224,236**	39,945
Current Liabilities					
Borrowings	20	**1,318,473**	1,034,565	**–**	147,609
Trade and other payables	21	**318,733**	177,905	**6,606**	3,648
Provisions	22	**23,235**	–	**–**	–
Derivative financial instruments	18	**25,589**	16,772	**–**	–
Lease liabilities	23	**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	20	**793,180**	740,383	**99,783**	–
Notes payable to non-controlling interests	24	**260,000**	260,000	**–**	–
Derivative financial instruments	18	**127,441**	99,491	**1,230**	–
Other payables	25	**246,373**	250,732	**–**	–
Provisions	22	**32,387**	26,935	**–**	–
Lease liabilities	23	**81,500**	–	**–**	–
Defined benefit obligation	26	**23,586**	–	**–**	–
Deferred tax liabilities	27	**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	28	**2,630,307**	2,138,066	**2,630,307**	2,138,066
Hedging reserve	29	**(239,613)**	(200,226)	**(1,230)**	31
Translation reserve		**(46,609)**	(492)	**–**	–
Capital reserve	30	**38,710**	38,710	**–**	–
Defined benefit plan reserve	26	**(7,901)**	–	**–**	–
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	31	**298,971**	–	**298,971**	–
Total Equityholders' Funds		**1,623,377**	1,052,476	**2,210,214**	1,481,003
Non-controlling interests		**90,792**	125,780	**–**	–
		1,714,169	1,178,256	**2,210,214**	1,481,003

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2019

	Note	2019 $'000	2018 $'000
Revenue	33	**1,566,715**	637,387
Other income	34	**8,154**	9,169
Other gains/(losses) - net	35	**37,545**	(13,650)
Expenses			
Fuel and electricity costs		**(149,239)**	(155,601)
Gas transportation, freight and storage costs		**(166,999)**	(93,873)
Raw materials, consumables used and changes in inventories		**(574,521)**	–
Depreciation and amortisation		**(173,067)**	(103,480)
Staff costs	36	**(133,911)**	(27,378)
Operation and maintenance costs		**(95,137)**	(77,859)
Finance costs	37	**(145,864)**	(123,669)
Trustee-Manager's fees	38	**(25,869)**	(9,742)
Other operating expenses		**(134,318)**	(47,459)
Total expenses		**(1,598,925)**	(639,061)
Profit/(Loss) before joint venture		**13,489**	(6,155)
Share of results of joint venture		**3,342**	3,840
Profit/(Loss) before tax	39	**16,831**	(2,315)
Income tax expense	40	**(6,637)**	(43)
Profit/(Loss) for the year		**10,194**	(2,358)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value losses		**(58,078)**	(14,560)
- Transfer to profit or loss		**18,491**	28,025
- Share of net change in fair value of cash flow hedges of a joint venture		**1,008**	502
Currency translation differences relating to consolidation of foreign operations		**(46,113)**	(91)
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation		**(7,901)**	–
Other comprehensive income, net of tax		**(92,593)**	13,876
Total comprehensive income		**(82,399)**	11,518
Profit/(Loss) attributable to:			
Unitholders of the Trust		**38,578**	32,023
Perpetual securities holders	31	**7,757**	–
Equityholders of the Trust		**46,335**	32,023
Non-controlling interests		**(36,141)**	(34,381)
		10,194	(2,358)
Total comprehensive income attributable to:			
Unitholders of the Trust		**(54,827)**	42,525
Perpetual securities holders	31	**7,757**	–
Equityholders of the Trust		**(47,070)**	42,525
Non-controlling interests		**(35,329)**	(31,007)
		(82,399)	11,518
Earnings per unit attributable to unitholders of the Trust, expressed in cents			
- basic and diluted	41	**0.82**	0.83

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Financial year ended December 31, 2019

	Note	Attributable to Unitholders of the Trust									
		Units in issue (Note 28) $'000	Hedging reserve (Note 29) $'000	Translation reserve $'000	Capital reserve (Note 30) $'000	Defined benefit plan reserve (Note 26) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Non-controlling interests $'000	Total $'000
Group											
At January 1, 2019		**2,138,066**	**(200,226)**	**(492)**	**38,710**	**–**	**(923,582)**	**1,052,476**	**–**	**125,780**	**1,178,256**
Total comprehensive income											
Profit/(Loss) for the year		**–**	**–**	**–**	**–**	**–**	**38,578**	**38,578**	**7,757**	**(36,141)**	**10,194**
Other comprehensive income for the year		**–**	**(39,387)**	**(46,117)**	**–**	**(7,901)**	**–**	**(93,405)**	**–**	**812**	**(92,593)**
Total		**–**	**(39,387)**	**(46,117)**	**–**	**(7,901)**	**38,578**	**(54,827)**	**7,757**	**(35,329)**	**(82,399)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Units issued	28	**501,032**	**–**	**–**	**–**	**–**	**–**	**501,032**	**–**	**–**	**501,032**
Perpetual securities issued	31	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**300,000**	**–**	**300,000**
Issuance cost	28, 31	**(8,791)**	**–**	**–**	**–**	**–**	**–**	**(8,791)**	**(1,810)**	**–**	**(10,601)**
Distributions paid	31, 32	**–**	**–**	**–**	**–**	**–**	**(165,484)**	**(165,484)**	**(6,976)**	**(4,966)**	**(177,426)**
Changes in ownership interest in subsidiary											
Non-controlling interest arising from acquisition of subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,307**	**5,307**
Total		**492,241**	**–**	**–**	**–**	**–**	**(165,484)**	**326,757**	**291,214**	**341**	**618,312**
At December 31, 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**

	Note	Attributable to Unitholders of the Trust							
		Units in issue (Note 28) $'000	Hedging reserve (Note 29) $'000	Translation reserve $'000	Capital reserve (Note 30) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Non-controlling interests $'000	Total $'000
Group									
At January 1, 2018		2,137,538	(210,861)	(359)	38,710	(812,093)	1,152,935	158,959	1,311,894
Total comprehensive income									
Profit/(Loss) for the year		–	–	–	–	32,023	32,023	(34,381)	(2,358)
Other comprehensive income for the year		–	10,635	(133)	–	–	10,502	3,374	13,876
Total		–	10,635	(133)	–	32,023	42,525	(31,007)	11,518
Transactions with owners, recognised directly in equity									
Units issued	28	528	–	–	–	–	528	–	528
Unclaimed distributions written back		–	–	–	–	6	6	–	6
Distributions paid	32	–	–	–	–	(143,518)	(143,518)	(2,172)	(145,690)
Total		528	–	–	–	(143,512)	(142,984)	(2,172)	(145,156)
At December 31, 2018		2,138,066	(200,226)	(492)	38,710	(923,582)	1,052,476	125,780	1,178,256

See accompanying notes to financial statements.

	Note	Units in issue (Note 28) $'000	Hedging reserve (Note 29) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Total $'000
Trust							
At January 1, 2019		2,138,066	31	(657,094)	1,481,003	–	1,481,003
Total comprehensive income							
Profit for the year		–	–	104,744	104,744	7,757	112,501
Other comprehensive income for the year		–	(1,261)	–	(1,261)	–	(1,261)
Total		–	(1,261)	104,744	103,483	7,757	111,240
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners:							
Units issued	28	501,032	–	–	501,032	–	501,032
Perpetual securities issued	31	–	–	–	–	300,000	300,000
Issuance cost	28, 31	(8,791)	–	–	(8,791)	(1,810)	(10,601)
Distributions paid	31, 32	–	–	(165,484)	(165,484)	(6,976)	(172,460)
Total		492,241	–	(165,484)	326,757	291,214	617,971
At December 31, 2019		2,630,307	(1,230)	(717,834)	1,911,243	298,971	2,210,214

	Note	Units in issue (Note 28) $'000	Hedging reserve (Note 29) $'000	Accumulated losses $'000	Total unitholders' funds $'000
Trust					
At January 1, 2018		2,137,538	(859)	(602,765)	1,533,914
Total comprehensive income					
Profit for the year		–	–	89,183	89,183
Other comprehensive income for the year		–	890	–	890
Total		–	890	89,183	90,073
Transactions with owners, recognised directly in equity					
Units issued	28	528	–	–	528
Unclaimed distributions written back		–	–	6	6
Distributions paid	32	–	–	(143,518)	(143,518)
Total		528	–	(143,512)	(142,984)
At December 31, 2018		2,138,066	31	(657,094)	1,481,003

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Profit/(Loss) before tax		16,831	(2,315)
Adjustments for:			
Depreciation and amortisation		173,067	103,480
Finance costs	37	145,864	123,669
Interest income	34	(4,027)	(2,022)
(Reversal of impairment loss)/Impairment loss on financial assets	17	(119)	757
Fair value loss on derivative financial instruments	35	5,787	13,275
Property, plant and equipment written off	39	–	3
Transaction cost	45	38,075	–
Gain on disposal of property, plant and equipment		(21)	(2)
Gain on disposal of joint venture	35	(44,796)	–
Share of results of joint venture		(3,342)	(3,840)
Unrealised foreign exchange gain		793	(349)
Management fees paid in units	28	239	528
Operating cash flows before movements in working capital		328,351	233,184
Trade and other receivables		118,515	6,108
Service concession receivables		46,530	45,267
Finance lease receivables		9,880	9,684
Trade and other payables		(27,821)	3,725
Inventories		54,635	(5,062)
Cash generated from operations		530,090	292,906
Interest received		3,989	2,028
Interest paid		(157,959)	(110,923)
Income tax paid		(19,716)	(3,221)
Net cash from operating activities		356,404	180,790
Investing activities			
Acquisition of subsidiary, net of cash acquired	45	(746,220)	–
Dividend received from joint venture		3,054	3,723
Repayment of advances from joint venture		19,990	1,362
Divestment of joint venture net of transaction cost		46,111	–
Purchase of property, plant and equipment, right-of-use assets and intangible assets		(33,413)	(8,502)
Proceeds from sale of property, plant and equipment		220	14
Net cash used in investing activities		(710,258)	(3,403)
Financing activities			
Decrease/(increase) in restricted cash		27,095	(2,144)
Proceeds from issuance of units (net)		492,241	–
Proceeds from issuance of perpetual securities (net)	31	298,190	–
Proceeds from borrowings		1,504,165	2,000
Repayment of borrowings		(1,494,826)	(16,134)
Repayment of obligations under finance leases	7	(12,746)	–
Payment of loan upfront fees		(17,119)	–
Unclaimed distributions written back		–	6
Distribution paid to perpetual securities holders	31	(6,976)	–
Distributions paid to unitholders of the Trust	32	(165,484)	(143,518)
Distributions paid by subsidiaries to non-controlling interests		(4,966)	(2,172)
Net cash from/(used in) financing activities		619,574	(161,962)
Net increase in cash and cash equivalents		265,720	15,425
Cash and cash equivalents at beginning of year		179,705	164,202
Effects of currency translation on cash and cash equivalents		(135)	78
Cash and cash equivalents at end of year	16	445,290	179,705

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. General

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

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

The Trust has been established with the principal objective of investing in infrastructure assets and providing unitholders with regular and predictable distributions and the potential for long-term capital growth. The principal activities of the subsidiaries of the Trust are set out in Note 9.

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2019 were authorised for issue by the Board of Directors of the Trustee-Manager on February 28, 2020.

2. Summary of Significant Accounting Policies

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

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

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

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2019, the Group and the Trust adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I)s pronouncements does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, with exemption for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SFRS(I) 16 on the Group's Consolidated Financial Statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2019.

The Group has applied SFRS(I) 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of accumulated losses (where applicable) at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under SFRS(I) 1-17 and SFRS(I) INT4.

2. Summary of Significant Accounting Policies (continued)

ADOPTION OF NEW AND REVISED STANDARDS **(continued)**

SFRS(I) 16 Leases (continued)

Impact of the new definition of a lease
The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on risks and rewards in SFRS(I) 1-17.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on lessee accounting

Former operating leases
SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 1-17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases, the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of future lease payments; with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SFRS(I) 16 : C8(b)(ii) except for the right-of-use asset for property leases which were measured on a modified retrospective basis as if the Standard had been applied since commencement date;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SFRS(I) 1-17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS 1-36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SFRS(I) 1-17.

- No reassessment on whether a contract is or contains a lease if the contract was entered into before January 1, 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before January 1, 2019.

- For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.

- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.

- The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Former finance leases
For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the leased assets and obligations under finance leases measured applying SFRS(I) 1-17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SFRS(I) 16 from January 1, 2019.

Impact on lessor accounting
SFRS(I) 16 does not change substantially how a lessor accounts for leases. Under SFRS(I) 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, SFRS(I) 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Financial impact of initial application of SFRS(I) 16
The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 3.16%.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2019 $'000
Operating lease commitments disclosed as at December 31, 2018	75,664
Less: Short-term leases and leases of low value assets	(1,725)
Less: Effect of discounting the above amounts	(29,449)
Lease liabilities recognised as at January 1, 2019	**44,490**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

During the year, the right-of-use of a 30-year leasehold land previously recognised within property, plant and equipment (Note 6) of $1,089,000 has been reclassified to "right-of-use assets" under SFRS(I) 16 at the date of initial application.

Consequently, right-of-use assets of $45,579,000 were recognised on January 1, 2019.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED - At the date of authorisation of these Financial Statements, the following SFRS(I)s pronouncements relevant to the Group were issued but not effective:

- Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material[1]
- Amendments to SFRS(I) 3 Business Combinations: Definition of a Business[1]
- Amendments to References to the Conceptual Framework in SFRS(I) Standards[1]

[1] Applies to annual periods beginning on or after January 1, 2020.

The Trustee-Manager anticipates that the adoption of the above SFRS(I)s and amendments to SFRS(I)s in future periods will not have a material impact on the financial statements in the period of their initial adoption.

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

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

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

2. Summary of Significant Accounting Policies (continued)

BASIS OF CONSOLIDATION **(continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

Financial assets (continued)

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

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

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

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

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

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

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

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

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

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

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

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

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other gains/(losses) - net” line item.

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

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets (continued)

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

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

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

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

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

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

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SFRS(I) 16 *Leases*.

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

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

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

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by Trustee-Manager to ensure the constituents of each group continue to share similar credit risk characteristics.

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

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

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

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

Financial liabilities and equity instruments

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

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

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

Perpetual securities
The perpetual securities do not have a maturity date and the Trust is able to, at its full discretion, elect to defer making a distribution subject to the terms and conditions of the perpetual securities. Accordingly, the perpetual securities do not meet the definition of classification as financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation* and the whole instrument is presented within equity. Distributions are treated as dividends which will be directly debited from equity. Costs directly attributable to the issuance of the perpetual securities are deducted against the proceeds from the issue.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial liabilities and equity instruments (continued)

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

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

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

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

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

A financial liability is classified as held for trading if:

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

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

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

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

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

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

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 18.

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

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

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

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

- there is an economic relationship between the hedged item and the hedging instrument;

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS (continued)

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

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

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

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

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

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

LEASES

Leases (Before January 1, 2019)

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

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

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

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

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

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

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

Leases (From January 1, 2019)

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The Group determines its incremental borrowing rate based on the quotes from reputable banks over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in accordance to the type of asset, tenor and country where the assets are situated.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2 - Impairment of tangible and intangible assets excluding goodwill below.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. Summary of Significant Accounting Policies (continued)

Leases (From January 1, 2019) (continued)

A subsidiary of the Group had signed a Water Purchase Agreement ("WPA") with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. In accordance with SFRS(I) 16 *Leases*, the WPA is a lease arrangement and is classified as finance lease.

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

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

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. For chemical raw materials finished goods, cost is calculated using the first-in, first-out or weighted average method based on the type of inventory. For other inventories, cost is calculated using weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

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

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

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

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

Building	20 to 40 years
Easements	38.67 years
Interconnector and related plant and machinery	3 to 63.67 years
Power plant	25 years
Other plant and machinery	3 to 25 years
Computers, vehicles, furniture, fittings and equipment	1 to 12 years or lease term, whichever is shorter

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

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

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

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

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

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

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

INTANGIBLE ASSETS EXCLUDING GOODWILL

Intangible assets acquired in a business combination

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

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

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

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

Concession arrangements	9.26 to 19.42 years
Customer contracts and relationship	2 to 38.69 years

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

Decommissioning liabilities
The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for reinstatement cost
A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by the Trustee-Manager.

SHARE-BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sale of goods;
- Service income;
- Finance income from service concession arrangements;
- Finance lease income;
- Operation and maintenance income;
- Interest income; and
- Other income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
There are two main kinds of goods sold by the Group: gas and chemicals.

Sale of gas
The Group sells town gas, natural gas and gas appliances to residential, commercial and industrial customers in Singapore. Revenue is measured based on the consideration in accordance with the price regulation framework (for town gas) and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group's town gas business in Singapore is regulated under the Gas License issued by Energy Market Authority ("EMA") of Singapore. The Group sells town gas to residential, commercial and industrial customers. The amount of revenue recognised is based on the gas consumption derived from meter readings and when control of the town gas has transferred to its customer, being when the town gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to the consideration becomes unconditional, as only the passage of time is required before payment.

The Group sells natural gas to commercial and industrial customers. Revenue is recognised upon completion of the gas filling transaction and when control of the natural gas has transferred to its customer, being when the natural gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Under the Group's standard contract terms, customers do not have a right of return.

Sale of traded and manufactured chemicals
Revenue from the sale of traded and manufactured chemicals is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction prices needs to be allocated (e.g. warranties, services etc). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, and any other relevant factors.

Service income
The Group provides availability and capacity targets of its power plant to a related party. Such service is recognised as a performance obligation satisfied over-time based on an availability-based tolling fees and a monthly fixed fee indexed to the Singapore Consumer Price Index.

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Revenue related to construction or upgrade services under a service concession arrangement is recognised over time. Service income is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group provides the availability of its interconnector asset to a governing agency of the State of Tasmania. Such service is recognised as a performance obligation satisfied over-time based on an availability-based facility fees indexed to the Australian Consumer Price Index.

2. Summary of Significant Accounting Policies (continued)

REVENUE RECOGNITION (continued)

Finance income from service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the service concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 and 25 years and transfer the plants to the grantors at the end of the concession period. Revenue related to finance income under a service concession arrangement is recognised over time.

The Group receives finance income from the service concession arrangements which represents the interest income on the service concession receivables arising from the service concession arrangements, and is recognised using the effective interest method.

Finance lease income
Accounting policy for recognising finance lease income is stated separately above.

Operation and maintenance income
The Group provides operation services for its plants against a well identified fixed and variable cost structure, according to the agreements entered into with the grantors. The operation services and where applicable, maintenance work, are required to be carried out on the plants in line with the length of the respective service period. Revenue from provision of operation and maintenance service is recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

Revenue from operating and maintaining the infrastructure under a service concession arrangement is recognised over time.

Interest income
Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

Other income
Other income represents the sale of scrap, rental income and insurance compensation. Sale of scrap is recognised upon delivery of the scrap materials and rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the term of the relevant lease. Insurance compensation is recognised in profit or loss to the extent of the amount received from the insurer.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group’s obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

DEFINED BENEFIT PLANS - For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "Staff costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of Significant Accounting Policies (continued)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 17.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Where such indicators exist, determining whether the carrying values of property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment and intangibles at the end of the reporting period are disclosed in Notes 6 and 8 respectively.

(iii) Allocation and impairment of goodwill

The Group completed the acquisition of the Crystal Assets on May 18, 2015 (see Note 9) and the acquisition of Ixom on February 19, 2019 (see Note 45). Independent valuers were engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities and goodwill on these acquisitions.

Goodwill arising from the business combinations is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination. This requires the Group to estimate the additional future benefit to be derived by the CGUs. Goodwill arising from the acquisition of the Crystal Assets was allocated to City Gas and Basslink of the Distribution & Network business segment. Goodwill arising from the acquisition of Ixom is solely attributable to Ixom Group of the Distribution & Network business segment.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable values of the CGUs are determined based on value in use calculations. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 8.

(iv) Purchase Price Allocation

The Group completed the acquisition of Ixom in February 2019. The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of tangible and intangible assets and assignment of their useful lives. The Group's disclosure of the above is set out in Note 45.

4. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Financial Assets				
Financial assets at amortised cost	**1,170,182**	867,342	**1,011,739**	830,800
Derivative instruments:				
Designated in hedge accounting relationships	**887**	121	**–**	31
Not designated in hedge accounting relationships	**–**	150	**–**	–
Total	**1,171,069**	867,613	**1,011,739**	830,831
Financial Liabilities				
Financial liabilities, at amortised cost	**2,793,545**	2,209,219	**106,389**	151,275
Derivative instruments:				
Designated in hedge accounting relationships	**153,014**	116,113	**1,230**	–
Not designated in hedge accounting relationships	**16**	150	**–**	–
Total	**2,946,575**	2,325,482	**107,619**	151,275

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements, other than those disclosed in the financial statements.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, forward currency contracts and commodity swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group operates mainly in Singapore, Australia and New Zealand. The Group entities transact predominantly in their respective functional currency except for the Trust and its three subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

A third subsidiary, whose functional currency is the AUD, is exposed to currency risk from specific receipts denominated in USD. This subsidiary also holds cash and cash equivalents denominated in USD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Group				
USD	**4,687**	6,925	**8,436**	2,094
AUD	**–**	–	**14,223**	359
JPY	**–**	–	**24**	60
NZD	**–**	–	**81**	–
SGD	**1,229**	1,018	**8,774**	8,220
EUR	**–**	–	**193**	–
Others	**–**	–	**451**	–
Trust				
AUD	**–**	–	**13,941**	55

Sensitivity analysis
The following table details the sensitivity to a 5% (2018 : 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% (2018 : 5%) against the functional currency of each Group entity, profit or loss will increase (decrease) by:

	Increase/(Decrease) Profit or loss	
	2019 $'000	2018 $'000
Group		
USD	**187**	(242)
AUD	**711**	18
JPY	**1**	3
NZD	**4**	–
SGD	**377**	360
EUR	**10**	–
Others	**23**	–
Trust		
AUD	**697**	3

A 5% (2018 : 5%) weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

(ii) **Interest rate risk management**
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets.

The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group's policy is to manage its interest cost using a mix of fixed and floating interest rate debts. The Group enters into interest rate swaps which allow the Group to raise long term borrowings at floating rates and swap them into fixed rates, with the objective to reduce variability in cash flows arising from interest rate fluctuations.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management (continued)

Details of the various derivative financial instruments held by the Group and Trust are disclosed in Note 18. Assuming all other variables are held constant, a 50 basis point change in Singapore or Australia interest rate has the following impact on profit or loss and equity as a result of higher/lower finance cost or fair value changes to derivative financial instruments. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

Sensitivity analysis

	Decrease of 50 basis points		Increase of 50 basis points	
	Increase/(Decrease)		Increase/(Decrease)	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
2019				
Borrowings at floating interest rate	**1,154**	**–**	**(1,154)**	**–**
Interest rate swaps accounted for under cash flow hedge	**–**	**(40,066)**	**–**	**40,066**
2018				
Borrowings at floating interest rate	836	–	(836)	–
Interest rate swaps accounted for under cash flow hedge	–	(37,064)	–	37,064

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Decription	Basis for recognising expecting credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and lease receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2019						
Trade receivables	17	Performing	Lifetime ECL	261,111	(258)	260,853
Trade receivables	17	Doubtful	Lifetime ECL	2,738	(2,645)	93
Other receivables	17	Performing	12-month ECL	8,338	-	8,338
Service concession receivables	13	Performing	12-month ECL	332,228	-	332,228
Finance lease receivables	14	Performing	Lifetime ECL	95,259	-	95,259
					(2,903)	
2018						
Trade receivables	17	Performing	Lifetime ECL	140,772	-	140,772
Trade receivables	17	Doubtful	Lifetime ECL	1,235	(1,235)	-
Other receivables	17	Performing	12-month ECL	10,816	-	10,816
Service concession receivables	13	Performing	12-month ECL	378,758	-	378,758
Finance lease receivables	14	Performing	Lifetime ECL	105,139	-	105,139
					(1,235)	
Trust						
2019						
Other receivables	17	Performing	12-month ECL	8,345	-	8,345
Notes receivables	11	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	12	Performing	12-month ECL	12,407	-	12,407
					-	
2018						
Trade receivables	17	Doubtful	Lifetime ECL	309	(309)	-
Other receivables	17	Performing	12-month ECL	13,585	-	13,585
Notes receivables	11	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	12	Performing	12-month ECL	15,387	-	15,387
					(309)	

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management

Credit risk concentration profile
The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

	2019		2018	
	$'000	%	$'000	%
Group				
By operating segments				
Distribution & Network				
- City Gas [1] (Performing)	**32,622**	**13**	39,118	31
- City Gas [1] (Doubtful)	**790**	**-**	926	1
- Basslink [2] (Performing)	**55,189**	**21**	59,902	47
- Ixom [3] (Performing)	**141,716**	**55**	-	-
- Ixom [3] (Doubtful)	**2,113**	**1**	-	-
Waste & Water [4] (Performing)	**26,703**	**10**	25,868	21
Others (Performing)	**30**	**-**	16	-
Others (Doubtful)	**-**	**-**	309	-
	259,163	**100**	126,139	100
By geographic distribution				
Singapore	**60,145**	**23**	66,237	53
Australia	**139,256**	**54**	59,902	47
New Zealand	**25,642**	**10**	-	-
Others	**34,120**	**13**	-	-
	259,163	**100**	126,139	100

[1] There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 21, is an amount of $40,887,000 (2018: $41,703,000), which can, subject to certain conditions, be used to set off against the corresponding outstanding receivables when the circumstances warrant.

[2] There is a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represents 24% (2018: 60%) of the total trade receivables from the Distribution & Network segment. The high balance in 2019 and 2018 is because the customer did not pay the full facility fees from September 2016 to August 2017 and had instead given so-called "good faith payments" from December 2016 to July 2017. Since September 2017, the customer had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments).

[3] The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

[4] There is a significant concentration of credit risk with their customers, which are agencies of the Government of Singapore, for the duration of the service contract entered into.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

The credit risk on cash and fixed deposits is limited because the counterparties are banks and financial institutions which are regulated and with high credit ratings.

Collateral held as security and other credit enhancements
The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables is mitigated because they are secured over deposits collected from customers amounting to $40,898,000 as at December 31, 2019 (2018: $41,714,000), which can be used to offset the impaired receivables when the circumstances warrant.

(v) **Liquidity risk management**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2019						
Non-interest bearing	**–**	**312,672**	**–**	**–**	**–**	**312,672**
Variable interest rate instruments *	**2.13 – 3.15**	**1,363,008**	**868,080**	**–**	**(105,501)**	**2,125,587**
Fixed interest rate instruments	**3.62 – 17.50**	**61,313**	**219,345**	**1,001,130**	**(926,502)**	**355,286**
		1,736,993	**1,087,425**	**1,001,130**	**(1,032,003)**	**2,793,545**
2018						
Non-interest bearing	–	144,453	–	–	–	144,453
Variable interest rate instruments *	1.46 – 3.83	1,053,265	744,378	7,358	(33,479)	1,771,522
Fixed interest rate instruments	5.87 – 17.50	43,850	175,400	1,019,388	(945,394)	293,244
		1,241,568	919,778	1,026,746	(978,873)	2,209,219
Trust						
2019						
Non-interest bearing	**-**	**6,606**	**-**	**-**	**-**	**6,606**
Variable interest rate instruments	**2.67**	**2,290**	**102,576**	**-**	**(5,083)**	**99,783**
		8,896	**102,576**	**-**	**(5,083)**	**106,389**
2018						
Non-interest bearing	–	3,648	–	–	–	3,648
Variable interest rate instruments	2.09	148,209	–	–	(582)	147,627
		151,857	–	–	(582)	151,275

* Included under the variable interest rate instruments category is the undiscounted cash flows of Basslink bank borrowings with a carrying amount of $610,259,000 (2018: $700,056,000) as at December 31, 2019. The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 20).

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2019						
Non-interest bearing	**–**	**326,049**	**–**	**–**	**–**	**326,049**
Fixed interest rate instruments	**0.92 – 4.68**	**450,675**	**276,809**	**156,331**	**(78,437)**	**805,378**
Variable interest rate instruments	**0.55 – 1.11**	**38,755**	**–**	**–**	**–**	**38,755**
		815,479	**276,809**	**156,331**	**(78,437)**	**1,170,182**
2018						
Non-interest bearing	–	161,074	–	–	–	161,074
Fixed interest rate instruments	0.80 – 4.68	270,937	290,959	214,744	(94,536)	682,104
Variable interest rate instruments	0.60 – 0.75	24,164	–	–	–	24,164
		456,175	290,959	214,744	(94,536)	867,342
Trust						
2019						
Non-interest bearing	**–**	**8,414**	**-**	**-**	**-**	**8,414**
Fixed interest rate instruments	**0.92 – 17.50**	**297,515**	**358,928**	**1,794,581**	**(1,467,517)**	**983,507**
Variable interest rate instruments	**2.32**	**7,699**	**13,441**	**–**	**(1,322)**	**19,818**
		313,628	**372,369**	**1,794,581**	**(1,468,839)**	**1,011,739**
2018						
Non-interest bearing	–	13,668	–	–	–	13,668
Fixed interest rate instruments	0.80 – 17.50	115,058	358,928	1,884,313	(1,557,261)	801,038
Variable interest rate instruments	2.07	962	1,022	15,561	(1,451)	16,094
		129,688	359,950	1,899,874	(1,558,712)	830,800

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group			
2019			
Net settled:			
Interest rate swaps	**(24,750)**	**(80,716)**	**(88,671)**
Foreign currency forward	**(2,056)**	**40**	**–**
2018			
Net settled:			
Interest rate swaps	(19,501)	(61,747)	(84,163)
Foreign currency forward	73	(4)	–
Trust			
2019			
Net settled:			
Interest rate swaps	**–**	**(1,230)**	**–**
2018			
Net settled:			
Interest rate swaps	31	–	–

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's and Trust's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group is in a net current liability position of $676,849,000 (2018 : $711,982,000,) as at the end of the reporting period. The Basslink and KMC bank borrowings of $610,259,000 and $699,756,000 (2018 : $700,056,000 and $699,266,000) respectively are classified as current liabilities (Note 20). The financial statements of the Group have been prepared on a going concern basis on the following basis:

- The Basslink bank borrowings, as detailed in Note 20, are non-recourse to the Group and the maturity date was extended by a year to November 27, 2020;

- The KMC bank borowings, as detailed in Note 20, are repayable in 2020 and the Trustee-Manager is currently in discussions with the lenders on the refinancing of the bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date; and

- The Group is not dependent on cash flows from Basslink and KMC for its operations and distributions to unitholders for at least the 12-month period from the date of the financial statements.

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

The Group maintains $280.4 million (2018: $102.9 million) undrawn facilities as at the end of the financial year.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(vi) Fair value of financial assets and financial liabilities

(i) *Assets and liabilities measured at fair value*
The Group and Trust's derivative financial instruments as at December 31, 2019, and December 31, 2018, are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 2019 Assets $'000	2019 Liabilities $'000	2018 Assets $'000	2018 Liabilities $'000	Valuation technique(s) and key input(s)
Group					
Interest rate	-	(149,717)	52	(116,113)	The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
Foreign currency forward	887	(2,902)	69	–	
Commodity swap	-	(411)	150	(150)	
Trust					
Interest rate	-	(1,230)	31	–	The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2019 and 2018.

(ii) *Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, issue perpetual securities, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Net borrowings	**1,641,560**	1,543,345	**–**	121,493
Total assets	**5,003,275**	3,805,007	**2,317,920**	1,632,275
Ratio	**33%**	41%	**0%**	7%

There are no externally imposed capital requirements for the financial years ended December 31, 2019 and 2018, other than the loan covenants disclosed in Note 20.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

	Note	Group	
		2019 $'000	2018 $'000
Sale of goods and services	(i)	**123,690**	127,392
Purchases of goods and services	(i)	**(263,704)**	(266,933)
Operating lease expense	(ii)	**(1,725)**	(1,791)
Interest expense	(i)	**(42,875)**	(42,875)
Interest income	(i)	**1,888**	433
Professional fees	(i)	**(312)**	(45)
Trustee-Manager's fees	(iii)	**(26,384)**	(9,742)

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust.

(ii) Relates to short-term operating lease arrangements with related parties of the Group for leasing of office premises and galleries.

(iii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 38.

6. Property, Plant and Equipment

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery[2] $'000	Power plant $'000	Other plant and machinery[3] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Group									
Cost:									
At January 1, 2018	1,457	10,870	1,686	1,037,550	1,623,701	80,457	9,567	13,099	2,778,387
Additions	–	–	–	7,008	–	472	322	700	8,502
Written off	–	–	–	(2)	–	(3)	(55)	–	(60)
Disposals	–	–	–	–	–	–	(53)	–	(53)
Currency translation differences	(19)	–	(21)	(13,124)	–	–	(21)	(5)	(13,190)
Reclassification	–	–	–	–	–	–	9	(13)	(4)
Reversal of decommissioning cost [1]	–	–	–	(6,496)	–	–	–	–	(6,496)
At December 31, 2018	**1,438**	**10,870**	**1,665**	**1,024,936**	**1,623,701**	**80,926**	**9,769**	**13,781**	**2,767,086**
Adoption of SFRS(I) 16 (Note 2)	**–**	**(3,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,000)**
As at January 1, 2019	**1,438**	**7,870**	**1,665**	**1,024,936**	**1,623,701**	**80,926**	**9,769**	**13,781**	**2,764,086**
Additions	**–**	**786**	**–**	**70**	**603**	**8,923**	**735**	**17,249**	**28,366**
Acquisition of subsidiaries (Note 45)	**56,256**	**27,694**	**–**	**–**	**–**	**293,950**	**–**	**20,369**	**398,269**
Written off	**–**	**–**	**–**	**(1)**	**–**	**(535)**	**(181)**	**–**	**(717)**
Disposals	**–**	**–**	**–**	**–**	**–**	**(610)**	**(130)**	**–**	**(740)**
Currency translation differences	**(3,753)**	**(2,293)**	**(134)**	**(82,689)**	**–**	**(18,228)**	**(143)**	**(1,852)**	**(109,092)**
Reclassification	**–**	**100**	**–**	**874**	**–**	**16,114**	**228**	**(17,316)**	**–**
Reversal of decommissioning cost [1]	**–**	**–**	**–**	**(6,997)**	**–**	**–**	**–**	**–**	**(6,997)**
At December 31, 2019	**53,941**	**34,157**	**1,531**	**936,193**	**1,624,304**	**380,540**	**10,278**	**32,231**	**3,073,175**
Accumulated depreciation:									
At January 1, 2018	–	6,127	451	250,223	188,573	68,768	8,325	–	522,467
Depreciation charge	–	563	43	16,739	75,620	1,807	712	–	95,484
Written off	–	–	–	(2)	–	(3)	(52)	–	(57)
Disposals	–	–	–	–	–	–	(41)	–	(41)
Currency translation differences	–	–	(6)	(3,221)	–	–	(19)	–	(3,246)
At December 31, 2018	**–**	**6,690**	**488**	**263,739**	**264,193**	**70,572**	**8,925**	**–**	**614,607**
Adoption of SFRS(I) 16 (Note 2)	**–**	**(1,911)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,911)**
As at January 1, 2019	**–**	**4,779**	**488**	**263,739**	**264,193**	**70,572**	**8,925**	**–**	**612,696**
Depreciation charge	**–**	**2,089**	**41**	**15,620**	**54,199**	**56,698**	**614**	**–**	**129,261**
Written off	**–**	**–**	**–**	**(1)**	**–**	**(535)**	**(181)**	**–**	**(717)**
Disposals	**–**	**–**	**–**	**–**	**–**	**(421)**	**(120)**	**–**	**(541)**
Currency translation differences	**–**	**47**	**(40)**	**(21,711)**	**–**	**(517)**	**(116)**	**–**	**(22,337)**
At December 31, 2019	**–**	**6,915**	**489**	**257,647**	**318,392**	**125,797**	**9,122**	**–**	**718,362**
Carrying amount:									
At December 31, 2019	**53,941**	**27,242**	**1,042**	**678,546**	**1,305,912**	**254,743**	**1,156**	**32,231**	**2,354,813**
At January 1, 2019	1,438	3,091	1,177	761,197	1,359,508	10,354	844	13,781	2,151,390
At December 31, 2018	1,438	4,180	1,177	761,197	1,359,508	10,354	844	13,781	2,152,479

[1] This relates to the movement in the provision for decommissioning costs during the financial year (Note 22).

[2] Included in this category is a carrying amount of $9,275,000 (2018: $9,126,000) which pertains to plant and machinery related to the interconnector with useful lives ranging from 3 to 40 years.

[3] Included in this category is a carrying amount of $6,557,000 (2018: $8,292,000) which pertains to plant and machinery under the gas segment with useful lives ranging from 14 to 25 years.

Certain property, plant and equipment with carrying amount of $1,056,841,000 (2018: $779,250,000) are pledged as security for borrowings (Note 20).

7. Right-Of-Use Assets

The group leases several leasehold land and buildings, plant and equipment, computers, vehicles, furniture, fittings and equipment. The average lease term ranges from 1 to 46 years.

Certain leases for computers, vehicles, furniture, fittings and equipment, retail spaces and an office building expired during the year and were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of $1,773,000 in 2019.

	Building and leasehold land $'000	Computers, vehicles, furniture, fittings and equipment $'000	Total $'000
Group			
Cost:			
At January 1, 2019 (Adoption of SFRS (I) 16)	38,193	9,297	47,490
Acquisition of a subsidiaries (Note 45)	57,478	30,319	87,797
Additions	1,107	666	1,773
Currency translation differences	(3,729)	(947)	(4,676)
At December 31, 2019	93,049	39,335	132,384
Accumulated depreciation:			
At January 1, 2019 (Adoption of SFRS(I) 16)	1,911	–	1,911
Depreciation charge	8,627	6,366	14,993
Currency translation differences	(168)	52	(116)
At December 31, 2019	10,370	6,418	16,788
Carrying amount:			
At December 31, 2019	82,679	32,917	115,596

Interest expense on lease liabilities of $3,852,000 was recognised in profit or loss.

The total cash outflow for leases amount to $12,746,000.

8. Intangibles

	2019 $'000	2018 $'000
Goodwill arising on consolidation	834,710	437,300
Concession arrangements	23,297	26,556
Customer contracts and relationships	116,195	54,902
Software	9,761	–
Other identifiable intangibles	1,378	–
	150,631	81,458
	985,341	518,758

8. Intangibles (continued)

Movements during the year are as follow:

	Goodwill $'000	Concession arrangements $'000	Customer contracts and relationships $'000	Software $'000	Other identifiable intangibles $'000	Total $'000
Cost:						
At January 1, 2018	437,300	38,234	176,315	–	–	651,849
Currency translation differences	–	–	(538)	–	–	(538)
At December 31, 2018	**437,300**	**38,234**	**175,777**	**–**	**–**	**651,311**
Acquisition of subsidiaries (Note 45)	**431,465**	**–**	**88,972**	**13,001**	**1,421**	**534,859**
Additions	**–**	**–**	**–**	**3,028**	**190**	**3,218**
Disposal	**–**	**–**	**–**	**(824)**	**–**	**(824)**
Currency translation differences	**(34,055)**	**–**	**(9,198)**	**(859)**	**(89)**	**(44,201)**
At December 31, 2019	**834,710**	**38,234**	**255,551**	**14,346**	**1,522**	**1,144,363**
Accumulated amortisation:						
At January 1, 2018	–	8,419	116,285	–	–	124,704
Amortisation	–	3,259	4,737	–	–	7,996
Currency translation differences	–	–	(147)	–		(147)
At December 31, 2018	**–**	**11,678**	**120,875**	**–**	**–**	**132,553**
Amortisation	**–**	**3,259**	**19,885**	**5,520**	**149**	**28,813**
Disposal	**–**	**–**	**–**	**(805)**	**–**	**(805)**
Currency translation differences	**–**	**–**	**(1,404)**	**(130)**	**(5)**	**(1,539)**
At December 31, 2019	**–**	**14,937**	**139,356**	**4,585**	**144**	**159,022**
Carrying amount:						
At December 31, 2019	**834,710**	**23,297**	**116,195**	**9,761**	**1,378**	**985,341**
At December 31, 2018	437,300	26,556	54,902	–	–	518,758

(a) Goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into three business segments, Distribution & Network, Waste & Water and Energy. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition and Ixom Acquisition was allocated to the Distribution & Network business segment.

In 2015, the Trust acquired the business of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets.

As disclosed in Note 45, during the year, the Trust acquired the Ixom Group, which principal activities include manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries.

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Carrying amount $'000	Terminal growth rate %	Pre-tax discount rate %
Group			
2019			
Distribution & Network:			
City Gas	**379,497**	**1.8**	**8.0**
Basslink	**51,899**	**N/A**	**6.4**
Ixom	**403,314**	**2.5**	**11.6**
2018			
Distribution & Network:			
City Gas	379,497	2.0	8.0
Basslink	57,803	N/A	6.9

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs and ability to secure adequate banking facilities during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager for the next five years for Ixom and for a period of more than five years for City Gas and Basslink as City Gas is currently the sole producer and retailer of town gas and Basslink has a long-term contract with its major customer.

Sensitivity analysis

Based on the value in use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2019		2018	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Distribution & Network:				
City Gas	**(90,939)**	**126,568**	(87,060)	124,194
Basslink	**(183,987)**	**248,812**	(170,568)	228,192
Ixom	**(120,156)**	**157,091**	–	–

For Ixom, if the discount rate used as detailed above increases by 1 percentage point, the recoverable amount is likely to be $28,788,000 below the carrying amount of the CGU.

For other CGUs, any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior years.

(b) Concession arrangements, customer contracts and relationships

The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 4.67 to 14.84 years (2018 : 5.67 to 15.84 years).

The intangible assets recognised on customer contracts were in relation to contractual agreements that two of the subsidiaries have with their sole customer, as well as contracts entered into between a subsidiary and its long-time customers. These have remaining amortisation period of 1.39 to 26.35 years (2018 : 6.96 to 27.35 years).

9. Investment in Subsidiaries

	Trust	
	2019 $'000	2018 $'000
Investments, at cost	**863,236**	844,287
Advances to subsidiaries	**1,052,575**	539,244
Less: Allowance for impairment	**(610,246)**	(582,300)
	1,305,565	801,231
Movement in allowance account:		
Beginning of year	**582,300**	533,500
Charge for the year	**27,946**	48,800
End of year	**610,246**	582,300

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. They are unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at the end of financial year are as follows:

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2019 %	2018 %
City Gas Pte Ltd(1a) (1c)	Trustee of City Gas Trust (Singapore)	**100**	100
City Gas Trust(1a)	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	**100**	100
SingSpring Pte Ltd(1a) (1c)	Trustee of SingSpring Trust (Singapore)	**100**	100
SingSpring Trust(1a)	Operation of a seawater desalination plant (Singapore)	**70**	70
CityLink Investments Pte Ltd(1a) (1c)	Investment holding (Singapore)	**100**	100
CitySpring Capital Pte Ltd(1a) (1c)	Provision of financial and treasury services (Singapore)	**100**	100
CityDC Pte. Ltd.(1a) (1c)	Investment holding (Singapore)	**100**	100
Keppel Merlimau Cogen Pte Ltd(1a)	Tolling arrangement for a power plant (Singapore)	**51**	51
Senoko Waste-To-Energy Pte Ltd(1a) (1c)	Trustee of Senoko Trust (Singapore)	**100**	100
Senoko Trust(1a)	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
Keppel Seghers NEWater Development Co Pte Ltd(1a) (1c)	Trustee of Ulu Pandan Trust (Singapore)	**100**	100
Ulu Pandan Trust(1a)	Collection, purification and distribution of water (Singapore)	**100**	100
Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd(1a) (1c)	Trustee of Tuas DBOO Trust (Singapore)	**100**	100
Tuas DBOO Trust(1a)	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
City-OG Gas Energy Services Pte Ltd(1a) (1c)	Retailing of natural gas and related activities (Singapore)	**51**	51
IX Holdings Pte Ltd(1a) (1c)	Investment holding (Singapore)	**100**	100
Nexus Australia Management Pty Ltd*(1c)	Trustee (Australia)	**100**	100
Coral Holdings Australia Pty Ltd*(1b)	Investment holding (Australia)	**100**	100
Premier Finance Trust Australia*(1b)	Finance trust (Australia)	**100**	100
Nexus Investments Australia Pty Ltd* (1c)	Investment holding (Australia)	**100**	100

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held 2019 %	2018 %
Basslink Australia GP Pty Ltd*(1c)	Investment holding (Australia)	**100**	100
Basslink Australia LLP*(1c)	Investment holding (Australia)	**100**	100
Basslink Pty Ltd*(1b)	Operation of subsea electricity interconnector (Australia)	**100**	100
Basslink Telecoms Pty Ltd*(1b)	Operation of telecom business (Australia)	**100**	100
Basslink Holdings Pty Ltd*(1c)	Investment holding (Cayman Islands)	**100**	100
IX Infrastructure Pty Ltd(1b)	Investment holding (Australia)	**100**	100
Ixom HoldCo Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Holdings Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Operations Pty Ltd^(1b) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Australia)	**100**	–
Ixom Finance Pty Ltd^(1b) (2)	Provision of financial and treasury services (Australia)	**100**	–
Bronson & Jacobs Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom International Holdings Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Bronson & Jacobs (S.E. Asia) Pte Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Singapore)	**100**	–
Bronson & Jacobs (H.K.) Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Hong Kong)	**100**	–
PT Bronson & Jacobs Indonesia^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Indonesia)	**100**	–
Bronson & Jacobs (Malaysia) Sdn Bhd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Malaysia)	**100**	–
Bronson & Jacobs International Company Ltd^(1c) (2) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Thailand)	**49**	–
Bronson & Jacobs (Shanghai) International Trading Co Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**100**	–
Ixom Peru SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Peru)	**100**	–
Active Chemicals Chile SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**100**	–
Ixom Argentina SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Argentina)	**100**	–
Miex UK Limited^(1c) (2)	Sale of water treatment infrastructure and facilities and related services (UK)	**100**	–
Ixom Watercare Inc^(1c) (2)	Sale of water treatment infrastructure and facilities and related services (USA)	**100**	–
Ixom Colombia SAS^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Colombia)	**100**	–
Ixom Finance New Zealand Limited^(1c) (2)	Provision of financial and treasury services (New Zealand)	**100**	–
Ixom Chile SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**100**	–
Ixom Brasil Produtos Quimicos Ltda^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**100**	–
Forbusi Importadora e Exportadora Ltda^(1c) (6)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**100**	–

9. Investment in Subsidiaries (continued)

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
Central Pacific Chemicals Ltd^(1c)(2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Fiji)	**100**	–
Ixom Chemicals Trading Agency (Beijing) Co. Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**100**	–

* Collectively known as Basslink.
^ Collectively known as Ixom.
(1a) Audited by Deloitte & Touche LLP, Singapore.
(1b) Audited by Deloitte Touche Tohmatsu, Australia for the Group's consolidation purpose.
(1c) Not material for the Group's consolidation purpose.
(2) These companies were acquired during the financial year.
(3) Management has determined the existence of control, based on the right to appoint and remove a majority of board members and the relevant activities are determined based on simple majority votes.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting rights held by NCI	
		2019 %	2018 %
SingSpring Trust	Singapore	**30**	30
Keppel Merlimau Cogen Pte Ltd	Singapore	**49**	49
Bronson & Jacobs International Company Ltd	Thailand	**51**	–

Summarised financial information of subsidiaries with material NCI

Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	**26,541**	27,730
Current liabilities	**(15,739)**	(14,740)
Net current assets	**10,802**	12,990
Non-current assets	**107,879**	120,384
Non-current liabilities	**(102,060)**	(111,187)
Net non-current assets	**5,819**	9,197
Net assets	**16,621**	22,187
Equity attributable to unitholders of the Trust	**11,635**	15,531
NCI	**4,986**	6,656

Summarised statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
Revenue	37,385	31,042
Profit before tax	5,293	5,638
Income tax expense	(903)	(962)
Profit after tax	4,390	4,676
Profit attributable to unitholders of the Trust	3,073	3,273
Profit attributable to NCI	1,317	1,403
Profit after tax	4,390	4,676
Other comprehensive income attributable to unitholders of the Trust	31	360
Other comprehensive income attributable to NCI	13	154
Other comprehensive income for the year	44	514
Total comprehensive income attributable to unitholders of the Trust	3,104	3,633
Total comprehensive income attributable to NCI	1,330	1,557
Total comprehensive income for the year	4,434	5,190
Dividends paid to NCI	3,000	1,785
Other summarised information		
Net cash from operating activities	17,956	19,625

Keppel Merlimau Cogen Pte Ltd

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	79,570	79,957
Current liabilities	(747,254)	(38,853)
Net current (liabilities)/assets	(667,684)	41,104
Non-current assets	1,483,322	1,533,126
Non-current liabilities	(653,668)	(1,332,899)
Net non-current assets	829,654	200,227
Net assets	161,970	241,331
Equity attributable to unitholders of the Trust	84,883	125,520
NCI	77,087	115,811

9. Investment in Subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI (continued)

Keppel Merlimau Cogen Pte Ltd (continued)

Summarised statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
Revenue	125,816	129,121
Loss before tax	(84,796)	(78,197)
Income tax credit	3,814	2,537
Loss after tax	(80,982)	(75,660)
Loss attributable to unitholders of the Trust	(41,464)	(38,712)
Loss attributable to NCI	(39,518)	(36,948)
Loss after tax	(80,982)	(75,660)
Other comprehensive income attributable to unitholders of the Trust	827	3,308
Other comprehensive income attributable to NCI	794	3,178
Other comprehensive income for the year	1,621	6,486
Total comprehensive income attributable to unitholders of the Trust	(40,637)	(35,404)
Total comprehensive income attributable to NCI	(38,724)	(33,770)
Total comprehensive income for the year	(79,361)	(69,174)
Other summarised information		
Net cash from operating activities	9,904	8,284

Bronson & Jacobs International Company Ltd

Summarised statement of financial position

	2019 $'000
Current assets	12,637
Current liabilities	(3,088)
Net current assets	9,549
Non-current assets	687
Net assets	10,236
Equity attributable to unitholders of the Trust	5,016
NCI	5,220
Summarised statement of profit or loss and other comprehensive income	
Revenue	25,748
Profit before tax	3,270
Income tax credit	(682)
Profit after tax	2,588
Profit attributable to unitholders of the Trust	1,264
Profit attributable to NCI	1,324
Profit after tax	2,588
Other comprehensive income attributable to unitholders of the Trust	392
Other comprehensive income attributable to NCI	407
Other comprehensive income for the year	799
Total comprehensive income attributable to unitholders of the Trust	1,656
Total comprehensive income attributable to NCI	1,731
Total comprehensive income for the year	3,387
Other summarised information	
Net cash from operating activities	1,472

Impairment testing of investment in subsidiaries

The Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries and no impairment was recognised except for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts") and Keppel Merlimau Cogen Pte Ltd ("KMC")
On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of $729 million via the issue of 1,326,319,374 new units for acquisition (Crystal Assets Acquisition).The purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of $510 million was financed by an equity fund raising, of which $255 million was paid to the vendor and $255 million was injected via Qualifying Project Debt Securities ("QPDS") Notes.

The service concessions of the subtrusts (Note 13) and KMC's plant have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession periods and plant life, respectively.

The Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts and KMC against their recoverable amounts and allowances for impairment of $20.8 million (2018 : $21.2 million), $2.7 million (2018 : $5.0 million) and $4.5 million (2018 : $18.5 million) were recognised in profit or loss for the investments in Senoko Trust, Ulu Pandan Trust and KMC respectively. There was no allowance for impairment recognised in profit or loss for the investments in Tuas DBOO Trust (2018: $4.1 million).

The recoverable amount was determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subtrusts and KMC. The growth rates of 2.0% (2018 : 2.0%) per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 4.67 to 14.84 years (2018 : 5.67 to 15.84 years) for the subtrusts and 21.5 years (2018 : 22.5 years) for KMC based on the current contractual agreements with the major customers. The discount rates used was 4.70% (2018 : 5.10% to 5.85%) per annum for the subtrusts and 4.92% (2018 : 5.10%) per annum for KMC.

Sensitivity analysis
Based on the value in use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2019		2018	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Senoko Trust	**(4,554)**	**4,742**	(6,500)	6,812
Ulu Pandan Trust	**(1,511)**	**1,597**	(1,845)	1,960
Tuas DBOO Trust	**(7,367)**	**8,134**	(7,736)	8,588
Keppel Merlimau Cogen Pte Ltd	**(111,383)**	**126,931**	(116,648)	133,468

9. Investment in Subsidiaries (continued)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries 2019	2018
Collection and treatment of solid waste to generate green energy	Singapore	**2**	2
Collection, purification and distribution of water	Singapore	**1**	1
Investment holding	Singapore	**3**	3
Production and retail of town gas, retail of natural gas and sales of gas appliances	Singapore	**1**	1
Provision of financial and treasury services	Singapore	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Singapore	**1**	-
Trustee	Singapore	**5**	5
Provision of financial and treasury services	Australia	**1**	-
Investment holding	Australia	**10**	5
Operation of subsea electricity interconnector	Australia	**1**	1
Operation of telecom business	Australia	**1**	1
Finance trust	Australia	**1**	1
Trustee	Australia	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Australia	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	China	**2**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Chile	**2**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Brazil	**2**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Peru	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Colombia	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Argentina	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Hong Kong	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Indonesia	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Malaysia	**1**	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Fiji	**1**	-
Investment holding	Cayman Islands	**1**	1
Provision of financial and treasury services	New Zealand	**1**	-
Construction and sale of water treatment infrastructure and facilities	United Kingdom	**1**	-
Construction and sale of water treatment infrastructure and facilities	United States of America	**1**	-
		47	23

10. Investment in and Advances to Joint Venture

	Group	
	2019 $'000	2018 $'000
Cost of investment in joint venture [1]	–	510
Advances to joint venture [2]	–	19,480
	–	19,990
Share of post-acquisition reserves, net of dividend received	–	19
Total	–	20,009

[1] This joint venture, DataCentre One Pte Ltd, is incorporated in Singapore and is in the business of developing and owning data centres. The Group jointly controlled the venture with another partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities. The joint venture is accounted for using the equity method in the consolidated financial statements and is audited by Deloitte & Touche LLP Singapore.

The Group has divested its 51% interest in the ownership and voting rights in the joint venture on October 31, 2019.

[2] Advances to the joint venture are quasi-equity loans which represent an extension of investment in the joint venture. It is unsecured and interest-free. The loan was settled during the financial year.

Summarised financial information in respect of DataCentre One Pte Ltd based on its financial statements prepared in accordance with SFRS(I), and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	–	7,572
Non-current assets	–	106,184
Current liabilities	–	(6,896)
Non-current liabilities	–	(67,627)
Net assets	–	39,233
Proportion of the Group's ownership	–	51%
Group's share of net assets	–	20,009

The above amount of assets and liabilities include the following:

	2019 $'000	2018 $'000
Cash and cash equivalents	–	5,707
Current financial liabilities (excluding trade and other payables and provisions)	–	(4,898)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(66,965)

Summarised statement of profit or loss and other comprehensive income

	2019 [3] $'000	2018 $'000
Revenue	15,269	18,324
Profit before tax	7,639	9,500
Income tax expense	(1,086)	(1,971)
Profit after tax	6,553	7,529
Other comprehensive income	–	984
Total comprehensive income	6,553	8,513
The above profit for the year include the following:		
Interest income	66	53
Depreciation	(4,044)	(4,852)
Interest expense	(2,955)	(2,867)

[3] For the 10-month period ended October 31, 2019

11. Notes Receivables

	2019 $'000	2018 $'000
Notes issued by subsidiaries	775,712	775,712

(a) The notes receivable of $195,570,000 (2018: $195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% (2018: 13.0%) per annum.

(b) The notes receivable of $35,000,000 (2018: $35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% (2018: 6.5%) per annum.

(c) The notes receivables of $152,398,000 (2018 : $152,398,000), $91,473,000 (2018: $91,473,000) and $46,271,000 (2018: $46,271,000) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the notes is 6.0% (2018 : 6.0%) per annum, payable semi-annually.

(d) The notes receivable of $255,000,000 (2018: $255,000,000) from a subsidiary mature in Year 2040, with fixed interest rate of 17.5% (2018: 17.5%) per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity dates.

The Trustee-Manager estimates that the carrying value of the notes receivables approximate their fair value as these notes may be redeemed at par prior to their maturity dates on any interest payment date.

For the purpose of impairment assessment, the notes receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for the factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default of each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

12. Amount Receivable from a Subsidiary

Amount receivable from a subsidiary is non-trade related, unsecured, repayable in 2024, and bears interest at margin plus 1-month SOR. The weighted average effective interest rate on the amount receivable approximates 2.54% (2018: 2.07%) per annum. The Trustee-Manager estimates that the carrying value of the amount receivable from a subsidiary approximate its fair value as the loan amount receivable bears interest at floating rates.

For the purpose of impairment assessment, the amount receivable from a subsidiary is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amount receivable from a subsidiary since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiary, adjusted for the factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amount receivable.

13. Service Concession Receivables

	Group	
	2019 $'000	2018 $'000
Service concession receivables	332,228	378,758
Less: Due within 12 months	(47,856)	(46,537)
Due after 12 months	284,372	332,221

This relates to service concession receivables from the following plants:

(a) Senoko Plant

A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the subtrust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading work was completed in September 2016, increasing capacity to 2,310 tonnes per day. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant

A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant

A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m3 of NEWater daily. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% (2018: 2.50% to 4.68%) per annum were used to discount the future expected cash flows.

Service concession receivable balances are secured over the period of the service concession arrangements. For the purpose of impairment assessment, service concession receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for service concession receivables.

NOTES TO THE FINANCIAL STATEMENTS

14. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	2019 $'000	2018 $'000
Minimum finance lease receivables:		
Not later than one year	**13,182**	13,147
Later than one year but not later than five years	**52,622**	52,622
Later than five years	**12,845**	25,837
Total minimum lease receivables	**78,649**	91,606
Less: Future finance income	**(9,652)**	(12,729)
Present value of minimum lease receivables	**68,997**	78,877
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**95,259**	105,139
Less: Present value of finance lease receivables not later than one year	**(10,487)**	(10,069)
Non-current financial lease receivables	**84,772**	95,070

The present value of the finance lease receivables is analysed as follows:

	2019 $'000	2018 $'000
Not later than one year	**10,487**	10,069
Later than one year but not later than five years	**46,123**	44,383
Later than five years	**12,387**	24,425
Present value of minimum lease receivables	**68,997**	78,877

The finance lease receivables relate to the lease arrangement under a Water Purchase Agreement ("WPA").

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% (2018: 3.91%) per annum.

In accordance with SFRS(I) 16 *Leases*, the WPA is a lease arrangement and is classified as a finance lease.

The desalination plant is pledged for certain borrowings (Note 20).

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal to lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the Group considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

15. Other Assets

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Deposits	**329**	238	**–**	–
Prepayments	**173,750**	182,746	**15**	14
Deferred lease expenses	**–**	91	**–**	–
Others	**6,322**	3,892	**–**	–
	180,401	186,967	**15**	14
Less: Current portion	**(31,308)**	(22,182)	**(15)**	(14)
Non-current portion	**149,093**	164,785	**–**	–

Included in the prepayments balance is an amount of $164,013,000 (2018: $179,146,000) arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party. The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

For the purpose of impairment assessment, other assets excluding prepayment are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

16. Cash and Bank Deposits

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash and bank deposits	**470,093**	231,603	**215,275**	26,116
Less: Restricted cash	**(24,803)**	(51,898)		
Cash and cash equivalents in the consolidated statement of cash flows	**445,290**	179,705		

Included in the restricted cash is the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Also included in the Group's restricted cash is the insurance proceeds in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Short-term deposits are made for an average period of 2 months (2018: 2 months). The weighted average effective interest rate for the Group and Trust were 0.86% (2018: 0.87%) and 0.74% (2018 : 0.67%) per annum respectively.

17. Trade and Other Receivables

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade receivables:				
- Third parties	**198,760**	45,925	**–**	309
- Related parties	**4,686**	15,868	**–**	–
Unbilled receivables	**60,403**	80,214	**–**	–
Less: Allowance for impairment (third parties)	**(2,903)**	(1,235)	**–**	(309)
Trade receivables - net	**260,946**	140,772	**–**	–
Other receivables	**8,140**	10,757	**1,091**	1,733
Interest receivable	**272**	233	**–**	9
Amounts due from related parties (non-trade)	**527**	25	**520**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**7,335**	12,042
	269,885	151,787	**8,946**	13,784

Trade receivables

Trade receivables are non-interest bearing and are generally receivable on 30 to 90 (2018: 30 to 60) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). For the purpose of impairment assessment, the trade receivables excluding City Gas Trust's ("CGT") and Ixom's receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

For the trade receivables of CGT and Ixom, the ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(i) For CGT's receivables, the Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

(ii) For Ixom's receivables, as at December 31, 2019, expected credit loss rates vary from 0.0% for receivables overdue from 0 day to 16.4% for receivables overdue over 90 days.

For Basslink's receivables, which are in dispute, the Trustee-Manager is of view that the receivables are recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Other receivables

Included in other receivables is a portion of costs incurred to repair the Basslink Interconnector which the Group expects to recover from the insurer.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts due from related parties and subsidiaries (non-trade)
These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from related parties and subsidiaries are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the financial position of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Trustee-Manager determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance to SFRS(I) 9:

	Lifetime ECL - credit-impaired $'000
Group	
Balance as at January 1, 2018	979
Amounts written off as customers' accounts were 360 days past due as at December 31, 2018	(501)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	757
Balance as at December 31, 2018	**1,235**
Acquisition of subsidiaries (Note 45)	**2,780**
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	**(686)**
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**(119)**
Currency translation differences	**(307)**
Balance as at December 31, 2019	**2,903**
Trust	
Balance as at January 1, 2018	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	309
Balance as at December 31, 2018	**309**
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	**(309)**
Balance as at December 31, 2019	**–**

18. Derivative Financial Instruments

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Group				
2019				
Cash flow hedges:				
- Foreign currency forward	*	$127.3million*	887	2,902
- Interest rate swaps	1.43% - 4.85%	$1,901million	-	149,717
			887	152,619
Less: Current portion			(847)	(25,589)
Non-current portion			40	127,030
Fair value through profit or loss:				
- Commodity Swap	USD340/mt	9,914.30mt	–	411
Less: Current portion			–	–
Non-current portion			–	411
2018				
Cash flow hedges:				
- Foreign currency forward	*	$17.9million*	69	–
- Interest rate swaps	1.68% - 4.85%	$1,650.1 million	52	116,113
			121	116,113
Less: Current portion			(52)	(16,622)
Non-current portion			69	99,491
Fair value through profit or loss:				
- Commodity Swap	US$364/mt	2,048 mt	150	150
Less: Current portion			(150)	(150)
Non-current portion			–	–

* Foreign currency forward contracts are denominated in AUD, USD, EUR and GBP (2018: USD). The notional contract amount represents total notional amounts translated to SGD.

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Trust				
2019				
Cash flow hedges:				
- Interest rate swap	1.82%	$100.0 million	–	1,230
Less: Current portion			–	–
Non-current portion			–	1,230
2018				
Cash flow hedges:				
- Interest rate swap	1.70%	$100.0 million	31	–
Less: Current portion			(31)	–
Non-current portion			–	–

Interest rate swaps

Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group and Trust to receive interest at floating rates on notional principal amounts and oblige the Group and Trust to pay interest at fixed rates on the same notional principal amounts. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2020 to Year 2031. The Group and Trust have entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Commodity swaps

This relates to a fuel swap contract entered into by a subsidiary to hedge a fixed price contract offered to a customer. Fair value gains and losses on the fuel hedge derivative liability and derivative asset are recognised in profit or loss.

Foreign currency forward

The Group entered into foreign currency forward contracts to hedge (a) certain highly probable forecasted foreign currency denominated purchases or sales, and (b) its exposure to foreign currency cashflow risk on its foreign currency service contracts. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the foreign currency forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying foreign exchange rates. Fair value gains and losses on the effective hedge portion of the forward contract is recognised in the hedging reserve and are transferred to profit or loss over the contract period.

19. Inventories

	Group	
	2019 $'000	2018 $'000
Fuel	**11,454**	11,884
Spare parts and accessories	**42,050**	47,240
Pipes and fittings	**116**	112
Chemical finished goods	**125,413**	–
Chemical raw materials	**19,739**	–
	198,772	59,236

Inventories written-down recognised as an expense and included in other operating expenses during the year amounted to $3,000 (2018: $2,000).

Inventories of $164,205,000 (2018 : $23,806,000) are pledged for certain borrowings (Note 20).

20. Borrowings

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current	**1,318,473**	1,034,565	**–**	147,609
Non-current	**793,180**	740,383	**99,783**	–
Total borrowings	**2,111,653**	1,774,948	**99,783**	147,609

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group		Trust	
	2019 %	2018 %	**2019 %**	2018 %
Borrowings	**4.53**	4.30	**2.67**	2.52

(a) A subsidiary has an A$717 million five-year senior, secured loan facility, provided by a group of lenders in 2014. Pursuant to the refinancing which was completed on November 25, 2019, the maturity date was extended by a year to November 27, 2020. The bank loan is secured by a charge over all the assets of, and the units and shares in, all of the entities in the subsidiary group. The carrying amount of the loan at the end of the financial year is $610,259,000 (2018: $700,056,000).

(b) The term loan is repayable in 2020 and secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. The carrying amount of the loan at the end of the financial year is $699,756,000 (2018: $699,266,000).

20. Borrowings (continued)

(c) Bank loans of $177,578,000 (2018: $177,952,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In prior year, the loans were repayable in February 2019. During the year, the Group successfully refinanced the loans, extending the maturity date till February 2024.

(d) The bank loans of $41,117,000 (2018: $50,065,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the Trustee-Manager of the subsidiary. Repayments commenced in 2007 and will continue until 2024.

(e) The Trust has a $200 million term loan and revolving credit facility. The Trust has an outstanding unsecured bank loan of $99,783,000 (2018 : $147,609,000) as at December 31, 2019. In prior year, the loan was repayable in February 2019 and is unsecured. During the year, the loan was partially repaid and successfully refinanced, extending the maturity date till February 2022.

(f) A subsidiary, Ixom, obtained an A$607.4 million five-year senior, secured loan facility from a group of lenders in February 2019. The bank loan is secured by a charge over all the assets of all of the entities in the subsidiary group. The outstanding bank loan as at December 31, 2019 was $483,160,000.

All borrowings impose certain covenants. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts. Total assets of the Group with carrying amount of $2,605 million (2018: $1,565 million) are pledged for certain borrowings.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	January 1, 2019 $ '000	**Financing cash flows [1] $ '000**	**Acquisition of subsidairies (Note 45) $ '000**	**Foreign exchange movement $ '000**	**Other changes [2] $ '000**	**December 31, 2019 $ '000**
Borrowings	**1,774,948**	**(7,780)**	**428,210**	**(89,340)**	**5,615**	**2,111,653**

			Non-cash changes		
	January 1, 2018 $ '000	Financing cash flows [1] $ '000	Foreign exchange movement $ '000	Other changes $ '000	December 31, 2019 $ '000
Borrowings	1,794,281	(14,134)	(8,994)	3,795	1,774,948

(1) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

(2) Other changes include unamortised upfront fee.

21. Trade and Other Payables

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade payables:				
- Third parties	**158,911**	27,767	**–**	–
- Related parties	**5,880**	1,208	**–**	–
Other payables:				
- Third parties	**8,773**	4,334	**42**	43
- Trustee-Manager	**5,946**	2,207	**5,918**	2,146
- Subsidiaries	**–**	–	**268**	257
- Related parties	**16,477**	8,837	**–**	–
Accruals	**43,408**	47,155	**378**	1,202
Interest payable	**13,076**	17,508	**–**	–
Customer deposit (Note 25)	**1,417**	1,541	**–**	–
Advance payments received	**23,947**	25,634	**–**	–
Refundable customer deposits	**40,898**	41,714	**–**	–
	318,733	177,905	**6,606**	3,648

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2018 : 30 to 60) days' terms.

22. Provisions

	Group 2019 $'000	Group 2018 $'000
Current		
Employee entitlements	**21,656**	–
Provision for reinstatement cost	**787**	–
Others	**792**	–
	23,235	–
Non-current		
Employee entitlements	**903**	–
Provision for decommissioning costs	**18,958**	26,935
Provision for reinstatement cost	**12,526**	–
	32,387	26,935

Movements in the provision are as follows:

	Employee entitlements $'000	Decommissioning costs $'000	Reinstatement cost $'000	Others $'000	Total $'000
Balance as at January 1, 2018	–	32,886	–	–	32,886
Reversal (Note 6)	–	(6,496)	–	–	(6,496)
Unwinding of discounts (Note 37)	–	895	–	–	895
Currency translation differences	–	(350)	–	–	(350)
Balance as at December 31, 2018	**–**	**26,935**	**–**	**–**	**26,935**
Acquisition of subsidiaries (Note 45)	**24,059**	**–**	**13,464**	**–**	**37,523**
Reversal (Note 6)	**–**	**(6,997)**	**–**	**–**	**(6,997)**
Additions	**5,774**	**–**	**1,091**	**812**	**7,677**
Unwinding of discounts (Note 37)	**–**	**713**	**29**	**–**	**742**
Reduction arising from payment	**(5,724)**	**–**	**(381)**	**–**	**(6,105)**
Currency translation differences	**(1,550)**	**(1,693)**	**(890)**	**(20)**	**(4,153)**
Balance as at December 31, 2019	**22,559**	**18,958**	**13,313**	**792**	**55,622**

Employee entitlements

The provision represents annual leave, other short-term employee benefits and long service leave entitlements accrued by employees.

Decommissioning costs

This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs

At the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

The effects of the revision on depreciation charge and finance costs are as follows:

	2020 $'000	2021 $'000	2022 and beyond $'000
Decrease in depreciation charge	(136)	(136)	(6,725)
Decrease in finance costs	(17)	(12)	(16,987)
Total	(153)	(148)	(23,712)

Reinstatement cost

A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by management.

23. Lease Liabilities

	Group $'000
Maturity analysis:	
Year 1	17,416
Year 2	13,292
Year 3	11,862
Year 4	10,113
Year 5	8,724
Year 6 onwards	75,593
	137,000
Less: Unearned interest	(41,714)
	95,286
Analysed as:	
Current	13,786
Non-current	81,500

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury function.

The above represents leases for certain buildings, leasehold land, office premises and pipe rack of the Group. The weighted average incremental borrowing rate was 3.62% per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. These extension options are exercisable by the Group and not by the lessor.

24. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests.

1. The notes of $15,000,000 mature in Year 2025 and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum.

2. The notes of $245,000,000 mature in Year 2040, with a fixed rate of 17.5% per annum, payable quarterly.

   The notes are direct, unsecured, subordinated obligations of the subsidiaries and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

25. Other Payables (Non-Current)

	Group	
	2019 $'000	2018 $'000
Long term customer deposit	**40,289**	43,789
Advance payments received	**129,765**	144,046
Other payables	**76,319**	62,897
Total	**246,373**	250,732

Long term customer deposit

Long term customer deposit represents the A$50million (2018 : A$50 million) deposit equivalent to $46 million (2018 : $50 million) placed by a customer which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028.

Included in long term customer deposit is an amount of $14,574,000 (2018 : $17,397,000) which represents the difference between the fair value of this liability and the amount of the A$50.0 million deposit to be repaid, computed based on the present value of future payment discounted at the applicable interest rate of 5.87% (2018 : 5.87%) per annum. This is amortised to profit or loss, using the effective interest rate method, over the life of the agreement. The current portion of long term customer deposit is included in Note 21.

Advance payments received

This relates to amounts that have been received but services have not yet been rendered.

26. Defined Benefit Obligation

The Group participates in defined benefit post-employment plan that provide benefits to qualifying employees of its subsidiaries upon retirement in Australia and New Zealand. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries.

The plan in Australia and New Zealand typically exposes the Group to actuarial risks such as investment risk, interest rate risk and salary risk.

Investment risk	Strong investment returns tending to improve the balance sheet position, whilst poor or negative investment return tending to weaken the position.
Interest rate risk	The defined benefit obligation calculated uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	Higher than expected increases in salary will increase the defined benefit obligation.

The information within these financial statements has been prepared by the local plan's external actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Assumptions on Defined Benefit Obligation			
	Assumptions used		Change of assumptions	Impact $'000
	Australia	New Zealand		
Discount rate	2.55%	1.10%	+1%	(8,486)
			-1%	10,596
Expected rate of salary increase	2.50%	2.50%	+1%	1,040
			-1%	(962)
Mortality decrements	n/a	n/a	+1 year older	(1,190)
			-1 year younger	1,168

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised on the statement of financial position.

	Group	
	2019 $'000	2018 $'000
(i) The amounts recognised on the statement of financial position in respect of the Group's defined benefit retirement benefit plans are determined as follows:		
Present value of the funded defined benefit obligation	(78,878)	–
Present value of the unfunded defined benefit obligation	(1,300)	–
Present value of the defined benefit obligation	(80,178)	–
Fair value of defined benefit plan assets	56,592	–
Deficit	(23,586)	–
Net liability recognised in the statement of financial position	(23,586)	–

26. Defined Benefit Obligation (continued)

		Group 2019 $'000	Group 2018 $'000
(ii)	The amounts recognised in the profit or loss in respect of these defined benefit plans are as follows:		
	Service cost		
	Current service cost	936	–
	Net interest expense	324	–
	Total included staff costs	1,260	–
	The charge for the year is included in the staff costs in profit or loss.		
(iii)	Amounts included in other comprehensive income are as follows:		
	Actuarial (losses)/gains on defined benefit obligations:		
	Due to changes in financial assumptions	(12,479)	–
	Due to experience adjustments	(1,839)	–
	Total	(14,318)	–
	Return on plan assets greater than discount rate	2,775	–
	Re-measurement effects recognised in Other Comprehensive Income	(11,543)	–
(iv)	Changes in the present value of the defined benefit obligation are as follows:		
	Balance at the beginning of the year	–	–
	Acquired in business combination	69,514	–
	Current service cost	936	–
	Interest cost	1,571	–
	Contribution by plan participant	193	–
	Actuarial losses	14,317	–
	Benefits paid	(1,489)	–
	Administration expenses paid (including premiums)	(53)	–
	Foreign exchange difference	(4,811)	–
	Balance at the end of the year	80,178	–
	Changes in the fair value of plan assets are as follows:		
	Balance at the beginning of the year	–	–
	Acquired in business combination	56,885	–
	Interest income on plan assets	1,247	–
	Return of plan assets greater than discount rate	2,775	–
	Contribution by employer	781	–
	Contribution by plan participants	193	–
	Benefits paid	(1,489)	–
	Administration expenses paid	(53)	–
	Foreign exchange difference	(3,747)	–
	Balance at the end of the year	56,592	–

The fair value of the plan assets at the end of the financial year is analysed as follows:

	Group	
	2019 $'000	2018 $'000
Quoted in active markets:		
Equities	**27,228**	–
Debt securities	**12,931**	–
Property	**6,647**	–
Other quoted securities	**4,982**	–
Other:		
Cash and cash equivalents	**4,804**	–
	56,592	–

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets whereas the fair values of property and other unquoted securities are not based on quoted market prices in active markets.

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the fund. Apart from paying the costs of the entitlements, the group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

During the year, the Group made employer contributions of $0.8 million to the defined benefit plans. The Group's external actuaries have forecast total employer contributions to and benefit payments from defined benefit plans of $7.17 million for the forthcoming financial year.

Australia
The Ixom Defined Benefit Sub-Fund is a Sub-Fund of the Flexible Benefits Super Fund and provides defined benefits to a number of members, where the benefits are defined by final average salary and period of membership. The Fund is a final average salary defined benefit fund, with accumulation underpin guarantees for pre-1992 joiners. Benefits can be taken as a lump sum or lifetime pension (or a combination). The Sub-Fund is currently closed to new members and has a total of 40 active Defined Benefit members and 16 lifetime pensioners at year end.

New Zealand
Under a special purpose deed made between Ixom Operations Pty Ltd and Orica New Zealand Limited, separate notional assets are maintained within the Orica New Zealand Plan for members of the Plan who were employed by Ixom when Orica disposed of it, as at February 27, 2015. The objective is for the notional assets to broadly match the value of the accrued liabilities using the funding assumptions. The Sub-Fund is currently closed to new members and has a total of 17 active Defined Benefit members and nil lifetime pensioners at period end.

27. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

	Group	
	2019 $'000	2018 $'000
Movement in deferred tax account is as follows:		
Beginning of the year	**15,612**	18,159
Acquisition of subsidiaries (Note 45)	**21,009**	–
(Credited)/Charged to:		
- Profit or loss (Note 40)	**(11,932)**	(4,108)
- Equity (Note 40)	**(3,498)**	1,561
Currency translation differences	**(2,649)**	–
End of the year	**18,542**	15,612

27. Deferred Tax Liabilities (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Others $'000	Tax $'000
At January 1, 2018	21,435	19,323	16,801	57,559
Currency translation differences	(258)	(118)	(19)	(395)
Charged/(Credited) to:				
Profit or loss	1,140	(1,501)	181	(180)
At December 31, 2018	**22,317**	**17,704**	**16,963**	**56,984**
Currency translation differences	**(2,961)**	**(2,610)**	**(227)**	**(5,798)**
Acquisition of subsidiaries	**–**	**26,692**	**2,757**	**29,449**
Charged/(Credited) to;				
Profit or loss	**2,500**	**(6,338)**	**(1,723)**	**(5,561)**
At December 31, 2019	**21,856**	**35,448**	**17,770**	**75,074**

Deferred tax assets

	Allowance against assets $'000	Derivative financial instruments $'000	Recognised unutilised tax losses $'000	Others $'000	Total $'000
At January 1, 2018	(81)	(2,596)	(28,103)	(8,620)	(39,400)
Currency translation differences	–	–	292	103	395
Charged/(Credited) to					
- Profit or loss	(6)	–	(5,279)	1,357	(3,928)
- Equity	–	1,561	–	–	1,561
At December 31, 2018	**(87)**	**(1,035)**	**(33,090)**	**(7,160)**	**(41,372)**
Currency translation differences	**947**	**–**	**2,278**	**(76)**	**3,149**
Acquisition of subsidiaries	**(13,999)**	**–**	**(3,341)**	**8,900**	**(8,440)**
Charged/(Credited) to					
- Profit or loss	**(887)**	**–**	**(6,573)**	**1,089**	**(6,371)**
- Equity	**(3,350)**	**(148)**	**–**	**–**	**(3,498)**
At December 31, 2019	**(17,376)**	**(1,183)**	**(40,726)**	**2,753**	**(56,532)**

Net deferred tax liabilities	
December 31, 2019	**18,542**
December 31, 2018	15,612

Unrecognised tax losses

The Group has unrecognised tax losses of approximately $341,024,000 (2018 : $352,962,000) to set off against future taxable income, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions

There are no income tax consequences attached to the distributions to the unitholders proposed by the Trust but not recognised as a liability in the financial statements for both 2019 and 2018 (Note 32).

28. Units in Issue

	Group and Trust			
	2019 Units	2018 Units	**2019 $'000**	2018 $'000
Beginning of year	**3,858,298,065**	3,857,378,731	**2,138,066**	2,137,538
Units issued for cash[1]	**1,135,583,997**	–	**492,002**	–
Units issued to the Trustee-Manager[2]	**509,007**	919,334	**239**	528
End of year	**4,994,391,069**	3,858,298,065	**2,630,307**	2,138,066

[1] On April 15, 2019, the Trust completed its equity fund raising ("Equity Fund Raising") to raise gross proceeds of $500,793,000 for the partial repayment of the facility agreement entered into by the Trustee-Manager to fund the Ixom Group Acquisition. The issuance cost was $8,791,000.

The Equity Fund Raising comprised (a) a placement of approximately 680.3 million new Units to institutional and other investors and (b) a non-renounceable underwritten preferential offering of approximately 455.3 million new Units to entitled Unitholders. The offering price was $0.441 per new unit.

[2] These units were issued to the Trustee-Manager as part of the payment for management and performance fees.

a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

(i) Receive income and other distributions attributable to the units held;

(ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

(iii) Receive audited accounts and the annual reports of the Trust.

b) The restrictions of a Unitholder include the following:

(i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and

(ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

29. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of the year	**(200,226)**	(210,861)	**31**	(859)
Fair value (loss)/profit:				
Fair value (loss)/profit	**(58,708)**	(16,961)	**(1,261)**	359
Tax on fair value loss	**629**	2,364	**–**	–
	(58,079)	(14,597)	**(1,261)**	359
Transfer to profit or loss:				
Finance cost (Note 37)	**19,980**	22,990	**–**	531
Tax on transfers	**(481)**	(1,091)	**–**	–
	19,499	21,899	**–**	531
Non-controlling interests (net of tax)	**(807)**	3,333	**–**	–
	(239,613)	(200,226)	**(1,230)**	31

30. Capital Reserve

In prior years, the Group's subsidiary, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

31. Perpetual Securities

On June 12, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 001 Securities) with principal amount of $200,000,000 bearing distributions at a rate of 4.75% per annum under the $1,000,000,000 Multicurrency Debt Issuance Programme ("Programme").

On June 25, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 002 Securities") with principal amount of $100,000,000 bearing distributions at a rate of 4.75% per annum (to be consolidated and forming a single series with the existing $200,000,000 subordinated perpetual securities issued on June 12, 2019, under the Programme).

A total of $298,190,000, net of issuance costs of $1,810,000, was recognised in equity in relation to the two tranches of the Series 001 Securities. The rate of 4.75% per annum is subject to reset every ten years and a one-time step-up from and including the first reset date, being June 12, 2029 (the "First Reset Date").

The perpetual securities do not have a maturity date and bear distributions which are payable semi-annually. Subject to the terms and conditions of the perpetual securities, the Trust may, at its full discretion, elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. Accordingly, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

These perpetual securities were issued for the Trust's general corporate purposes as well as investing activities.

Details of the distributions to the perpetual securities holders are as follows:

	2019 $'000
Profit for the year attributable to the perpetual securities holders	7,757
Distributions paid during the year	(6,976)
Amount unpaid as at December 31, 2019	781

32. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

	Group and Trust	
	2019 $'000	2018 $'000
For the period from October 1, 2017 to December 31, 2017 - 0.93 cents per unit	–	35,873
For the period from January 1, 2018 to March 31, 2018 - 0.93 cents per unit	–	35,881
For the period from April 1, 2018 to June 30, 2018 - 0.93 cents per unit	–	35,881
For the period from July 1, 2018 to September 30, 2018 - .93 cents per unit	–	35,883
For the period from October 1, 2018 to December 31, 2018 - 0.93 cents per unit	35,883	–
For the period from January 1, 2019 to March 24, 2019 - 0.86 cents per unit	33,094	–
For the period from March 25, 2019 to March 31, 2019 - 0.0723 cents per unit	3,611	–
For the period from April 1, 2019 to June 30, 2019 - 0.93 cents per unit	46,448	–
For the period from July 1, 2019 to September 30, 2019 - 0.93 cents per unit	46,448	–
	165,484	143,518
The following distributions have been declared after the financial year end but not recognised as a liability		
Distribution of 0.93 cents per unit for the period from October 1, 2018 to December 31, 2018	–	35,883
Distribution of 0.93 cents per unit for the period from October 1, 2019 to December 31, 2019	46,448	–

33. Revenue

	Group			
	Distribution & Network $'000	Waste & Water $'000	Energy $'000	Total $'000
2019				
Segment Revenue				
Sale of goods	**1,222,053**	**–**	**–**	**1,222,053**
Service income	**102,493**	**10,208**	**100,598**	**213,299**
Finance income from service concession arrangements	**–**	**12,289**	**–**	**12,289**
Finance lease income	**–**	**2,904**	**–**	**2,904**
Operation and maintenance income	**16,030**	**74,922**	**25,218**	**116,170**
	1,340,576	**100,323**	**125,816**	**1,566,715**
2018				
Segment Revenue				
Sale of goods	341,403	–	–	341,403
Service income	73,349	10,498	104,004	187,851
Finance income from service concession arrangements	–	13,552	–	13,552
Finance lease income	–	3,463	–	3,463
Operation and maintenance income	–	66,001	25,117	91,118
	414,752	93,514	129,121	637,387
2019				
Timing of revenue recognition				
At a point in time:				
Sale of goods	**1,222,053**	**–**	**–**	**1,222,053**
Over time:				
Service income	**102,493**	**10,208**	**100,598**	**213,299**
Finance income from service concession arrangements	**–**	**12,289**	**–**	**12,289**
Finance lease income	**–**	**2,904**	**–**	**2,904**
Operation and maintenance income	**16,030**	**74,922**	**25,218**	**116,170**
	1,340,576	**100,323**	**125,816**	**1,566,715**
2018				
Timing of revenue recognition				
At a point in time:				
Sale of goods	341,403	–	–	341,403
Over time:				
Service income	73,349	10,498	104,004	187,851
Finance income from service concession arrangements	–	13,552	–	13,552
Finance lease income	–	3,463	–	3,463
Operation and maintenance income	–	66,001	25,117	91,118
	414,752	93,514	129,121	637,387

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

34. Other Income

	Group	
	2019 $'000	2018 $'000
Interest income	**4,027**	2,022
Other miscellaneous income	**4,127**	7,147
	8,154	9,169

NOTES TO THE FINANCIAL STATEMENTS

35. Other Gains/(Losses) – Net

	Group	
	2019 $'000	2018 $'000
Fair value loss on derivative financial instruments	(5,787)	(13,275)
Exchange differences	(1,485)	(377)
Gain on disposal of joint venture	44,796	–
Others	21	2
	37,545	(13,650)

36. Staff Costs

	Group	
	2019 $'000	2018 $'000
Salaries and wages	115,724	22,887
Employer's contribution to defined contribution plans, including Central Provident Fund	7,240	2,706
Defined benefit plans (Note 26)	1,260	–
Defined benefit plans and other short-term benefits	9,687	1,785
	133,911	27,378

37. Finance Costs

	Group	
	2019 $'000	2018 $'000
Interest expense:		
- Bank borrowings	69,606	50,533
- Notes payable to non-controlling interests	43,850	43,850
Unwinding of discounts:		
- Provision for decommissioning costs and reinstatement cost (Note 22)	742	895
- Interest-free customer deposits	1,493	1,499
Cash flow hedges, transfer from hedging reserve (Note 29)	19,980	22,990
Debt amortisation (Note 20)	5,615	3,795
Others	4,578	107
	145,864	123,669

38. Trustee-Manager's Fees

	Group	
	2019 $'000	2018 $'000
Base fee	2,588	2,579
Performance fee	12,618	7,163
Acquisition fee	10,663	–
	25,869	9,742

Subsequent to the change in the trustee-manager in 2015, the Trustee-Manager's fees comprise:

1) A Base fee of $2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.

2) Performance fee is charged at 4.5% per annum on all the cash inflows received by the Trust from subsidiaries, associates, sub-trusts and its investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts).

3) In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles.

Pursuant to the Group's divestment of its 51% interest in the joint venture (Note 10), a divestment fee of $515,000 was incurred and classified under "Other gains/(losses) - net".

39. Profit/(Loss) Before Tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2019 $'000	2018 $'000
Auditors' remuneration of the Group and its subsidiaries:		
- auditors of the Group	1,098	382
- other auditors	89	–
Non-audit fees to:		
- auditors of the Group	188	77
Cost of inventories recognised as an expense	585,913	–
Short-term leases and leases of low value assets	1,725	1,791
Property, plant and equipment written off (Note 6)	–	3

40. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2019 and 2018 are:

	Group	
	2019 $'000	2018 $'000
Consolidated profit or loss:		
Current tax	18,569	4,151
Deferred tax (Note 27)	(11,932)	(4,108)
Income tax expense recognised in profit or loss	6,637	43
Consolidated statement of other comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Fair value (loss)/gain and reclassification adjustments on cash flow hedges (Note 27)	(3,498)	1,561

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the year ended December 31, 2019 and 2018 are as follows:

	Group	
	2019 $'000	2018 $'000
Profit/(loss) before tax	16,831	(2,315)
Tax calculated at a tax rate of 17%	2,861	(393)
Effect of:		
- Different tax rates in other countries	1,907	(2,065)
- Expenses not deductible for tax purposes	18,110	6,495
- Income not subject to tax	(19,506)	(8,898)
- Deferred tax assets not recognised	3,635	6,823
- Recognition of future deductible amounts allowable under overseas tax regime	(554)	(2,560)
- Adjustment recognised in the current year in relation to the current tax for prior year	1,390	262
- Others	(1,206)	379
	6,637	43

41. Earnings Per Unit

The calculation of basic and diluted earnings per unit is based on the weighted average number of units outstanding during the financial year and profit after tax attributable to the unitholders of the Trust.

	Group	
	2019	2018
Profit for the financial year attributable to unitholders of the Trust ($'000)	38,578	32,023
Weighted average number of units during the financial year	4,708,579,744	3,858,117,720
Basic and diluted earnings per unit (cents)	0.82	0.83

Diluted earnings per unit is the same as the basic earnings per unit as there are no dilutive instruments in issue during the financial year.

42. Operating Lease Arrangements and Capital Commitments

Operating lease arrangements

Group as a lessee

Disclosure required by SFRS(I) 16
At December 31, 2019, the group is committed to approximately $1,700,000 for short-term leases.

Disclosure required by SFRS(I) 1-17
The Group leased office premises and pipe rack under non-cancellable operating lease agreements. Minimum lease payment recognised as an expense in profit or loss for the year ended December 31, 2018 amounted to $2,756,000. The outstanding minimum lease payments under non-cancellable operating leases contracted for as at December 31, 2018 were as follows:

	Group 2018 $'000
Not later than one year	3,813
Later than one year but not later than five years	9,125
Later than five years	62,726
Total	75,664

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2019 $'000	2018 $'000
Property, plant and equipment	7,203	5,827

43. Segment Information

The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Distribution & Network: production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia and leasing of a data centre, manufacturing and distribution of chemical products and related services in Australia and New Zealand;
- Waste & Water: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Energy: tolling arrangement for the power plant in Singapore; and
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for the years ended December 31, 2019, and December 31, 2018 are set out below:

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	Distribution & Network Ixom $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2019								
Revenue	125,816	343,189	82,202	915,185	–	100,323	–	1,566,715
(Loss)/profit before tax	(40,171)	47,648	(8,989)	(11,775)	–	21,586	8,532	16,831
Funds from operations [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 financial assets	–	(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 funds from operations to profit/(loss) before tax is provided as follows:

	2019 $'000
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 NCI	(43,850)
Funds from operations of joint venture	(6,383)
Funds from operations attributable to NCI	48,369
Distribution to perpetual securities holders	7,757
Profit before tax	16,831

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	Distribution & Network Ixom $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2019								
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	97,284	3,264,283
Unallocated liabilities:								
Current tax liabilities								6,281
Deferred tax liabilities								18,542
Consolidated total liabilities								3,289,106
Other segment items								
Additions to non-current assets[3]	42,527	4,018	4,613	24,330	–	2,359	–	77,847

43. Segment Information (continued)

	Energy KMC $'000	Distribution & Network City Gas $'000	Distribution & Network Basslink $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2018							
Revenue	129,121	347,629	67,123	–	93,514	–	637,387
(Loss)/profit before tax	(33,572)	37,043	(15,886)	–	22,611	(12,511)	(2,315)
Funds from operations [1]	45,141	35,257	10,397	7,419	78,653	(15,762)	161,105
Other segment items:							
Depreciation and amortisation	(75,699)	(2,764)	(17,962)	–	(7,055)	–	(103,480)
Fair value gain/(loss) on derivative financial instruments	–	8	(13,283)	–	–	–	(13,275)
Impairment loss on financial assets	–	(448)	–	–	–	(309)	(757)
Share of results of joint venture	–	–	–	3,840	–	–	3,840
Finance costs [2]	(63,139)	(5,830)	(47,920)	–	(2,959)	(3,821)	(123,669)

A reconciliation of funds from operations to (loss)/profit before tax is provided as follows:

	2019 $'000
Funds from operations	**161,105**
Reduction in concession/lease receivables	**(54,951)**
Non-cash finance cost	**(6,190)**
Other non-cash items	**(7,444)**
Depreciation and amortisation	**(103,480)**
Maintenance capital expenditure	**8,490**
Finance cost attributable to NCI	**(43,850)**
Funds from operations of joint venture	**(7,419)**
Funds from operations attributable to NCI	**51,424**
Loss before tax	**(2,315)**

	Energy KMC $'000	Distribution & Network City Gas $'000	Distribution & Network Basslink $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2018							
Segment and consolidated total assets	1,613,083	576,644	973,250	20,009	595,700	26,321	3,805,007
Segment liabilities	1,114,730	337,290	919,957	–	83,791	151,015	2,606,783
Unallocated liabilities:							
Current tax liabilities							4,356
Deferred tax liabilities							15,612
Consolidated total liabilities							2,626,751
Other segment items							
Additions to non-current assets[3]	–	697	7,780	–	25	–	8,502

1 Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

2 Excludes interest payable on notes issued by subsidiaries to the Trust.

3 Comprises addition to property, plant and equipment, right-of-use assets and intangible assets.

The Group's Waste & Water, Energy and Corporate business segments operate in Singapore whilst the Distribution & Network segment mainly operates in both Singapore and Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets[1]	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Singapore	**521,765**	570,264	**1,788,099**	1,838,829
Australia	**686,169**	67,123	**1,422,873**	852,417
New Zealand	**173,392**	–	**97,385**	–
Others	**185,389**	–	**31,797**	–
	1,566,715	637,387	**3,340,154**	2,691,246

[1] Comprise property, plant and equipment, intangibles and investment in and advances to joint venture.

Revenue from Waste & Water segment of $100,323,000 (2018 : $93,514,000) was solely derived from the only customer of the respective subtrusts. For the Energy segment, revenue of $125,816,000 (2018 : $129,121,000) was derived from its only customer. For Distribution & Network segment, revenue from its major customer was $79,912,000 (2018 : $64,946,000).

44. Contingent Liability

Basslink Pty Ltd ("Basslink"), a wholly-owned subsidiary of the Group, operates a subsea electricity interconnector ("Interconnector") between the electricity grids of the States of Tasmania and Victoria in Australia.

On December 20, 2015, the Interconnector was taken out of service due to a cable fault incident. The cable returned to service on June 13, 2016. The customer, Hydro Tasmania ("HT"), has not paid Basslink full facility fees from September 2016 to August 2017 as HT disagrees with Basslink that the outage was a "force majeure" event. In December 2016, an independent investigation undertaken by Cable Consulting International ("CCI"), one of the world's leading submarine power cable experts, was completed and CCI concluded that the cause of the cable fault is "cause unknown".

In December 2017, based on the reports from DNV GL, an international engineering consultancy firm, HT alleged that the outage was caused by the interconnector exceeding its design limit. Under the Basslink Services Agreement ("BSA"), an unknown cause of the cable fault falls under the definition of a "force majeure" event. As such, the Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "force majeure" event.

In March 2018, the State of Tasmania (the "State") issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Operations Agreement ("BOA") and alleged that Basslink should indemnify the State for its losses which amounts to over A$100.0m ($93.0m).

In September 2018, Basslink issued a Notice of Dispute to HT, which was referred to arbitration, under the BSA, to recover the withheld receivables from HT.

In October 2018, HT issued a Notice of Dispute to Basslink, which was referred to arbitration, under the Basslink Services Agreement ("BSA") based upon the allegations in the DNV GL reports commissioned by the lawyers for HT.

Further to the State's claim against Basslink, Basslink engaged CCI to perform a further investigation. In November 2018, CCI concluded in its report (the "CCI report"), amongst others, that the cause of the cable outage continues to be unknown.

As at December 31, 2019, no provision has been made for the claim by the State as based on the findings of CCI, the Trustee-Manager is of the view that the cause of the cable fault was a "force majeure" event.

45. Acquisition of Subsidiaries

On February 19, 2019, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager") in its capacity as Trustee-manager of Keppel Infrastructure Trust ("KIT") completed the acquisition of 100% of the shareholdings in Ixom HoldCo Pty Ltd and its subsidiaries ("Ixom Group") ("Acquisition") for a cash consideration of A$770 million ($763 million). This acquisition has been accounted for by the acquisition method of accounting.

The principal activities of Ixom Group includes manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries. Ixom Group predominantly operates in Australia and New Zealand, whilst also having a presence in Asia, Latin America, the United Kingdom and the United States of America.

45. Acquisition of Subsidiaries (continued)

The fair values of identifiable net assets and the cash outflow on the Acquisition were as follows:

	$'000
Property, plant and equipment	398,269
Right-of-use assets	87,797
Identifiable intangible assets	103,394
Prepayments	3,420
Inventories	202,001
Financial assets	287,749
Borrowings	(428,210)
Lease liabilities	(64,005)
Provisions	(37,523)
Defined benefit obligation	(12,629)
Trade and other payables	(182,739)
Deferred tax liabilities	(21,009)
Total identifiable assets acquired and liabilities assumed	336,515
Non-controlling interest	(5,307)
Goodwill	431,465
Total consideration transferred in cash	762,673
Net cash outflow arising on acquisition:	
Cash consideration	762,673
Transaction cost	38,075
Less: cash and cash equivalent balances acquired	(54,528)
	746,220

The accounting for the acquisition of Ixom has been finally determined at the end of the financial year. The fair value of land, buildings and plant and equipment and intangible assets (customer contracts) were valuated by independent valuators. The fair value of working capital balances (trade receivables, inventory and trade payables) were internally valuated.

For tax purposes, the tax values of the assets of Ixom Holdco Pty Ltd and its subsidiaries were reset based on market value of the assets.

The Group incurred acquisition transaction cost of $38,075,000 which was recognised in other operating expenses.

Goodwill arose on the Acquisition because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce of Ixom Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the Acquisition is not expected to be deductible for tax purposes.

Non-controlling interest recognised at acquisition date pertains to a 51% ownership interest held by the non-controlling interest of Bronson & Jacobs International Company Ltd (Thailand) (Note 9) and amounted to $5,307,000, which was determined using its proportionate share of the acquisition date fair value of the identifiable net assets of the subsidiary.

The revenue and profit for the year of the Group, attributable to the additional business generated by Ixom Group are as follows:

	$'000
Revenue	915,185
Loss for the year	(17,699)*

* Loss for the year includes non-recurring transaction cost and fair value adjustment arising from the acquisition of $31,860,000.

Had the business combination during the year been effected at January 1, 2019, the revenue and profit for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future period, arising from the acqusition, would have been as follows:

	From January 1, 2019 to December 31, 2019 $'000
Revenue	1,734,202
Profit for the year	10,194
Effect of business combination assumed to be completed on January 1, 2019	3,758
Adjusted profit for the year	13,952

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Ixom Group been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

46. Events After the Reporting Period

On January 31, 2020, the Group's wholly-owned subsidiary, Ixom Watercare Inc., has completed the acquisition of Medora Environmental ("Medora") for the consideration of approximately A$25 million (equivalent to approximately $23 million) which has been funded through the drawdown of working capital facility. Medora, based in North Dakota, operates in the source water management solutions business in the United States of America. Medora has a range of water treatment and wastewater sector products, related to source water, waste water as well as potable water treatment, providing essential source water treatment services to over 110,000 municipal water sources across North America.

47. Statement of Profit and Loss - Trust

The Statement of Profit or Loss of the Trust, which is for information purpose only, is as follows:

	2019 $'000	2018 $'000
Revenue	201,811	152,535
Other income	1,962	628
Other losses - net	(67,986)	(48,818)
Expenses		
Finance costs	(5,756)	(3,821)
Trustee-Manager's fees	(14,894)	(9,430)
Other operating expenses	(2,550)	(1,900)
Total expenses	(23,200)	(15,151)
Profit before tax	112,587	89,194
Income tax expense	(86)	(11)
Profit for the year	112,501	89,183
Interest cover ratio *	57x	48x

* Computed based on adjusted EBITDA/net interest expense.

CORPORATE GOVERNANCE

The Board and Management of Keppel Infrastructure Fund Management Pte. Ltd. (KIFM), as the Trustee-Manager of Keppel Infrastructure Trust (KIT), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the unitholders of KIT (Unitholders).

The Business Trusts Act, Chapter 31A, of Singapore (BTA) sets out the requirements and obligations in respect of corporate governance. The Business Trusts Regulations (BTR) set out the requirements for, amongst other matters, the board composition of a trustee-manager, the independence of its directors, and the audit committee composition of a trustee-manager.

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2018[1] (the 2018 Code) as its benchmark for corporate governance policies and practices. The following describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the 2018 Code and its accompanying Practice Guidance.

BOARD MATTERS: BOARD'S CONDUCT OF AFFAIRS

Principle 1:

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Principle 3:

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board of Directors of the Trustee-Manager (the Board) is responsible for the overall management and the corporate governance of KIT, including establishing goals for the management of the Trustee-Manager (the Management) and monitoring the achievement of these goals.

Role: The principal functions of the Board are to:

- Provide entrepreneurial leadership and decide on matters in relation to KIT's activities which are of a significant nature, including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- Oversee the business and affairs of KIT, establish, with the Management, the strategies and financial objectives (including appropriate focus on value creation, innovation and sustainability) to be implemented by Management, and monitor the performance of Management and ensure that the Company has necessary resources to meet its strategic objectives;
- Hold Management accountable for performance and ensure proper accountability within KIT;
- Oversee processes for evaluating the adequacy and effectiveness of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy and effectiveness of such processes;
- Be responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of KIT and its stakeholders; and
- Assume responsibility for corporate governance and ensure transparency and accountability to key stakeholder groups.

Internal Limits of Authority: The Trustee-Manager has adopted a set of internal guidelines which sets out the level of authorisation and financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters. Transactions and matters which require the approval of the Board are clearly set out in the internal guidelines. Appropriate delegations of authority and approval sub-limits are also provided at the Management level to facilitate operational efficiency.

Independent Judgment: All directors of the Trustee-Manager (the Directors) are expected to exercise independent judgment in the best interests of KIT, and all Directors have discharged this duty consistently well.

Board Committees: To assist the Board in the discharge of its oversight function, the Audit and Risk Committee, the Nominating and Remuneration Committee, the Conflicts Resolution Committee and the Board Safety Committee have been constituted with clear written terms of reference. All the Board committees are actively engaged and play an important role in ensuring good corporate governance, and the Board is kept updated on discussions of the committees via circulation of minutes and regular updates by the respective chairman of the committees at Board meetings. The terms of reference of the respective Board committees are disclosed in the Appendix to this report at pages 165 to 168.

[1] The Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018.

Meetings: The Board meets at least four times a year and as warranted by particular circumstances to discuss and review the Trustee-Manager's key activities, including its business strategies and policies for KIT, proposed acquisitions and disposals, the annual budget, review the performance of the business and the financial performance of KIT and the Trustee-Manager. The Board also reviews and approves the release of the financial results. In addition, the Board reviews the risks to the assets of KIT, and acts upon any comments from the auditors of KIT. Board meetings are scheduled and circulated to the Directors prior to the start of the financial year to allow Directors to plan ahead to attend such meetings, so as to maximise participation.

The Trustee-Manager's Constitution permits Board meetings to be held by way of conference by telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants. Further, the Directors meet without the presence of Management on a need-be basis.

The current Directors' appointments and details of membership on Board committees, number of Board and Board committee meetings held during FY 2019, as well as the attendance of each Board member at these meetings, are disclosed below.

BOARD AND BOARD COMMITTEE MEETINGS FOR FY 2019

	Board Meetings	Audit and Risk Committee Meetings	Nominating & Remuneration Committee Meetings	Conflicts Resolution Committee Meetings	Board Safety Committee Meetings	Non-Executive Directors' Meeting (without presence of Management)
Koh Ban Heng	9	6	3	-	-	1
Thio Shen Yi	7	-	3	1	-	0
Daniel Cuthbert Ee Hock Huat	9	6	-	2	-	1
Mark Andrew Yeo Kah Chong	9	6	-	-	1	1
Kunnasagaran Chinniah [2]	9	-	3	2	-	1
Christina Tan Hua Mui	8	-	2	-	-	1
Cindy Lim Joo Ling [3]	8	-	-	-	1	1
Number of Meetings Held in FY 2019	**9**	**6**	**3**	**2**	**1**	**1**

NATURE OF CURRENT DIRECTORS' APPOINTMENTS ON THE BOARD AND THE DETAILS OF THEIR MEMBERSHIP ON BOARD COMMITTEES

	Board Membership	Audit and Risk Committee	Nominating & Remuneration Committee	Conflicts Resolution Committee	Board Safety Commitee
Koh Ban Heng	Non-Executive Independent Chairman	Member	Member	-	-
Thio Shen Yi	Non-Executive Independent	-	Chairman	Member	-
Daniel Cuthbert Ee Hock Huat	Non-Executive Independent	Member	-	Chairman	-
Mark Andrew Yeo Kah Chong	Non-Executive Independent	Chairman	-	-	Member
Kunnasagaran Chinniah	Non-Executive Independent	-	Member	Member	Chairman
Christina Tan Hua Mui	Non-Executive Non-Independent	-	Member	-	-

If a Director were unable to attend a Board or Board committee meeting, he or she would still receive all the papers and materials for discussion at that meeting. He or she would review them and advise the Chairman of the Board or the Board committee chairman of his or her views and comments on the matters to be discussed so that they may be conveyed to other members at the meeting.

Closed Door Directors' Meetings: The Directors meet on a need-be basis without the presence of Management to discuss matters such as Board processes, corporate governance initiatives, succession planning, and performance management and remuneration matters.

[2] Mr Kunnasagaran Chinniah was appointed chairman of the Board Safety Committee on 3 January 2020.

[3] Ms Cindy Lim Joo Ling stepped down from the Board on 3 January 2020 and ceased to be chairman of the Board Safety Committee on the same date.

CORPORATE GOVERNANCE

Company Secretaries: The Company Secretaries administer, attend and prepare minutes of Board proceedings. They assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure timely and good information flow to the Board and its Board committees, and between Management and the Directors) are followed and regularly reviewed to ensure effective functioning of the Board and that the Trustee-Manager's Constitution and relevant rules and regulations are complied with. They also assist the Chairman and the Board to implement corporate governance practices and processes with a view to enhancing long-term Unitholder value. They are also the primary channel of communication between KIT and the Singapore Exchange Limited (SGX).

The appointment and removal of each of the Company Secretaries are subject to the approval of the Board as a whole.

Access to Information: The Board and Management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge Management on its assumptions and proposals and that for this to happen, the Board, must be kept well informed of KIT's businesses and affairs and be knowledgeable about the industry in which the businesses operate.

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis. The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KIT's business, performance, business and financial environment, risk and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period. Management also surfaces key risk issues for discussion and confers with the Audit and Risk Committee and the Board regularly.

As a general rule, Board papers are required to be distributed to Directors at least seven days before the Board meeting so that the Directors may better understand the matters prior to the Board meeting and discussions may be focused on questions that the Directors may have. Directors are provided with tablet devices to facilitate their access to and review of board materials. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed. Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Directors are also provided with the names and contact details of senior management and the Company Secretaries to facilitate direct access to senior management and the Company Secretaries. Directors are entitled to request from Management, and would be provided with, such additional information as may be needed from time to time in order to make informed decisions.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the expense of KIT.

The Board reviews the budget on an annual basis, and any material variance between the projections and actual results would be disclosed and explained. A Board strategy meeting is organised annually for in-depth discussion on strategic issues and direction of KIT, to give the Directors a better understanding of KIT and its businesses, and to provide an opportunity for the Directors to familiarise themselves with Management so as to facilitate the Board's review of KIT's succession planning.

Director Orientation: A formal letter is sent to newly-appointed Directors upon their appointment explaining their roles, duties, obligations and responsibilities as a board director. All newly-appointed Directors receive a director tool-kit and undergo a comprehensive orientation programme which includes sites visits and management presentations on KIT's businesses, strategic plans and objectives.

Training: Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act or other applicable legislation and industry-related matters, continuing listing obligations and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. All induction, training and development costs are at the Trustee-Manager's expense.

Chairman and CEO: The positions of Chairman and Chief Executive Officer (CEO) are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not immediate family members.

The Chairman, with the assistance of the Company Secretaries, schedules meetings and prepares meeting agenda to enable the Board to perform its duties responsibly having regard to the flow of KIT's operations.

He sets guidelines on and monitors the flow of information from Management to the Board to ensure that all material information is provided in a timely manner to the Board for the Board to make good decisions. He also encourages constructive relations between the Board and Management. At Board meetings, the Chairman encourages a full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views, in a robust yet collegiate setting.

At annual general meetings (AGM) and other Unitholders' meetings, the Chairman ensures constructive dialogue between Unitholders, the Board and Management. The Chairman sets the right ethical and behavioural tone and takes a leading role in KIT's drive to achieve and maintain a high standard of corporate governance with the full support of the Directors, Company Secretaries and Management.

The CEO, assisted by Management, makes strategic proposals to the Board and after robust and constructive Board discussion, executes the agreed strategy, manages and develops KIT's businesses and implements the Board's decisions.

The clear separation of roles of the Chairman and the CEO provides a healthy professional relationship between the Board and Management with clarity of roles and robust deliberation on the business activities of KIT.

BOARD MATTERS: BOARD COMPOSITION AND GUIDANCE

Principle 2:

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Principle 4:

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating and Remuneration Committee

The Trustee-Manager has established a Nominating and Remuneration Committee (NRC) to, among other things, make recommendations to the Board on all Board appointments and oversee the Board and senior management's succession and conducting annual review of board diversity, board size, board independence and directors' commitment. The NRC currently comprises four Directors, majority of whom are independent, namely:

Mr Thio Shen Yi	Chairman
Mr Koh Ban Heng	Member
Mr Kunnasagaran Chinniah	Member
Ms Christina Tan Hua Mui	Member

The detailed responsibilities of the NRC are disclosed at pages 166 and 167 of the Appendix hereto.

Process for appointment of new Directors and Board succession planning

The NRC is responsible for reviewing the succession plans for the Board. In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors so that the experience of longer serving Directors can be drawn upon while tapping into the new external perspectives and insights which more recent appointees bring to the Board's deliberation.

The NRC leads the process and makes recommendations to the Board as follows:

(a) the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making. In this review, the NRC will also take into account the needs of KIT and the collective skills and competencies of the Board. In the year under review (FY 2019), the NRC also took into consideration the 2018 Code and the amendments to the SGX Listing Rules relating to the continued appointment as "independent director" of a director who has served for an aggregate period of more than nine years, bearing in mind that these rules would come into effect from 1 January 2022 although the latter does not apply to a business trust so long as the business trust continues to comply with the statutory stipulations under the Business Trusts Act and the regulations made thereunder;
(b) in light of such review and in consultation with Management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment;
(c) external help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and Management may also make suggestions;
(d) the NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
(e) the NRC makes recommendations to the Board for approval.

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

(1) integrity
(2) independent mindedness
(3) diversity – possess core competencies that meet the current needs of KIT and the Trustee-Manager and complement the skills and competencies of the current Directors on the Board
(4) able to commit time and effort to carry out duties and responsibilities effectively
(5) track record of making good decisions
(6) experience in high-performing corporations or infrastructure funds
(7) financial literacy

CORPORATE GOVERNANCE

Endorsement by Unitholders of appointment of Directors
Keppel Capital Holdings Pte. Ltd. (Keppel Capital) has on 1 March 2020 provided an undertaking to the Trustee-Manager (Undertaking) to provide Unitholders with the right to endorse the appointment of the persons who are Directors as of 1 March 2020 (existing Directors) by way of an ordinary resolution at the annual general meetings (AGM) of Unitholders. Pursuant to the Undertaking, Keppel Capital undertakes to the Trustee-Manager:

(i) to procure the Trustee-Manager to seek Unitholders' endorsement for the appointment of existing Directors no later than the AGM to be held in 2022, provided that the Trustee-Manger shall seek Unitholders' endorsement for at least one-third of the existing Directors (or if their number is not a multiple of three then the number nearest to one-third) at each of the AGMs to be held in 2020 and 2021;

(ii) to procure the Trustee-Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;

(iii) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Directors, at any time) to procure the Trustee-Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and

(iv) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

Accordingly, for the AGM to be held in 2020, the Trustee-Manager has included in the agenda, the resolutions to endorse the appointment of Mr Koh Ban Heng and Mr Thio Shen Yi.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Trustee-Manager or Keppel Capital from appointing or procuring the appointment of any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the Singapore Exchange Securities Trading Limited (SGX-ST)) and the constitution of the Trustee-Manager.

The Undertaking shall remain in force for so long as:

1. Keppel Capital continues to hold a majority of the shares in the Trustee-Manager; and
2. Keppel Infrastructure Fund Management Pte. Ltd. remains as the trustee-manager of Keppel Infrastructure Trust.

Alternate Director
The Trustee-Manager has no alternate directors on the Board.

Board Diversity
The Trustee-Manager recognizes that diversity in relation to composition of the Board provides a range of perspectives, insights and challenge needed to support good decision-making for the benefit of KIT, and is committed to ensuring that the Board comprises Directors who, as a group, provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity (such as gender and age) so as to promote the inclusion of different perspectives and ideas, mitigate against groupthink and ensure that KIT has the opportunity to benefit from all available talent.

It is paramount that the Trustee-Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of KIT's and the Trustee-Manager's businesses. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the Trustee-Manager will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

The Trustee-Manager has in place a Board Diversity Policy that sets out the framework and approach for the Board to set its qualitative and measurable quantitative objectives for achieving diversity, and to annually assess the progress in achieving these objectives.

The Board will, taking into consideration the recommendations of the NRC, review and agree annually the qualitative and measurable quantitative objectives for achieving diversity on the Board. The objectives identified in 2020, and the progress towards achieving such objectives, are set out below:

Objectives for 2020

Objectives	Progress
Improve gender diversity by ensuring that at least 20% of the Board will comprise female directors by the end of FY 2021.	With Ms Christina Tan's appointment, 16.7% of the Board comprise female directors.

At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to ensuring that at least 20% of the Board will comprise female directors by the end of FY 2021. As at the date of this Annual Report, there was one female Director out of a total of six Directors on the Board.

Annual review of Board size and composition
The Board consists of six members, five of whom are independent non-executive Directors. The Chairman of the Board is Mr Koh Ban Heng who is an independent non-executive Director.

The Board, in concurrence with the NRC was of the view the current Board size of six members was appropriate, but would revisit the size and skill set mix from time to time. This is considering the nature, scope and requirements of KIT's businesses and the need to avoid disruptions from changes to the composition of the Board and Board committees. No individual or small group of individuals dominate the Board's decision making.

The nature of the Directors' appointments on the Board and details of their Board committee membership are set out on page 145.

The NRC has recently conducted its assessment in January 2020 and is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age. The NRC is also satisfied that the Directors, as a group, possess core competencies including accounting or finance, legal and regulatory, business or management experience, industry knowledge, engineering strategic planning experience and customer-based experience or knowledge, required for the Board and the Board committees to be effective.

Board Independence
The NRC is also charged with determining the "independence" status of the directors annually.

The composition of the Board complies with the BTR and comprises:

(a) at least a majority of the directors who are independent from management and business relationships with the Trustee-Manager;

(b) at least one-third of the directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

(c) at least a majority of the directors who are independent from any single substantial shareholder of the Trustee-Manager.

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of KIT), a Director must not have any:

(a) management relationships with the Trustee-Manager or with any of its subsidiaries; and

(b) business relationships with the Trustee-Manager or with any of its related corporations, or with any officer of the Trustee-Manager or any of its related corporations,

that could interfere with the exercise of his or her independent judgment with regard to the interests of all the Unitholders as a whole.

To be considered to be independent from a substantial shareholder of the Trustee-Manager, a Director must not be a substantial shareholder of the Trustee-Manager and is not connected to the substantial shareholder of the Trustee-Manager as provided under the BTR.

Under the 2018 Code, a Director who has no relationship with the Manager, its related companies, its 5% shareholders/unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment in the best interests of KIT, is considered to be independent.

The Trustee-Manager is wholly-owned by Keppel Capital which is in turn wholly-owned by Keppel Corporation Limited (Keppel Corporation). Keppel Infrastructure Holdings Pte. Ltd. (KI), a wholly-owned subsidiary of Keppel Corporation remains a sponsor of KIT and is the largest unitholder of KIT. Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments. Temasek Holdings (Private) Limited (Temasek), by virtue of their interest in Keppel Corporation, is deemed a substantial shareholder of the Trustee-Manager.

The Nominating and Remuneration Committee carried out the review on the independence of each non-executive Director in January 2020 based on the respective Directors' self-declaration in the Directors' Independence Checklist and their actual performance on the Board and Board committees, taking into account the BTR, listing rules on the circumstances in which a director will not be deemed independent and guidance in the 2018 Code as to the circumstances in which a director should not be deemed independent.

CORPORATE GOVERNANCE

Taking into account the views of the Nominating and Remuneration Committee, the Board has determined that:

(a) although Mr Koh Ban Heng is strictly not considered to be independent from Keppel Corporation, the indirect substantial shareholder of the Trustee-Manager, and business relationships with the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Koh is an independent Director. Mr Koh was an independent non-executive director of KI, a wholly-owned subsidiary of Keppel Corporation, and stepped down from the board of KI on 30 December 2019. KI's related corporations received payments in the current and immediately preceding financial year from the Trustee-Manager and its related corporations for operations and maintenance and other services provided to KIT. After review, the Board is satisfied that the above relationships will not interfere with Mr Koh's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Koh was an independent non-executive director of KI, (ii) Mr Koh serves on the Board in his personal capacity, not as KI's representative, (iii) Mr Koh has declared that he does not act in accordance with the instructions of KI, and (iv) Mr Koh has declared that he does not derive any compensation from KI other than remuneration received for his service as a director of KI. Mr Koh has also consistently shown independent judgment in his deliberation of the interests of KIT. Mr Koh's participation in the Board will benefit KIT given his expertise. The Board notes that Mr Koh has stepped down from the board of KI.

(b) Mr Thio Shen Yi is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(c) although Mr Daniel Cuthbert Ee Hock Huat is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Ee is an independent Director. Mr Ee is a director of Ascendas Funds Management (S) Limited (Ascendas), a subsidiary of Temasek. After review, the Board is satisfied that the above relationship will not interfere with Mr Ee's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Ee is an independent non-executive director of Ascendas, (ii) Mr Ee serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Ee has declared he does not act in accordance with the instructions of Temasek, and (iv) Mr Ee has declared that he does not derive any compensation from Ascendas or Temasek other than remuneration received for his service as a director of Ascendas. Mr Ee has also consistently shown independent judgment in his deliberation of the interests of KIT. Mr Ee's participation in the Board will benefit KIT given his expertise. Mr Ee will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries.

(d) Mr Mark Andrew Yeo Kah Chong is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.

(e) although Mr Kunnasagaran Chinniah is strictly not considered to be independent from Temasek, a deemed substantial shareholder of the Trustee-Manager according to the BTR, nonetheless, the Board considers that Mr Chinniah is an independent Director. Mr Chinniah is a director of certain subsidiaries of Temasek, including Azalea Asset Management Pte Ltd, Azalea Investment Management Pte Ltd, Astrea III Pte Ltd and Astrea IV Pte Ltd. Mr Chinniah is also consultant to Pavilion Capital International Pte Ltd, a subsidiary of Temasek. After review, the Board is satisfied that the above relationships will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah is an independent non-executive director of certain subsidiaries of Temasek, (ii) Mr Chinniah serves on the Board in his personal capacity, not as Temasek's representative, (iii) Mr Chinniah has declared that he does not act in accordance with the instructions of Temasek, and (iv) Mr Chinniah has declared that he does not derive any compensation from Temasek other than remuneration received for his service as a director, advisor or consultant to certain subsidiaries of Temasek. Mr Chinniah is also an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd. (KAIF), a wholly-owned subsidiary of Keppel Capital. After review, the Board is satisfied that the above relationship will not interfere with Mr Chinniah's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that (i) Mr Chinniah's investment committee member role on KAIF is an independent non-executive role, (ii) he serves on the Board in his personal capacity, not as Keppel Capital's representative; (iii) Mr Chinniah is not an employee of Keppel Capital and does not act in accordance with the instructions of Keppel Capital, and (iv) Mr Chinniah does not derive any compensation from Keppel Capital other than remuneration received for his service as an investment committee member of KAIF.

The Board is of the view that Mr Chinniah has consistently shown independent judgment in his deliberation of the interests of KIT. Mr Chinniah's participation in the Board will benefit KIT given his expertise. Mr Chinniah will however, abstain from the Board's decisions in relation to any matter which involves Temasek and its subsidiaries and/or Keppel Capital.

(f) Ms Christina Tan Hua Mui is not considered to be independent from Keppel Corporation. Ms Tan is the Chief Executive Officer and a director of Keppel Capital and a director of several other companies within the Keppel Group, including Alpha Investment Partners Limited, Keppel REIT Management Limited and Keppel DC REIT Management Pte. Ltd..

It is noted that Practice Note 4.2 of the SGX Listing Manual (Listing Manual) clarifies that Rule 210(5)(d)(iii) of the Listing Manual on the continued appointment of an independent director who has been a director for an aggregate period of more than 9 years being subject to shareholders' approval, does not apply to a business trust so long as the business trust continues to comply with the statutory stipulations under the Business Trusts Act and the regulations made thereunder. Mr Thio Shen Yi was first appointed to the Board on 11 February 2010 and has therefore served on the Board for more than nine years. The Board, taking into account the views of the Nominating & Remuneration Committee (save for Mr Thio who abstained from deliberation in this matter) considered Mr Thio's objective participation on the Board and Board committee meetings and that Mr Thio had demonstrated independent judgment at Board and Board committee meetings and was of the firm view that he has been exercising independent judgment in the best interests of KIT in the discharge of his duties as a Director. The Board therefore continued to deem Mr Thio as an independent Director. Over the years as a Director, Mr Thio has also developed significant insights into KIT's business and operations and brings with him a wealth of useful and relevant experience which enables him to provide invaluable contribution to KIT.

The Chairman and CEO are separate persons, independent Directors currently comprise more than a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors. If the Chairman is conflicted, the chairman of the Audit and Risk Committee will lead the Board. There is also a Conflicts Resolution Committee looking into matters of conflict. In addition, the Whistle-Blower Policy provides an independent mechanism for employees and other persons to raise any concerns, and matters under the policy are reported directly to the chairman of the Audit and Risk Committee. In light of the foregoing, the Board is of the view that it is not necessary, for the time being, to appoint a lead independent Director.

Taking into account the independence and diversity of the Board, the NRC is of the view that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of KIT.

Annual review of Directors' time commitments
The NRC assesses annually whether a Director is able to and has been adequately carrying out his duties as a Director. The NRC assesses holistically whether a director is able to and has been adequately carrying out his/her duties as a Director, taking into account the results of the assessment of the effectiveness of the individual Director, the level of commitment required of the Director's listed company board representations and/or other principal commitments, and the director's actual conduct and participation on the Board and board committees, including availability and attendance at regular scheduled meetings and ad-hoc meetings. The NRC is of the view that such an assessment is sufficiently robust to detect and address, on a timely basis, any time commitment issues that may hinder the effectiveness of the directors.

Taking into account the abovementioned factors, the NRC was of the view that each director has given sufficient time and attention to the affairs of KIT and the Trustee-Manager and has been able to discharge his duties as director effectively.

Key information regarding Directors
The following key information regarding the Directors is set out in the following pages of this Annual Report:

Pages 12 and 13: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, directorships or chairmanships both present and past held over the preceding five years in other listed companies and other major appointments, whether appointment is executive or non-executive; and

Page 62: unitholding in KIT as at 21 January 2020.

BOARD MATTERS: BOARD PERFORMANCE

Principle 5:

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole and its Board committees, and the contribution by each individual Director to the effectiveness of the Board.

Independent Coordinator: To ensure that assessments are done promptly and fairly, the Board has appointed an independent third party (Independent Coordinator) to assist in collating and analysing the returns of the Board members. A Tax Advisor Pte Ltd, was appointed for this role. A Tax Advisor Pte Ltd does not have any business relationships or any other connections with KIT or any of the Directors which may affect its independent judgment.

The evaluation of the Board and of the individual Directors was carried out by the Independent Coordinator in the last quarter of 2019 and presented to the Board in January 2020.

Formal Process and Performance Criteria:
The evaluation processes are disclosed on page 169.

Objectives and Benefits: The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view to raising the quality of Board members. It also assisted the NRC in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole, and in determining whether Directors with multiple listed board representations and other principal commitments were nevertheless able to and had adequately discharged their duties as Directors.

CORPORATE GOVERNANCE

REMUNERATION REPORT

Principle 6:

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Principle 7:

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Principle 8:

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The composition of the NRC has been set out on page 147. The NRC's responsibilities are set out at pages 166 and 167. The NRC currently comprises entirely of non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate without being excessive, and thereby maximise Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, grant of units) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Trustee-Manager and administers the Trustee-Manager's Unit-based incentive plans. In addition, the NRC reviews the Trustee-Manager's obligations arising in the event of termination of key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external remuneration consultants where required. In FY2019, the NRC undertook a review of the pay mix of key management personnel and non-executive Directors' Fees through discussions with external remuneration consultants, such as Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has confirmed that the external remuneration consultants had no relationships with KIT which would affect their independence and objectivity.

ANNUAL REMUNERATION REPORT

Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by KIT, the Trustee-Manager is disclosing information on the remuneration of its Directors, CEO and key management personnel.

Policy in respect of Non-Executive Directors' remuneration

Each non-executive Director's remuneration comprises a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of each Board committee in view of the greater responsibility carried by that office. The non-executive Directors participated in additional ad-hoc meetings with Management during the year and are not paid for attending such meetings.

The NRC, in consultation with Aon Hewitt, conducted a review of the non-executive Directors' fees. The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmarks as well as the roles and responsibilities of the Board and Board committees. The Directors' fee includes payment of units in KIT (KIT Units) to Directors. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of the Directors with those of Unitholders and the long term interests of KIT.

The Directors' fee structure is as follows:

Main Board	Chairman	S$90,000 per annum
	Director	S$55,000 per annum
Audit and Risk Committee	Chairman	S$36,000 per annum
	Member	S$17,000 per annum
Nominating and Remuneration Committee	Chairman	S$17,000 per annum
	Member	S$9,000 per annum
Conflicts Resolution Committee	Chairman	S$14,500 per annum
	Member	S$7,500 per annum
Board Safety Committee[1]	Chairman	S$14,500 per annum
	Member	S$7,500 per annum

Each of the Directors (including Chairman) will receive 70% of his/her total Director's fees in cash and the balance 30% in the form of KIT Units. The Director's fees for Ms Christina Tan will be paid in cash to Keppel Capital and the Director's fees for Ms Cindy Lim will be paid in cash to Keppel Corporation.

[1] The Board Safety Committee was constituted on 15 July 2019.

Remuneration policy in respect of CEO and Key Management Personnel
The Trustee-Manager advocates a performance-based remuneration system that is flexible and responsive to the market, KIT's and the individual employee's performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

In FY2019, the NRC undertook a pay mix review for key management personnel with the assistance of Aon Hewitt. The exercise is to achieve market competitive base pay versus short term incentives while maintaining total compensation competitiveness.

The current total remuneration structure reflects four key objectives:

(a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholders' interest
(b) Long-term Orientation: To motivate employees to drive sustainable long-term growth
(c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
(d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The total remuneration mix comprises three components; that is – annual fixed cash, annual performance bonus, and KIFM Unit Plans. The annual fixed cash component comprises the annual basic salary plus any other fixed allowances which the Trustee-Manager benchmarks against the relevant industry market median. The size of the Trustee-Manager's annual performance bonus pot is tied to KIT's financial and non-financial performance, and is distributed to employees based on their individual performance. The KIFM Unit Plans are in the form of two unit plans, the KIFM Restricted Unit Plan (RUP) and KIFM Performance Unit Plan (PUP). A portion of the annual performance bonus is granted in the form of deferred units that are awarded under the KIFM RUP. The KIFM PUP comprises performance targets determined on an annual basis which vest over a longer term horizon. The KIFM RUP and KIFM PUP are long-term incentive plans. Executives who have a greater ability to influence group outcomes have a greater proportion of their overall remuneration at risk.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of KIT. The mix of fixed and variable rewards is considered appropriate for the Trustee-Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. This link is achieved in the following ways:

1. by placing a significant portion of executive's remuneration at risk (at-risk component) and in some cases, subject to a vesting schedule;
2. by incorporating appropriate key performance indicators (KPIs) for awarding annual cash incentives:

    (a) there are four scorecard areas that the Trustee-Manager has identified as key to measuring its performance:

        (i) Financial;
        (ii) Process;
        (iii) Customers & Stakeholders; and
        (iv) People.

    Some of the key-sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;

    (b) the four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives. The framework provides a link for staff in understanding how they contribute to each area of the scorecard, and therefore to the Trustee-Manager's overall strategic goals;

3. by selecting performance conditions for the KIFM PUP such as cashflow available for distribution, asset under management growth, and total unitholder returns for equity awards that are aligned with Unitholders' interests;
4. by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
5. forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore in determining the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of the Trustee-Manager as well as the time horizon of risks, and incorporated risk-adjustments into the remuneration structure through several initiatives, including but not limited to:

(a) prudent funding of annual performance bonus;
(b) granting a portion of the annual performance bonus in the form of deferred units, to be awarded under the KIFM RUP;
(c) vesting of contingent unit award under the KIFM PUP being subject to KPIs and/or performance conditions being met; and
(d) potential forfeiture of variable incentives in any year due to misconduct.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions, set forth above, have been met. The NRC is of the view that remuneration is aligned to performance during FY 2019.

In order to align the interests of the CEO and key management personnel with that of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Trustee-Manager and are encouraged to hold such Units while they remain in the employment of the Trustee-Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Trustee-Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the industry where poaching of senior management is commonplace, the Trustee-Manager is disclosing the remuneration of the CEO and key management personnel (who are not Directors or the CEO) in bands of S$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel. The Trustee-Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of the Unitholders as sufficient information is provided on the Trustee-Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 152 to 155.

Long-Term Incentive Plans – KIFM Unit Plans
The KIFM RUP and the KIFM PUP (the KIFM Unit Plans) are long-term incentive schemes implemented by the Trustee-Manager in 2015. No employee share option schemes or share schemes have been implemented by KIT.

The KIFM Unit Plans are put in place to increase the Trustee-Manager's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KIFM Unit Plans also aim to strengthen the Trustee-Manager's competitiveness in attracting and retaining talented key management personnel and employees. The KIFM RUP applies to a broader base of employees while the KIFM PUP applies to a selected group of key management personnel. The range of performance targets to be set under the KIFM PUP emphasise stretched targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements, in misconduct resulting in restatement of financial statements or financial losses to KIT or the Trustee-Manager. Outstanding performance bonuses under the KIFM Unit Plans are also subject to the NRC's discretion before further payment or vesting can occur.

Level and mix of remuneration of Directors, CEO and Key Management Personnel for FY 2019

The level and mix of each of the Directors' remuneration are set out below:

Remuneration & Names of Directors	Base/Fixed Salary (S$)	Variable or Performance-related Income/ Bonuses (S$)	Directors' Fees [1] (S$)	Benefits-in-Kind (S$)
Koh Ban Heng	-	-	116,000	-
Thio Shen Yi	-	-	79,500	-
Daniel Cuthbert Ee Hock Huat	-	-	86,500	-
Mark Andrew Yeo Kah Chong	-	-	94,493	-
Kunnasagaran Chinniah	-	-	71,500	-
Christina Tan Hua Mui [2]	-	-	64,000	-
Cindy Lim Joo Ling [3]	-	-	61,753	-

Notes
1 Each of the Directors will receive 70% of his/her total Director's fee in cash and the balance 30% in the form of KIT Units.
2 Ms Christina Tan Hua Mui's Director's fee will be paid 100% in cash to Keppel Capital.
3 Ms Cindy Lim Joo Ling's Director's fee will be paid 100% in cash to Keppel Corporation. Ms Cindy Lim stepped down from the Board on 3 January 2020.

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of S$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel [1]	Base/Fixed Salary	Variable or Performance-related Income/ Bonuses [2]	Benefits-in-kind	Contingent award of units/shares	
				PUP [3]	RUP [3]
Above S$1,000,000 to S$1,250,000					
Matthew Rupert Pollard	39%	23%	n.m [5]	16%	22%
Above S$500,000 to S$750,000					
Tan Chuan Huat, Kenny	71%	18%	n.m [5]	-	11%
Above S$250,000 to S$500,000					
Apurv Choudhary [4]	58%	32%	n.m [5]	-	10%
Liu Lei, Marc	61%	30%	n.m [5]	-	9%
Ng Tiang Poh, Eric	71%	22%	n.m [5]	-	7%

Notes

(1) The Trustee-Manager has less than five key management personnel other than the CEO.

(2) The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Trustee-Manager was fair and appropriate taking into account the extent to which their KPIs for FY 2019 were met.

(3) Units awarded under the KIFM PUP are subject to pre-determined performance targets set over a three-year performance period. As at 30 April 2019 (being the grant date), the estimated value of each unit granted in respect of the contingent awards under the KIFM PUP was S$0.32. As at 17 February 2020 (being the grant date for the contingent deferred units under the KIFM RUP), the estimated value of each unit granted in respect of the contingent awards under the KIFM RUP was S$0.52. For the KIFM PUP, the figures were based on the value of the PUP units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

(4) Mr Apurv Choudhary was appointed as Head, Investment on 1 March 2019. The remuneration disclosed is on an annual basis.

(5) "n.m." means not material.

Remuneration of employees who are who are substantial shareholders/Unitholders or immediate family members of a Director, CEO or a substantial shareholder/Unitholder
No employee of the Trustee-Manager was a substantial shareholder of the Trustee-Manager or a substantial unitholder of Keppel Infrastructure Trust or an immediate family member of a Director, the CEO, a substantial shareholder of the Trustee-Manager or a substantial unitholder of Keppel Infrastructure Trust and whose remuneration exceeded S$100,000 during FY 2019. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

AUDIT COMMITTEE

Principle 10:

The Board has an Audit Committee which discharges its duties objectively.

The Board is responsible to Unitholders for providing a balanced and understandable assessment of KIT's performance, position and prospects, including interim and other price-sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of KIT's affairs, whilst preserving the commercial interests of KIT. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via SGXNET, press releases, KIT's website as well as media and analyst briefings.

KIT's Annual Report is accessible on KIT's website. KIT also sends its Annual Report to all its Unitholders in CD-ROM format. In line with KIT's drive towards sustainable development, KIT encourages Unitholders to read the Annual Report from the CD-ROM or on KIT's website. Unitholders may however request for a physical copy at no cost.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KIT's performance, position and prospects on a periodic basis and as the Board may require from time to time. Such reports keep the Board members informed of KIT's performance, position and prospects.

Audit and Risk Committee
The Audit and Risk Committee (ARC) has been appointed by the Board from among its members and comprises the following non-executive Directors, all of whom are independent:

Mr Mark Andrew Yeo Kah Chong	Chairman
Mr Koh Ban Heng	Member
Mr Daniel Cuthbert Ee Hock Huat	Member

All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

CORPORATE GOVERNANCE

None of the ARC members were former partners or directors of the external auditor of KIT, Deloitte & Touche LLP, within the last 2 years or hold any financial interest in Deloitte & Touche LLP.

The ARC's primary role is to assist the Board to ensure integrity of financial reporting and that a sound internal control and risk management system is in place. The ARC's responsibilities are set out on pages 165 and 166 of the Appendix hereto.

The ARC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources (including access to external consultants) to enable it to discharge its functions properly. For FY 2019, the internal audit functions of KIT and the Trustee-Manager were performed by Keppel Corporation's Group Internal Audit department (Internal Audit). Internal Audit, together with the external auditor, reported their findings and recommendations independently to the ARC. KIT had obtained Unitholders' approval on 16 April 2019 to re-appoint Deloitte & Touche LLP as the external auditor of KIT to hold office until the conclusion of the next AGM of KIT.

A total of six ARC meetings were held in 2019. In addition, the ARC met with the external auditor and internal auditor at least once during the year without the presence of Management. The ARC reviewed and approved the internal auditor's and external auditor's plans to ensure that the scope of audit was sufficient for the purposes of reviewing the significant internal controls and the financial statement audits of KIT and the Trustee-Manager. Such significant controls comprise financial, operational, compliance and information technology controls, and risk management. All audit findings and recommendations put up by the internal auditor and external auditor were forwarded to the ARC. Significant issues were discussed at these meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees paid or payable to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2019, aggregate fees of approximately S$1,286,000, comprising audit fees of approximately S$1,098,000 and non-audit fees of S$188,000 were paid or payable to the external auditor.

KIT has complied with Rule 712, and Rule 715 read with Rule 716 of the Listing Manual in relation to the appointment of its auditing firms.

The ARC also performed independent review of the financial statements of KIT before the announcement of KIT's quarterly results and full year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have had a material impact on the financial statements.

In its review of the financial statements of KIT for FY 2019, the ARC reviewed the key areas of Management's estimates and judgment applied for key financial issues, including (i) purchase price allocation of the Ixom group of companies, (ii) valuation and assessment of impairment of assets; and (iii) implications surrounding the interconnector asset of Basslink Pty Ltd (Basslink) that was taken out of service due to a cable failure on 20 December 2015 (the Basslink Cable Outage) which returned to service on 13 June 2016, that might affect the integrity of the financial statements. The ARC also considered the report from the external auditor, including their findings on the key audit matters as set out in the independent auditor's report for FY 2019.

Key Audit Matters	Review by ARC
Purchase price allocation of acquisition of Ixom group of companies	The ARC considered Management's key assumptions applied in the allocation of the purchase price for the Purchase Price Allocation ("PPA") in arriving at fair value of the assets and liabilities assumed, including the fair value of customer intangibles. The ARC concurs with Management's key assumptions, applied in the PPA.
Impairment of Assets – property, plant and equipment, finite-lived intangible assets, investments in and advances to subsidiaries and goodwill	The ARC considered the methodology applied in determining the valuation and value-in-use of different asset classes, including the reasonableness of the estimates and key assumptions used. The ARC concurs with Management's assessment.
Basslink Cable Outage	The ARC reviewed Management's assessment on the recoverability of Basslink's receivables which are in dispute with Hydro Tasmania, as well as the presentation and disclosures of Basslink's bank borrowings of S$610.3 million, which loan facility is non-recourse to KIT, and the ongoing disputes with the State of Tasmania and Hydro Tasmania. Opinions from external legal counsel, where applicable, were considered when reviewing Management's assessment. The ARC concurs with Management's assessment as well as the presentation and disclosures made in the financial statements.

Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the ARC by the Trustee-Manager and highlighted by the external auditor in their report to the ARC. In addition, the ARC members were also invited to the annual finance seminars hosted by Keppel Corporation's Group Control & Accounts where relevant changes to the accounting standards that will impact the Keppel Group of companies were shared by, and discussed with accounting practitioners from one of the leading accounting firms.

The ARC reviewed the "Whistle-Blower Policy" which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To facilitate the management of incidences of alleged fraud or other misconduct, the ARC follows a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence.

In addition, the ARC reviews the Whistle-Blower Policy annually to ensure that it remains current. The details of the Whistle-Blower Policy are set out on pages 169 and 170.

On a quarterly basis, Management reported to the ARC the interested person transactions (IPTs) in accordance with KIT's Unitholders' Mandate (as defined below) for IPTs. The IPTs were reviewed by the internal auditor and all findings, if any, were reported during the ARC meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9:

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board, supported by the ARC, oversees the Trustee-Manager's and KIT's system of risk management and internal controls. It is guided by a set of Risk Tolerance Guiding Principles as detailed under the "Risk Management" section at pages 176 and 177 of this Annual Report.

The ARC assists the Board in the effective discharge of its responsibilities in ensuring that the Trustee-Manager and KIT maintain a sound system of risk management and internal controls to safeguard KIT's assets and Unitholders' interests. The ARC reviews and guides the Trustee-Manager in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and ensures that the Trustee-Manager has put in place internal control policies and procedures in areas such as financial, operational, compliance and information technology controls, and risk management.

Recognising and managing risk timely and effectively are essential to the business of KIT and to protecting Unitholders' interests and value. KIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies with the Trustee-Manager, working within the overall strategy outlined by the Board. The Trustee-Manager has appointed experienced and well-qualified Operation and Maintenance (O&M) teams and contractors to handle KIT's assets' day-to-day operations.

The Trustee-Manager's internal auditor and external auditor also conduct an annual review of the adequacy and effectiveness of KIT's and the Trustee-Manager's material internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or failures in internal controls and significant risk matters, and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditor and external auditor.

The Board met four times in FY 2019 to review the financial performance of KIT during FY 2019. During FY 2019, the Board also discussed the key business risks in KIT and the risk management policies and procedures that Management had put in place.

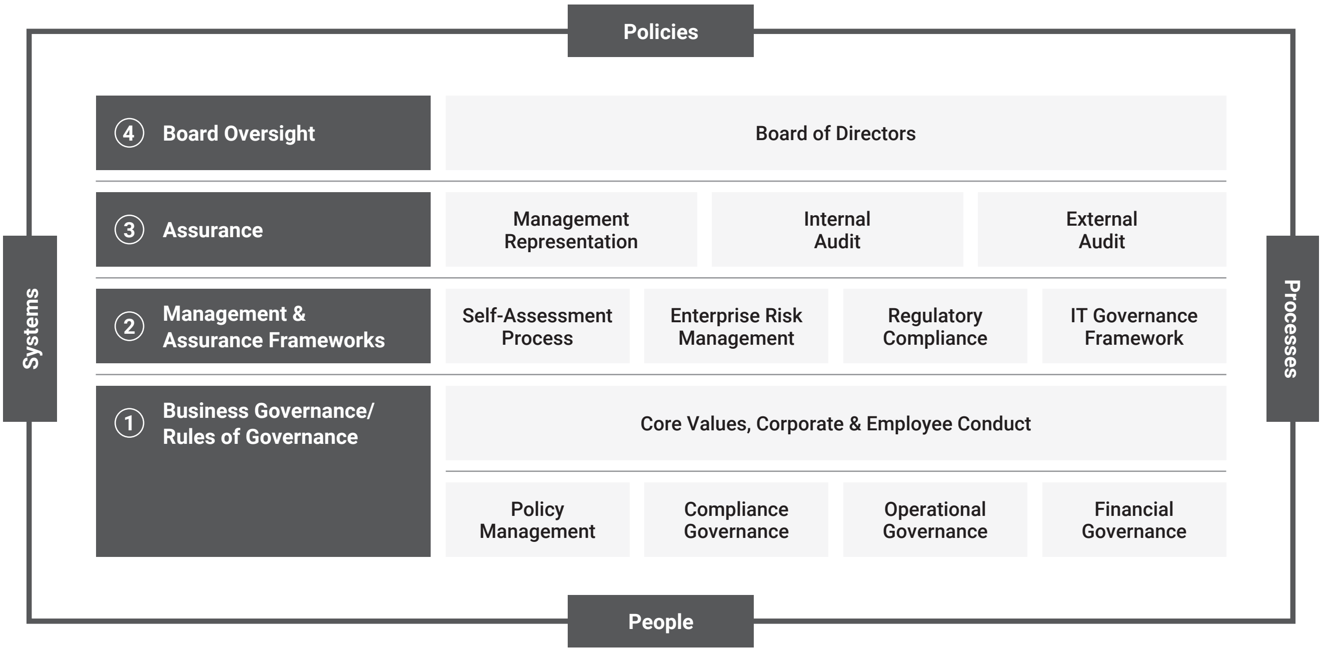
In assessing business risks, the Board takes into consideration the economic environment, the risks relevant to the infrastructure industry, the risks particular to KIT and the procedures put in place by the O&M teams and contractors. The Trustee-Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Trustee-Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section at pages 176 and 177 of this Annual Report.

The Trustee-Manager uses an assessment framework to facilitate the Board's assessment on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management systems (the Assessment Framework). The Assessment Framework identifies the governing policies, processes and systems (collectively, systems) pertaining to each of the identified business risk areas; assessments are made on the adequacy and effectiveness of each of these systems in addressing and managing the identified risk areas. The Board reviews both the assessments and the framework and opines on any gaps or areas of improvement.

The Risk Tolerance Guiding Principles and the Assessment Framework are reviewed and updated annually.

In addition, the Trustee-Manager and KIT have also put in place the KIT's System of Management Controls Framework (the KSMC Framework) outlining its internal control and risk management processes and procedures. The KSMC Framework comprises three lines of defence towards ensuring the adequacy and effectiveness of the Trustee-Manager's and KIT's system of internal controls and risk management.

KIT's System of Management Controls



Under the first Line of Defence, the Trustee-Manager is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Trustee-Manager's and KIT's business scope and environment. Such policies and procedures govern financial, the Trustee-Manager's operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the regulatory compliance management committee and working team. Employees are also guided by the Keppel Group's Core Values and expected to comply strictly with the Enhanced Code of Conduct.

Under the second Line of Defence, the Trustee-Manager is required to conduct a self-assessment exercise on an annual basis to assess the status of the internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under KIT's Enterprise Risk Management Framework, significant risks areas were also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and Head of Finance are required to provide KIT with written assurance as to the adequacy and effectiveness of the Trustee-Manager's and KIT's system of internal controls and risk management. The internal auditor and external auditor provide added assurance based on their independent assessments of the overall control environment.

The Board has received assurance from the CEO and Head of Finance that, amongst others:

(a) the financial records of KIT have been properly maintained and the financial statements give a true and fair view of the operations and finances of the Trustee-Manager and KIT;

(b) the internal controls of the Trustee-Manager and KIT are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and

(c) they are of the view that the Trustee-Manager's and KIT's risk management system is adequate and effective.

Based on the review of the Trustee-Manager's and KIT's governing framework, systems, policies and processes in addressing the key risks under KIT's Enterprise Risk Management Framework, the monitoring and review of KIT's overall performance and representation from Management, the Board, with the concurrence of the ARC, is of the view that, as at 31 December 2019, the Trustee-Manager's and KIT's risk management system is adequate and effective.

Based on the Trustee-Manager's and KIT's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor, the Board, with the concurrence of the ARC, is of the opinion that, as at 31 December 2019, the Trustee-Manager's and KIT's internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment.

The system of internal controls and risk management established by the Trustee-Manager provides reasonable, but not absolute, assurance that the Trustee-Manager and KIT will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

The internal audit function of the Trustee-Manager and KIT is performed by Internal Audit. The role of the internal auditor is to provide independent assurance to the ARC that the Trustee-Manager and KIT maintain a sound system of internal controls by performing risk based reviews of key controls and procedures and their effectiveness, undertaking investigations as directed by the ARC, and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Internal Audit has unrestricted direct access to the ARC and unrestricted access to all of the Trustee-Manager's and KIT's documents, records, properties and personnel. The Head of Internal Audit's primary line of reporting is to the Chairman of the ARC.

As a member of the Institute of Internal Auditors (IIA), Internal Audit is guided by the International Standards for the Professional Practices of Internal Auditing set by the IIA. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2016. The results reaffirmed that the internal audit activity conforms to the International Standards for the Professional Practice of Internal Auditing.

The professional competence of Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

During the year, Internal Audit adopted a risk-based approach to audit planning and execution that focuses on significant risks, including financial, operational, compliance and information technology risks. An annual audit plan is developed using a structured risk and control assessment framework. Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. A summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and proper closure of audit findings, the status of implementation of the actions agreed by Management is tracked and discussed with the ARC.

The ARC reviewed and is satisfied that Internal Audit is independent, adequately resourced and effective in performing its functions and has appropriate standing within KIT and the Trustee-Manager.

Board Safety Committee
The Board has formed a Board Safety Committee (BSC) to oversee KIT's efforts in Health, Safety, Security and Environment, comprising of two independent Directors:

Mr Kunnasagaran Chinniah	Chairman
Mr Mark Andrew Yeo Kah Chong	Member

The detailed responsibilities of the BSC are disclosed at page 168.

UNITHOLDER RIGHTS, CONDUCT OF UNITHOLDER MEETINGS AND ENGAGEMENT WITH UNITHOLDERS AND STAKEHOLDERS

Principle 11:

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Principle 12:

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Principle 13:

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Trustee-Manager regularly communicates with Unitholders, as well as receives and attends to their queries.

CORPORATE GOVERNANCE

All Unitholders are treated fairly and equitably, and the Trustee-Manager strives to provide timely corporate updates to its Unitholders and stakeholders, including changes in KIT and/or its businesses, which may have material impact to the price or value of its Units.

The Trustee-Manager has in place an Investor Relations (IR) Policy which sets out the principles and practices that it applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The IR Policy is published on KIT's website at www.kepinfratrust.com. The policy is reviewed regularly to ensure relevance and effectiveness.

Material information is disclosed in a comprehensive, accurate and timely manner through the SGX-ST via SGXNET and/or media releases. The Trustee-Manager ensures that unpublished price-sensitive and trade-sensitive information is not selectively disclosed, and on the rare occasion when such information is inadvertently disclosed, it is immediately released to the public through the SGX-ST via SGXNET and/or media releases.

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 as set out in KIT's trust deed. This is unlike companies, which are governed by the Companies Act, and can only make divided payments out of accounting profits.

Unitholders are kept abreast of the latest announcements and updates on KIT via its corporate website. The Trustee-Manager also keeps equity research analysts apprised of corporate developments through regular meetings, conference calls and e-mail correspondences. In addition, the Trustee-Manager meets with investors regularly to update them on the performance and prospects of KIT, thereby building trust, rapport and ensuring effective two-way communication with the investment community. In 2019, the Trustee-Manager engaged more than 200 global investors and analysts through road shows, investor conferences, one-on-one and group meetings, as well as conference calls. The Trustee-Manager also participated widely in local and overseas conferences to engage with global investors and understand their views. More details on the Trustee Manager's investor relations activities are found on pages 30 and 31 of this Annual Report.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meetings. Unitholders are informed of such meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers, KIT's website and through the SGX-ST via SGXNET. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. Unitholders are also informed of the rules, including voting procedures, governing such meetings.

In accordance with the BTA and the KIT trust deed, if any Unitholder is unable to attend, he or she is allowed to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. Each resolution at Unitholders' meetings will be voted by way of electronic poll voting for Unitholders/proxies present at the meeting. Votes cast for and against and the respective percentages, on each resolution will be disclosed after each poll is conducted. An independent external consultant is also appointed as scrutineer for the electronic poll voting process. Prior to the commencement of the general meeting of Unitholders, the scrutineer would review the proxies and the proxy process. A proxy verification process agreed upon with the scrutineer is also in place. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings through the SGX-ST via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the chairmen of the Board and the Board committees are required to be present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, if necessary. The number of Unitholders' meetings held in FY 2019, as well as the attendance of each Board member, are disclosed in the following table:

Director	Unitholders' Meetings Attended
Koh Ban Heng	3
Thio Shen Yi	3
Daniel Cuthbert Ee Hock Huat	3
Mark Andrew Yeo Kah Chong	3
Kunnasagaran Chinniah	3
Christina Tan Hua Mui	3
Cindy Lim Joo Ling	3
No. of Meetings held in FY 2019	**3**

The Trustee-Manager will not be implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretaries prepare minutes of Unitholders' meetings, which incorporate substantial comments or queries from Unitholders and responses from the Board and Management. These minutes are available for viewing on KIT's website.

SECURITIES TRANSACTIONS

Insider Trading Policy
The Trustee-Manager has a formal insider trading policy on dealings in the securities of KIT, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealing with KIT's securities on short-term considerations. The policy has been distributed by the Trustee-Manager to its Directors and officers. In FY 2019, the Trustee-Manager issued circulars to its Directors and officers informing that the Trustee-Manager and its officers must not deal in listed securities of KIT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

CONFLICTS OF INTERESTS

General
The Board has formed a Conflicts Resolution Committee (CRC), consisting entirely of independent Directors:

Mr Daniel Cuthbert Ee Hock Huat	Chairman
Mr Thio Shen Yi	Member
Mr Kunnasagaran Chinniah	Member

The CRC's primary role is to review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual). The CRC's responsibilities are set out on pages 167 and 168.

The CRC has adopted the following framework to resolve such conflicts or potential conflicts of interest:

(a) first, to identify the conflict or potential conflict and then assess and evaluate its nature and extent; and

(b) then, to develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict.

The CRC will apply this framework both in the course of day-to-day conduct of business, as well as in the specific instances when a particular acquisition or disposal is contemplated. In the course of day-to-day conduct of business, all Directors, officers and employees of the Trustee-Manager are obliged to keep strictly confidential all matters received by them in the course of their service to the Trustee-Manager (including without limitation information relating to potential acquisition or disposal opportunities) and not disclose any such matter to any other person.

As an example, when the Trustee-Manager identifies an acquisition or disposal target and seeks the approval of the Board to pursue the transaction:

(a) Each Director and officer of the Trustee-Manager will be obliged to disclose to the CRC whether he or she, as far as he or she is aware, his or her affiliates (including family members, companies of which he or she is a significant shareholder, director or employee) have an interest in pursuing the same target (Potential Conflict of Interest);

(b) If any Director or officer of the Trustee-Manager discloses to the CRC that he or she or his or her affiliates have a Potential Conflict of Interest, the CRC will consider the nature and extent of the Potential Conflict of Interest and develop such measures as may be appropriate to address these issues (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(c) As part of such measures, the CRC may require the relevant Director or officer of the Trustee-Manager to either abstain from participating in the deliberations of the Board on the transaction, or abstain from voting in the transaction, or both;

(d) The CRC will monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and

(e) The obligation on the Director and officer of the Trustee-Manager to make disclosures to the CRC, and on the CRC to review, a Potential Conflict of Interest in relation to any particular transaction is an ongoing obligation and lasts for so long as that transaction is still on-going. This obligation is not imposed only at the start of the transaction. Thus, if in the course of considering the transaction, a Director or officer of the Trustee-Manager should learn of a Potential Conflict of Interest, then that Director or officer of the Trustee-Manager is required forthwith to make the necessary disclosure to the CRC so that the CRC may consider such matters and take the necessary actions.

The CRC will periodically review the framework to ascertain how it has worked out in practice and, where appropriate, will consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions, disposals or other transactions in a manner contrary to the interests of Unitholders as a whole.

CORPORATE GOVERNANCE

The CRC will have the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the Unitholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The CRC and the framework will be in place for so long as (i) the Trustee-Manager remains as the Trustee-Manager of KIT; (ii) Keppel Capital, its related corporations and/or any of its associates remain as controlling shareholders (as defined in the Listing Manual) of the Trustee-Manager or in fact exercise control (as defined in the Listing Manual) over the Trustee-Manager; and (iii) KI remains as a controlling Unitholder of KIT.

The CRC also adopted additional guidelines as set out at page 168.

Specific potential conflict of interest
There may be potential conflict of interests between KIT, Keppel Capital, Keppel Capital group entities (ie. a subsidiary entity, trust or undertaking of Keppel Capital, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings), KI and other KI group entities (ie. a subsidiary entity, trust or undertaking of KI).

Although the Trustee-Manager is a wholly-owned subsidiary of Keppel Capital, its Board composition includes five independent Directors which make up more than the majority of the Board. All the Directors and officers of the Trustee-Manager have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceeding of the Board unless expressly invited to by the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless the ARC (in the case of interested person transactions) or the CRC (in the case of a conflict of interests) has determined that there is no such interest or conflict of interest.

In respect of matters of KIT which Keppel Corporation, Keppel Capital, KI and/or their subsidiaries have an interest, direct or indirect, Ms Christina Tan shall abstain from voting in view of her directorship or employment (where applicable) with Keppel Corporation, Keppel Capital and/or their subsidiaries. In respect of matters of KIT which Keppel Capital have an interest, direct or indirect, Mr Kunnasagaran Chinniah shall abstain from voting in view of his role as an investment committee member of Keppel Asia Infra Fund (GP) Pte. Ltd., a wholly-owned subsidiary of Keppel Capital. In respect of matters of KIT which Temasek and/or its subsidiaries have an interest, direct or indirect, Mr Daniel Ee shall abstain from voting in view of his directorship on a subsidiary of Temasek and Mr Kunnasagaran Chinniah shall also abstain from voting in view of his directorship with and in his capacity as advisor or consultant to certain subsidiaries of Temasek. In such matters, the quorum will comprise a majority of the rest of the independent Directors of the Trustee-Manager. Such matters will fall also within the purview of the ARC.

KI and its associates cannot vote their Units at, or be part of a quorum for, any meeting of Unitholders convened to approve any matter in which KI or any of its associates has a material interest in the business to be conducted.

In addition, if the Trustee-Manager is required to decide whether to take action against any person in relation to a breach of any agreement entered into by the Trustee-Manager for and on behalf of KIT with an interested party of the Trustee-Manager, the Trustee-Manager shall consult with a reputable law firm for legal advice on the matter. For example, if there is a breach of an O&M agreement, the Trustee-Manager will be required to consult a reputable law firm for legal advice on the matter.

Disclosure of conflicts or potential conflicts of interest
During the year, the CRC reviewed conflicts or potential conflicts of interest in the course of KIT's business or operations between (i) KIT and any (ii) Director or officer of the Trustee-Manager, controlling Unitholder, or controlling shareholder of the Trustee-Manager.

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager's Internal Control System

The Trustee-Manager has established an internal control system to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders.

On 16 April 2019, the Trustee-Manager obtained a general mandate from KIT's Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KIT, a subsidiary of KIT or an associated company of KIT (collectively the Entities at Risk or EAR Group), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into IPTs with interested persons which are necessary for the day-to-day operations of KIT, provided that such transactions are made on normal commercial terms and are not prejudicial to KIT and its minority Unitholders. The Unitholders' Mandate remains in force until the next AGM.

In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KIT's interested persons, it would be advantageous to KIT to renew the above Unitholders' Mandate and the Trustee-Manager will seek Unitholders' approval for the same during the forthcoming AGM.

The IPTs transacted for FY 2019 (and its comparison against the previous financial year) are as follows.

Name of Interested Person/ Nature of Transaction	Nature of relationship	Aggregate value of all interested person transactions during FY 2019 under review (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted during FY 2019 under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
		FY19 SS$'000	FY18 SS$'000	FY19 SS$'000	FY18 SS$'000
1. Temasek Holdings (Private) Limited and its Associates("Temasek")	Temasek is an indirect controlling unitholder of KIT and a controlling shareholder of the Trustee-Manager				
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 ("KCL")	KCL is an indirect controlling unitholder of KIT and a controlling shareholder of the Trustee-Manager				
General Transaction					
(a) Sales of Goods and Services		**260**	-	**1,090**	-
(b) Management Fee Expense		**-**	-	**26,431**	9,934
(c) Purchases		**-**	-	**36,696**	44,493
(d) Reimbursement of expenses		**-**	-	**136**	157
(e) Treasury Transactions		**-**	-	**480,426**	162,568
(f) Investment or Divestment		**104,255**	-	**-**	-
Total		**104,515**	-	**544,779**	217,152

MATERIAL CONTRACTS

For FY 2019, save for the disposal of 51% of the issued and paid-up share capital of Datacentre One Pte. Ltd. which was completed and announced on SGXNET on 31 October 2019, there was no material contract that was not in the ordinary course of business, entered into by KIT or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Unitholder.

CORPORATE GOVERNANCE

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established policies and practices in relation to its management and governance of KIT to ensure that KIT is managed in the interest of the Unitholders. These policies and practices include:

(a) the trust property of KIT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee-Manager of KIT;

(b) the Board reviews and approves all investments, acquisitions and divestments by KIT in accordance with the business objectives and investment scope as set out in KIT's trust deed;

(c) the Board has set up the Conflicts Resolution Committee, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KIT and the Trustee-Manager. The details of the measures taken are as set out at pages 161, 162, 167 and 168;

(d) the Trustee-Manager has established internal control systems to ensure that all IPTs are undertaken on normal commercial terms and are not prejudicial to the interests of KIT and its minority Unitholders. The internal auditor carries out a review of IPTs and submit a report to the ARC (comprising entirely of independent Directors). The ARC reviews the report submitted and ensures compliance with applicable legislation and the relevant provisions of the Listing Manual. The details of the IPTs for FY 2019 are set out at page 163;

(e) the Trustee-Manager has adopted a Whistle-Blower Policy, the Enhanced Code of Conduct, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflect the Management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards;

(f) the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KIT out of the trust property of KIT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KIT are appropriate and in accordance with the KIT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at page 136;

(g) the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA, BTR and the Listing Manual.

APPENDIX
BOARD COMMITTEES – TERMS OF REFERENCE

A. Audit and Risk Committee

(1) Review and report to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's internal control system, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);

(2) Perform a review of KIT financial statements and announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for assurance of the integrity of such statements and announcements;

(3) Review audit plans and reports of the external auditor and internal auditor, and consider the effectiveness of actions or policies taken by Management on the recommendations and observations;

(4) Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual (this review will exclude conflicts of interest, which are dealt with by the Conflicts Resolution Committee);

(5) Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KIT;

(6) Review the independence and objectivity of the external auditor and internal auditor annually and as part of the review of independence, to review the nature and extent of non-audit services performed by the external auditor;

(7) Meet with external auditor and internal auditor, without the presence of Management, at least annually;

(8) Review the adequacy and effectiveness of the Trustee-Manager's internal audit function, at least annually;

(9) Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within the Trustee-Manager;

(10) Approve the hiring, removal, evaluation and compensation of the accounting / auditing firm or corporation to which the internal audit function is outsourced;

(11) Recommend to the Board on the proposal to the Unitholders on the appointment, re-appointment and removal of the external auditor;

(12) Approve the remuneration of the external auditor;

(13) Review the audit quality indicators in relation to the external auditor;

(14) Investigate any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;

(15) Obtain, at the Trustee-Manager's or KIT's expense, external professional advice on any matter within its terms of reference;

(16) Report to the Board on critical risk issues, material matters, findings and recommendations;

(17) Obtain recommendations on risk tolerance and strategy from Management, and where appropriate, report and recommend to the Board for its determination:

i. the nature and extent of significant risks which the Trustee-Manager and KIT may take in achieving its strategic objectives; and
ii. the overall level of risk tolerance, risk parameters and risk policies;

(18) Review and discuss, as and when appropriate, with Management the Trustee-Manager and KIT's risk governance structure and framework including risk policies, risk strategy, risk culture, risk assessment, mitigation and monitoring processes and procedures;

(19) Review the Information Technology (IT) governance and cybersecurity framework to ascertain alignment with business strategy and the Trustee-Manager's and KIT's risk tolerance including monitoring the adequacy of IT capability and capacity to ensure business objectives are well-supported with adequate measures to safeguard corporate information, operating assets, and effectively monitor the performance, quality and integrity of IT service delivery;

(20) Receive and review quarterly reports from Management on the Trustee-Manager's and KIT's risk profile and major risk exposures and the steps taken to monitor, control and mitigate such risks;

(21) Review the Trustee-Manager's risk management capabilities including capacity, resourcing, systems, training, communication channels as well as competencies in identifying and managing new risk types;

(22) Review and monitor Management's responsiveness to the critical risk and compliance issues and material matters identified and recommendations of the Audit and Risk Committee;

(23) Review the assurance and steps taken by the CEO and other key management personnel for their relevant areas of responsibilities, regarding the adequacy and effectiveness of the Trustee-Manager's risk management system;

(24) Receive and review updates from Management to assess the adequacy and effectiveness of the Trustee-Manager's compliance framework in line with relevant laws, regulations and best practices;

(25) Through interactions with the Compliance Lead who has a direct reporting line to the Audit and Risk Committee, review and oversee performance of the Trustee-Manager's implementation of compliance programmes;

(26) Review and monitor the Trustee-Manager's approach to ensuring compliance with regulatory commitments, including progress of remedial actions where applicable;

(27) Review the adequacy, effectiveness and independence of the Trustee-Manager's Risk and Compliance function, at least annually, and report the Audit and Risk Committee's assessment to the Board;

(28) Review the policy and arrangements (such as whistle-blower policy) by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;

(29) Review and report to the Board annually on the adequacy and effectiveness of the Trustee-Manager's and KIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls so that the Board may form an opinion on the adequacy of the risk management system and internal controls;

(30) Review the Board's opinion on the adequacy and effectiveness of the Trustee-Manager's risk management systems and internal controls and state whether it concurs with the Board's opinion;

(31) Where there are material weaknesses identified in the Trustee-Manager's risk management systems, to consider and recommend the necessary steps to be taken to address them;

(32) Ensure that the Compliance Lead have direct and unrestricted access to the Chairman of the Audit and Risk Committee;

(33) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit and Risk Committee may deem fit;

(34) Review the Audit and Risk Committee's terms of reference and constitution annually and recommend any proposed changes to the Board to ensure that it is operating effectively and remain consistent with the Board's objectives and responsibilities;

(35) Carry out all other functions of the Audit and Risk Committee in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations; and

(36) Perform such other functions as the Board may determine.

B. Nominating and Remuneration Committee

(1) Recommend to the Board the appointment and re-appointment of Directors on Trustee-Manager's Board and KIT's subsidiaries (including alternate directors, if any);

(2) Re-nomination for re-election of the Directors on the Trustee-Manager's Board and KIT's subsidiaries in accordance with the Trustee-Manager's Constitution, having regard to the Director's contribution and performance;

(3) Review annually the structure size and composition of the Board and Board committees of the Trustee-Manager and conduct an annual review of balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age;

(4) Recommend to the Board a Board Diversity Policy (including the qualitative, and measurable quantitative, objectives (as appropriate) for achieving board diversity), and conduct an annual review of the progress towards achieving these objectives;

(5) Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations.

(6) Ensure that the Board of the Trustee-Manager comprises:
   (a) at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager;
   (b) at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
   (c) at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager;

(7) Assess, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager;

(8) Recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and each Director;

(9) Annual assessment of the effectiveness of the Board as a whole, the Board Committees and the contribution of the Chairman and individual directors;

(10) Review the succession plans for the Board (in particular, the Chairman) and other key management personnel;

(11) Review talent development plans;

(12) Review the training and professional development programs for Board members;

(13) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel; including review of all long-term and short-term incentive plans, with a view to aligning the level and structure of remuneration to the Trustee-Manager's long-term strategy and performance;

(14) Consider all aspects of remuneration to ensure that they are fair, and review the Trustee-Manager's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous;

(15) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme);

(16) Review the ongoing appropriateness and relevance of the remuneration policy to ensure that the level and structure of the remuneration are appropriate and proportionate to the sustained performance and value creation of the Trustee-Manager, taking into account the strategic objectives of the Trustee-Manager;

(17) Review the level and structure of remuneration for directors and key management personnel relative to the internal and external peers and competitors to ensure that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the Trustee-Manager for the long term;

(18) Set performance measures and determine targets for any performance-related pay schemes;

(19) Administer the Trustee-Manager's long-term incentive schemes in accordance with the rules of such schemes;

(20) Report to the Board on material matters and recommendations;

(21) Review the Nominating and Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board for approval;

(22) Perform such other functions as the Board may determine; and

(23) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the Nominating and Remuneration Committee may deem fit.

Save that a member of the Nominating and Remuneration Committee shall not be involved in the deliberations in respect of any matter in which he or she has a personal interest in. Where a member of the Nominating and Remuneration Committee is asked to consider remuneration or a form of benefits that applies generally to the Board or committee members as a whole rather than specific to that member, then the member shall be deemed not to have a personal interest in the matter.

C. Conflicts Resolution Committee

(1) Review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual);

(2) Consider declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identify conflict or potential conflict of interest issues and then assess and evaluate its nature and extent;

(3) Develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);

(4) Monitor the implementation by the Trustee-Manager of the measures imposed by the Conflicts Resolution Committee in order to resolve or mitigate conflict or potential conflict of interest;

(5) Periodically review the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and

(6) Where appropriate, appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Conflicts Resolution Committee to discharge its duties to the Unitholders.

Save that the terms of reference of the Conflicts Resolution Committee would exclude review of interested person transactions which fall within the purview of the Audit and Risk Committee.

Additional Guidelines to the Conflicts Resolution Committee framework

(1) A conflict of interest situation that arises should be brought to the attention of the Conflicts Resolution Committee immediately, which will consider the situation against the guidelines and if the Conflicts Resolution Committee is of the view that the compliance with the guidelines are not adequate to control, avoid or mitigate the conflict of interest, a Conflicts Resolution Committee meeting will be convened to discuss the conflict.

(2) A distinction is to be made between the processes of participation in deliberation and the voting in the transaction as a Director on the Board. An interested Director will be required to abstain from voting on the transaction where there exists a conflict of interest but it should not prohibit the interested Director from participating in the deliberations of the relevant transaction.

(3) However, if an interested Director is also a direct counterparty (for example, if the Director is an officer or sits on the board of directors of the counterparty), such a Director will be required to not only abstain from voting, but also abstain from deliberation of the transaction. The Board may nonetheless invite such an interested Director, on a case by case basis, particularly where he or she has the relevant expertise in the subject matter of the transaction, to attend Board meetings and discussions to assist the Board in its deliberation of the transaction, and in such event, the Board should excuse the interested Director who is also a counterparty from deliberations which involves sensitive information of the transaction.

(4) It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between interested persons) must be made in the best interests of KIT and this is to be decided on a case-by-case basis. Management should consult the Conflicts Resolution Committee in this respect.

D. Board Safety Committee

(1) Review the nature and scale of hazards and risks associated with the businesses and operations of the various operating assets.

(2) Ensure the operating assets have the resources, systems and processes to eliminate, minimise or manage the risks to health, safety, security and environment, including personal safety, process safety, major hazard risks, and plant physical security.

(3) Ensure Keppel Health, Safety, Security and Environment ("HSSE") requirements such as policies, procedures, strategies and standards are communicated, implemented and reviewed.

(4) Monitor HSSE performance of the operating assets, analyse trends and incident root causes, and recommend or propose initiatives for improvement where appropriate to ensure robust HSSE management systems are well maintained.

(5) Review all reportable and high-potential near miss incidents to understand underlying root causes and recommend initiatives or remedial measures where appropriate.

(6) Monitor the compliance with local HSSE legislation in the country in which it operates as a minimum and review any emerging or new legislations that may potentially impact the operating assets.

(7) Keep abreast of developments in the HSSE world, discuss such developments and best practices and consider the desirability of implementation in KIT.

(8) Review the significant changes to HSSE risk profile of the operating assets that has changed or will change as a result of new business, new market, new product, etc. and the steps taken to monitor, control and mitigate such risks.

(9) Report to the Board on HSSE performance, material matters, incident investigation findings and recommendations.

(10) Carry out such investigations into HSSE-related matters as the Committee deems fit.

(11) Ensure on the effectiveness of the HSSE management systems and how the risks are being managed / mitigated on the ground.

(12) Introduce actions to enhance safety awareness and culture within KIT.

(13) Perform such other functions as the Committee may determine.

(14) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Committee may deem fit.

BOARD ASSESSMENT

Evaluation Processes
Each Board member is required to complete questionnaires relating to the Board's and individual Board member's performance and send these questionnaires direct to the Independent Coordinator. Based on the returns of each Director, the Independent Coordinator prepares a consolidated report to brief the chairman of the NRC and the Board Chairman on the report. The Independent Coordinator will thereafter present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

Performance Criteria
The performance criteria adopted for the evaluation process have been consistently applied from year to year, and updated from time to time to account for amendments to the SGX Listing Rules and Code of Corporate Governance.

The performance criteria for the Board evaluation are in respect of board size and composition, board independence, board processes, composition and effectiveness of board committees, board information and accountability, board performance in relation to discharging its principal functions, and performance of board and board committees in relation to discharging their responsibilities. Based on the responses received, the Board continues to perform and fulfill its duties and responsibilities duly in accordance with the established Board processes.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether a Director works well with other Directors, and participates actively, are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, his or her ability to analyse, and contribute to the productivity of meetings are taken into consideration); (3) Director's duties (under which factors as to the Director's Board committee work contribution (where relevant), whether the Director takes his or her role of director seriously, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at Board and Board committee meetings, whether he or she is available when needed etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his or her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

WHISTLE-BLOWER POLICY

Whistle-Blower Policy
The Whistle-Blower Policy was established to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes and reporting channels through which such reports may be made with confidence that employees of the Trustee-Manager and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Trustee-Manager or KIT or contract worker appointed by the Trustee-Manager, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle-Blower acting in good faith is:

a. dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Trustee-Manager;
b. fraudulent;
c. corrupt;
d. illegal;
e. other serious improper conduct;
f. an unsafe work practice; or
g. any other conduct which may cause financial or non-financial loss to the Trustee-Manager or KIT or damage to the Trustee-Manager's or KIT's reputation.

A person who files a report or provides evidence which he or she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he or she subjects (i) a person who has made or intends to make a report in accordance with the Whistle-Blower Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The Head of Internal Audit is the Receiving Officer for the purposes of the Whistle-Blower Policy, and is responsible for the administration, implementation and overseeing ongoing compliance with the Whistle-Blower Policy. She reports directly to the ARC Chairman on all matters arising under the Whistle-Blower Policy.

Reporting Mechanism
The Whistle-Blower Policy emphasises that the role of the Whistle-Blower is a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Trustee-Manager are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor shall not upon receiving or becoming aware of any report, take any independent action or start any investigation in connection the report unless otherwise directed by the ARC Chairman or the Receiving Officer. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be via the established reporting channels), he or she may make the report directly to the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman via the established reporting channels.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Investigation
Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his or her own discretion or in consultation with the Investigation Advisory Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations. The Investigation Advisory Committee assists the ARC Chairman with overseeing the investigation process and any other matters arising therefrom.

All employees of the Trustee-Manager have a duty to cooperate with investigations initiated under the Whistle-Blower Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the ARC Chairman that it would be in the best interests of the employee, the Trustee-Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation (Investigation Subject(s)).

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal
No person will be subject to any reprisal for having made a report in accordance with the Whistle-Blower Policy or having participated in an investigation. A reprisal means personal disadvantage by:

a. dismissal;
b. demotion;
c. suspension;
d. termination of employment/ contract;
e. any form of harassment or threatened harassment;
f. discrimination; or
g. current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining whether, and to what extent, the disciplinary measure to be taken against him or her.

Rule 720(6) of the Listing Manual of the SGX-ST

The information required under Rule 720(6) read with Appendix 7.4.1 of the Listing Manual in respect of Directors whom the Trustee-Manager is seeking endorsement by Unitholders at the annual general meeting to be held in 2020 is set out below.

Name of Director	**Mr Koh Ban Heng**	**Mr Thio Shen Yi**
Date of Appointment	1 May 2015	11 February 2010
Date of last re-appointment (if applicable)	N.A	N.A
Age	71	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The process for succession planning for the Board, appointment of directors, and the seeking of endorsement or re-endorsement of Directors to the Board, is set out at pages 147 to 151 of this Annual Report.	
Whether the appointment is executive, and if so, the area of responsibility	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman of Board, Member of Audit & Risk Committee and Nominating & Remuneration Committee	Independent Director, Chairman of Nominating & Remuneration Committee and Member of Conflicts Resolution Committee
Professional qualifications	Bachelor of Science (Applied Chemistry), Post-Graduate Diploma in Business Administration, University of Singapore	Master of Arts, University of Cambridge; Barrister at Law (Middle Temple), England; Senior Counsel; Master of the Bench of The Honourable Society of The Middle Temple, England; Fellow of the Singapore Institute of Arbitrators; Fellow of the Singapore Academy of Law
Working experience and occupation(s) during the past 10 years	Director of Tipco Asphalt Company PLC (listed on the Stock Exchange of Thailand)	Joint Managing Partner of TSMP Law Corporation
Shareholding interest in the listed issuer and its subsidiaries	101,859 units (direct interest) and 93 units (deemed interest) in Keppel Infrastructure Trust	72,397 units in Keppel Infrastructure Trust
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships - Past (for the last 5 years)	Keppel Infrastructure Holdings Pte. Ltd.; Singapore Petroleum Venture Private Limited; Singapore Refining Company Private Limited; Linc Energy Ltd; Cue Energy Resources Limited (listed on the Australian Securities Exchange)	Immediate Past President, Law Society of Singapore; Director of The Community Justice Centre; CWG International Limited
Other Principal Commitments including Directorships - Present	Advisor of Dialog Group Bhd; Director of Chung Cheng High School Ltd	Director of OUE Realty Pte Ltd; St John's Cambridge (Singapore); Law Society Pro Bono Services Limited Chair, International Relations Committee, Law Society of Singapore; Panel of Arbitrators of the Singapore International Arbitration Centre; Chairman, Corporate Social Responsibility Sub-Committee, Singapore Academy of Law; Member, Professional Conduct Council
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

CORPORATE GOVERNANCE

Name of Director	Mr Koh Ban Heng	Mr Thio Shen Yi
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Name of Director	Mr Koh Ban Heng	Mr Thio Shen Yi
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of : (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	 (i) No (ii) No (iii) No (iv) No	 (i) No (ii) No (iii) No (iv) No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust)	Keppel Infrastructure Fund Management Pte. Ltd. (the Trustee-Manager of Keppel Infrastructure Trust), CWG International Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A

CORPORATE GOVERNANCE

Summary of Disclosures of 2018 CG Code

Rule 710 of the SGX Listing Manual requires Singapore listed companies to describe their corporate governance practices with specific reference to the 2018 CG Code in their annual reports for financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirement under the 2018 CG Code.

PRINCIPLES

Board Matters

The Board's Conduct of Affairs

Principle 1

Provision 1.1	Pages 144, 158, 161 to 164, 167 and 168
Provision 1.2	Page 146
Provision 1.3	Page 144
Provision 1.4	Pages 145, 147 to 162, 165 to 168
Provision 1.5	Pages 145 and 151
Provision 1.6	Page 146
Provision 1.7	Page 146

Board Composition and Guidance

Principle 2

Provision 2.1	Pages 149 to 151
Provision 2.2	Pages 145 to 149
Provision 2.3	Pages 145 to 149
Provision 2.4	Pages 148 and 149
Provision 2.5	Page 145

Chairman and Chief Executive Officer

Principle 3

Provision 3.1	Pages 146 and 147
Provision 3.2	Pages 146 and 147
Provision 3.3	Pages 149 and 151

Board Membership

Principle 4

Provision 4.1	Pages 166 and 167
Provision 4.2	Page 147
Provision 4.3	Page 147
Provision 4.4	Pages 149 and 150
Provision 4.5	Pages 12, 13 and 151

Board Performance

Principle 5

Provision 5.1	Pages 151 and 169
Provision 5.2	Pages 151 and 169

Remuneration Matters

Procedures for Developing Remuneration Policies

Principle 6

Provision 6.1	Pages 152 to 155
Provision 6.2	Page 147
Provision 6.3	Pages 152 to 154
Provision 6.4	Page 152

Level and Mix of Remuneration	
Principle 7	
Provision 7.1	Pages 152 to 155
Provision 7.2	Pages 152 to 155
Provision 7.3	Pages 152 to 155
Disclosure on Remuneration	
Principle 8	
Provision 8.1	Pages 152 to 155
Provision 8.2	Page 155
Provision 8.3	Pages 152 to 155
Accountability and Audit	
Risk Management and Internal Controls	
Principle 9	
Provision 9.1	Page 157
Provision 9.2	Pages 158 and 159
Audit Committee	
Principle 10	
Provision 10.1	Pages 155 to 159, 165 and 166, 169 and 170
Provision 10.2	Page 155
Provision 10.3	Page 156
Provision 10.4	Pages 156 and 159
Provision 10.5	Page 156
Shareholder Rights and Engagement	
Shareholder Rights and Conduct of General Meetings	
Principle 11	
Provision 11.1	Page 160
Provision 11.2	Page 160
Provision 11.3	Page 160
Provision 11.4	Page 160
Provision 11.5	Page 160
Provision 11.6	Page 160
Engagement with Shareholders	
Principle 12	
Provision 12.1	Pages 159 and 160
Provision 12.2	Page 160
Provision 12.3	Page 160
Managing Stakeholders Relationship	
Engagement with Stakeholders	
Principle 13	
Provision 13.1	Page 160
Provision 13.2	Page 160
Provision 13.3	Page 160

RISK MANAGEMENT

Strengthening Enterprise Risk Management
Keppel Infrastructure Trust's (KIT) Enterprise Risk Management (ERM) framework, which is a component of KIT's System of Management Controls provides a holistic and structured approach towards assessing, monitoring and mitigating risks. The Board has in place three Risk Tolerance Guiding Principles for the Trustee-Manager and KIT. The Risk Tolerance Guiding Principles serve to determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The three Risk Tolerance Guiding Principles are:

1. Risk taken should be carefully evaluated, commensurate with rewards and in line with the Trustee-Manager's and KIT's core strengths and strategic objectives.
2. No risk arising from a single area of operation, investment or undertaking should be so huge as to endanger the Trustee-Manager and KIT.
3. The Trustee-Manager does not condone safety breaches or lapses, non-compliance with laws and regulations, as well as acts such as fraud, bribery and corruption.

Robust ERM Framework
The Trustee-Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation as well as monitoring and review. A robust ERM framework enables the Trustee-Manager and KIT to manage risks systematically and remain nimble in capitalising on opportunities.

The risk assessment takes into account both the impact and likelihood of occurrence, and covers the investment, financial, operational and reputational aspects of KIT's business. Tools deployed include risk rating matrices, key risk indicators and risk registers to assist the Trustee-Manager in its risk management process.

The Board, supported by ARC, is responsible for the governance of risk and ensures that the Trustee-Manager maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and KIT's assets. The Board and ARC provide valuable advice to the Trustee-Manager in formulating various risk policies and guidelines. For FY 2019, the Board, with the concurrence of ARC, is of the opinion that KIT's risk management system is adequate and effective, in addressing the key risks identified.

The Trustee-Manager's risk governance is set out in pages 157 to 159 under Principle 9 (Risk Management and Internal Controls).

The risk management assessment framework also determines the adequacy and effectiveness of the risk management system within KIT. In 2019, the Board has assessed and deemed KIT's risk management system to be adequate and effective in addressing the key risks identified below:

Investment Risk
Distribution growth is dependent on KIT's ability to grow its asset base. Timing of new acquisitions is dependent on market opportunities and funding environment. The Trustee-Manager evaluates all investment opportunities according to KIT's stated investment criteria and investment mandate. Investment evaluation includes analysing the asset quality, expected returns, sustainability of asset performance and security of the cash flows.

The Trustee-Manager aims to manage and mitigate risks by diversifying the asset classes and geographic regions in which KIT will invest. KIT has a global investment mandate so as to mitigate country concentration risks.

KIT's current portfolio includes assets with contracted cash flows based on availability that are not sensitive to fluctuations in utilisation, this provides stable and predictable cashflows to support KIT's distributions to Unitholders. The Trustee-Manager intends to pursue further acquisitions that provide regular and/or predictable cash flows, and/or backed by long-term contracts with creditworthy and reputable off-takers.

Interest Rate Risk
KIT's exposure to interest rate risk is minimal, as the majority of its floating rate borrowings have been hedged. In the event KIT is exposed to interest rate risk on the loans drawn under the working capital facility or additional loans that it may undertake, the risk is managed by maintaining an appropriate level of borrowings and mix between fixed and floating rate borrowings. The Trustee-Manager will also monitor the interest rate exposure of KIT and will consider restructuring KIT's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arise.

Foreign Exchange Risk
KIT constantly monitor its exposure to foreign exchange risk. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

KIT pays distributions to its unitholders in Singapore dollars whilst its Australian subsidiaries' distribution to KIT is in Australian dollars.

To manage the currency exposure, KIT utilises appropriate financial instruments to forward-hedge distribution income from its Australian subsidiaries, in compliance with its foreign exchange risk management policy.

Credit Risk
KIT's credit risk is mainly on a few customers, the Singapore and Australian Governments, and a related Keppel entity, which are of good credit standing. Credit risk is also mitigated by the diversified customer base of City Gas and Ixom. The Trustee-Manager monitors the credit risk by ensuring payments are received by the contracted date.

Liquidity Risk
The Trustee-Manager monitors and maintains adequate cash and cash equivalents to finance KIT's operations and mitigate the effects of cash flow fluctuations. The Trustee-Manager manages liquidity risk by maintaining adequate reserves, monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

Operational Risk
KIT's assets are built to operate within certain design specifications. Deviations from the specifications may affect the performance of the assets or the production processes. Each asset is also subject to wear and tear and there may be periodic downtime for repairs and maintenance. If downtime exceeds the contractual allowance, affecting availability or production, cashflows may be affected.

Each asset has a set of standard operating procedures including the implementation of various quality management systems such as ISO9001, Hazard Analysis Critical Control Point (HACCP) that are for the day-to-day operations and regular maintenance of the assets to ensure that the assets are performing at optimal efficiency. The Trustee-Manager monitors, reviews and manages, with the Operations & Maintenance (O&M) contractor or appointed contract professionals, the operational risks of these assets regularly.

The Trustee-Manager, together with the O&M contractor or appointed contract professionals, continue to review and assess threats that could disrupt operations. The Trustee-Manager reviews the insurance plans and considers any necessary insurable risks are insured where commercial coverage plans are available. Business continuity plans are tested, reviewed and refined regularly to ensure the assets are ready to respond to these threats. In 2019, various drills were conducted to address threats such as chemical spillage, fire, IT disaster recovery, cybersecurity, terrorist attack, flu pandemic and power outage. The Trustee-Manager will continue to enhance the robustness of KIT's assets' business continuity plans to ensure operational resilience.

Health, Safety & Environment (HSE) Risk
HSE is one of the core values for KIT and the O&M contractors. The Trustee-Manager does not condone safety breaches or lapses. The Trustee-Manager, together with the O&M contractors, embrace a strong safety culture within the work environment and constantly strive to create safety awareness and share best practices. Emphasis is placed on sharing of safety incidents and lessons learnt, and HSE training to foster safety awareness and skills.

The O&M contractors have developed strong HSE policies and practices including the implementation of various occupational health and safety management systems such as OHSAS18001, SS506 and ensure safe working practices and environment are integrated in all the operations of KIT's assets.

Compliance Risk
KIT and the Trustee-Manager's operations are subject to various government regulations and licensing regimes. KIT and the Trustee-Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes. Recognising that non-compliance with laws and regulations has potentially significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of KIT's business operations.

The Trustee-Manager also monitors changes in legislations and regulations, as well as new developments in its operating environment in particular, those relating to environmental protection, cybersecurity and workplace safety and health, such as air emission levels, hazardous substances, fire safety and employment legislation, have the potential to impact the operations and profitability of the Trust. The Trustee-Manager maintains close working relationships with the O&M contractors and authorities to keep abreast of developments in regulatory frameworks and the business environment. The Trustee-Manager also attends regular operation meetings and trainings to ensure that assets are meeting contractual requirements and in compliance with applicable laws and regulations.

KIT adopts a strong anti-corruption and anti-bribery stance and regularly communicates key policy requirements to ensure relevant policies, processes and controls are effectively designed, managed and implemented so that compliance risks and controls are effectively managed.

Emerging Risks
The Trustee-Manager monitors evolving or emerging risks. Risks identified are considered and actions are taken to mitigate the risk as necessary.

STATISTICS OF UNITHOLDINGS

As at March 3, 2020

Issued and Fully Paid Units

4,994,913,286 Units (Voting rights: 1 vote per Unit)
There is only one class of units in Keppel Infrastructure Trust
Market capitalisation of $2,647,304,042 based on market closing price of $0.53 per Unit on March 3, 2020.

Distribution of Unitholdings

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	666	1.55	24,481	0.00
100 - 1,000	8,226	19.09	5,429,954	0.11
1,001 - 10,000	16,458	38.20	72,468,986	1.45
10,001 - 1,000,000	17,580	40.80	1,205,157,919	24.13
1,000,001 and above	154	0.36	3,711,831,946	74.31
Total	**43,084**	**100.00**	**4,994,913,286**	**100.00**

Twenty Largest Unitholders

No.	Name	No. of Units	%
1.	Keppel Infrastructure Holdings Pte Ltd	909,048,658	18.20
2.	DBS Nominees (Private) Limited	546,976,522	10.95
3.	Citibank Nominees Singapore Pte Ltd	449,931,603	9.01
4.	Bartley Investments Pte. Ltd.	428,333,293	8.58
5.	Raffles Nominees (Pte.) Limited	222,493,646	4.45
6.	HSBC (Singapore) Nominees Pte Ltd	206,139,120	4.13
7.	DBSN Services Pte. Ltd.	150,033,535	3.00
8.	Nassim Investments Pte Ltd	149,167,246	2.99
9.	Napier Investments Pte. Ltd.	106,653,329	2.14
10.	United Overseas Bank Nominees (Private) Limited	37,309,152	0.75
11.	KGI Securities (Singapore) Pte Ltd	35,087,840	0.70
12.	OCBC Nominees Singapore Private Limited	21,362,085	0.43
13.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	20,409,728	0.41
14.	Phillip Securities Pte Ltd	19,547,467	0.39
15.	UOB Kay Hian Private Limited	18,045,076	0.36
16.	Teh Lip Bin	16,792,624	0.34
17.	MayBank Kim Eng Securities Pte. Ltd.	16,619,561	0.33
18.	BPSS Nominees Singapore (Pte.) Ltd.	14,619,677	0.29
19.	DBS Vickers Securities (Singapore) Pte Ltd	13,960,761	0.28
20.	ABN Amro Clearing Bank N.V.	11,371,880	0.23
Total		**3,393,902,803**	**67.96**

Substantial Unitholders

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at March 3, 2020, the Substantial Unitholders of Keppel Infrastructure Trust and their interests in the Units of Keppel Infrastructure Trust are as follows:

	Direct Interest		Deemed interest	
Name	**No. of Units**	**%**	**No. of Units**	**%**
Keppel Infrastructure Holdings Pte. Ltd.	909,048,658	18.20	-	-
Keppel Corporation Limited[1]	-	-	909,048,658	18.20
Bartley Investments Pte. Ltd.	428,333,293	8.58	-	-
Tembusu Capital Pte. Ltd.[2]	-	-	684,153,868	13.70
Temasek Holdings (Private) Limited[3]	-	-	1,593,202,726	31.90

Notes:
1 Keppel Corporation Limited is deemed to have an interest in the Units which its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd., has interest.
2 Tembusu Capital Pte. Ltd. is deemed to have an interest in the Units in which its subsidiaries have interests.
3 Temasek Holdings (Private) Limited ("Temasek") is deemed to have an interest in the Units in which Keppel Corporation Limited and other subsidiaries and associated companies of Temasek hold or have deemed interests.

Public Unitholders

Based on the information available to the Trustee-Manager as at March 3, 2020, approximately 68.07% of the issued Units in Keppel Infrastructure Trust are held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Infrastructure Trust are at all times held by the public.

As at March 3, 2020, there are no treasury units held.

FINANCIAL CALENDAR

FY 2019	
Financial year-end	31 December 2019
Announcement of 2019 1Q results	15 April 2019
Announcement of 2019 2Q results	15 July 2019
Announcement of 2019 3Q results	14 October 2019
Announcement of 2019 full year results	20 January 2020
Distribution payout to Unitholders for the period 1 January 2019 to 24 March 2019	
- Books closure date	22 March 2019
- Payment date	5 April 2019
Distribution payout to Unitholders for the period 25 March 2019 to 31 March 2019	
- Books closure date	24 April 2019
- Payment date	17 May 2019
Distribution payout to Unitholders for the period 1 April 2019 to 30 June 2019	
- Books closure date	23 July 2019
- Payment date	16 August 2019
Distribution payout to Unitholders for the period 1 July 2019 to 30 September 2019	
- Books closure date	22 October 2019
- Payment date	15 November 2019
Distribution payout to Unitholders for the period 1 October 2019 to 31 December 2019	
- Books closure date	29 January 2020
- Payment date	14 February 2020

CORPORATE INFORMATION

TRUSTEE-MANAGER OF KEPPEL INFRASTRUCTURE TRUST

Keppel Infrastructure Fund Management Pte. Ltd.

Registered Address
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632
Phone: +65 6803 1818
Fax: +65 6803 1717
Email: info@kepinfratrust.com
Website: www.kepinfratrust.com

Principal Business Address
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Investor Relations contact:
Phone: +65 6803 1851
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DIRECTORS OF THE TRUSTEE-MANAGER

Mr Koh Ban Heng
Chairman of the Board
Independent Director

Mr Thio Shen Yi
Independent Director

Mr Mark Andrew Yeo Kah Chong
Independent Director

Mr Daniel Cuthbert Ee Hock Huat
Independent Director

Mr Kunnasagaran Chinniah
Independent Director

Ms Christina Tan Hua Mui
Non-Executive Director

AUDIT AND RISK COMMITTEE

Mr Mark Andrew Yeo Kah Chong (Chairman)

Mr Koh Ban Heng

Mr Daniel Cuthbert Ee Hock Huat

NOMINATING AND REMUNERATION COMMITTEE

Mr Thio Shen Yi (Chairman)

Mr Koh Ban Heng

Mr Kunnasagaran Chinniah

Ms Christina Tan Hua Mui

CONFLICTS RESOLUTION COMMITTEE

Mr Daniel Cuthbert Ee Hock Huat (Chairman)

Mr Thio Shen Yi

Mr Kunnasagaran Chinniah

BOARD SAFETY COMMITTEE

Mr Kunnasagaran Chinniah (Chairman)

Mr Mark Andrew Yeo Kah Chong

COMPANY SECRETARIES

Ms Mak Weiling, Winnie

Ms Chua Shuxian, Esther

UNIT REGISTRAR AND UNIT TRANSFER OFFICE

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Partner-in-charge:
Mr Patrick Tan Hak Pheng
Year appointed: 2015

Keppel Infrastructure Fund Management Pte. Ltd.
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