

FOR INFORMATION ONLY

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

K-GREENtrust

(a business trust constituted on 23 July 2009 under the laws of Singapore and managed by Keppel Infrastructure Fund Management Pte. Ltd. as trustee-manager of K-Green Trust ("Trustee-Manager"), a wholly-owned subsidiary of Keppel Integrated Engineering Limited ("Sponsor" or "KIE")

K-Green Trust ("KGT") is a business trust registered (with registration number 2010002) on 27 May 2010 under the Business Trusts Act (Chapter 31A) ("BTA")



Introductory Document

Dated 31 May 2010

INTRODUCTION OF K-GREEN TRUST

TO THE MAIN BOARD OF SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

This Document is issued by the Trustee-Manager in connection with the listing of units representing undivided interests in KGT ("Units") on Singapore Exchange Securities Trading Limited ("SGX-ST") by way of an introduction ("Introduction"). This Document provides information on KGT and the Units in compliance with the listing requirements of the SGX-ST.

An application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Units in issue immediately prior to the date of the commencement of dealing in the Units on the SGX-ST ("Listing Date") and all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the fees payable to the Trustee-Manager. Such permission will be granted when KGT has been admitted to the Official List of the SGX-ST.

KGT has received a letter of eligibility from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of all the Units in issue immediately prior to the Listing Date and all the Units which may be issued to the Trustee-Manager from time to time in full or part payment of the fees payable to the Trustee-Manager. The Units will be traded on the Main Board of the SGX-ST in Singapore dollars. KGT's eligibility to list on the Main Board of the SGX-ST and its admission to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Introduction, the Units, KGT or the Trustee-Manager. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Document.

There is no offering of any of the Units in connection with the Introduction in Singapore or elsewhere and recipients of this Document and all prospective investors in the Units should not take the Introduction or this Document to be an offer of, or an invitation to purchase, any Units. This Document is not a prospectus under Singapore law and has not been lodged with or registered by the Monetary Authority of Singapore ("MAS").

References in this Document to "herein" or "this document" shall be construed as being references to this Document.



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GENERAL NOTICE

KGT has received a letter of approval each from the National Environment Agency (“NEA”) and the Public Utilities Board (“PUB”) for the Restructuring Exercise (as defined herein). Each approval is subject to conditions being satisfied on or before the Completion Date. In the unforeseen event that changes are required to the conditions from the date of this Document to the Completion Date and such changes are material or are required to be disclosed by law and/or the SGX-ST, Keppel Corporation Limited (“KCL”) may make an announcement via SGXNET. All KCL Shareholders should take note of any such announcement and, upon the release of such announcement shall be deemed to have notice of such changes.

No person is authorised to give any information or to make any representation not contained in this Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Trustee-Manager. The delivery of this Document shall not, under any circumstances, imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in the affairs, conditions and prospects of KCL, the Sponsor, KGT, the Trustee-Manager or the Units since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, KCL or, as the case may be, the Trustee-Manager will make an announcement of the same to the SGX-ST. Recipients of this Document and all prospective investors in the Units should take notice of such announcements and upon release of such announcement shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by KCL, the Sponsor, the Trustee-Manager or the Issue Manager or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Document is, or shall be relied upon as, a promise, representation or covenant by KCL, the Sponsor, the Trustee-Manager or the Issue Manager or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Recipients of this Document and all prospective investors in the Units should not construe the contents of this Document as legal, business, financial or tax advice. Recipients of this Document and all prospective investors in the Units should consult their own professional advisers as to the legal, business, financial, tax and related aspects of holding and owning the Units.

This Document has been prepared solely for the purpose of the Introduction and may not be relied upon by any persons for purposes other than the Introduction prior to the Listing Date or for any purpose whatsoever on or after the Listing Date. Nothing in this Document constitutes or shall be construed to constitute an offer, invitation or solicitation in any jurisdiction. This Document does not constitute and shall not be construed to constitute an offer, invitation or solicitation to any person to subscribe for or purchase the Units. This Document does not constitute a prospectus under Singapore law and has not been lodged with or registered by the MAS.

The distribution of this Document may be prohibited or restricted by law in certain jurisdictions. The Trustee-Manager requires persons into whose possession this Document comes to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to the Trustee-Manager. Persons to whom a copy of this Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Copies of this Document may be obtained on request, subject to availability, from:

The Hongkong and Shanghai Banking Corporation Limited

Main branch lobby
21 Collyer Quay, HSBC Building
Singapore 049320

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. An application has been made and the approval of the SGX-ST obtained for the establishment of a temporary counter for the trading of Units in board lots of 100 Units for a period of one calendar month from the Listing Date ("**Concession Period**") for the convenience of Unitholders.

To provide Unitholders a more economical avenue to trade and/or round up their odd lots of Units, KCL has arranged for DBS Vickers Securities (S) Pte Ltd, OCBC Securities Private Limited, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd to offer concessionary brokerage rates for the trading in the Units during the Concession Period. The brokerage fee payable by those who trade on the temporary odd-lot counter during the Concession Period through the four securities houses above are as follows:

	DBS Vickers Securities (S) Pte Ltd	OCBC Securities Private Limited	Phillip Securities Pte Ltd	UOB Kay Hian Pte Ltd
Minimum brokerage fee, provided the number of Units traded in any one contract does not exceed 999 Units	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract if transacted via a broker. S\$10.00 per contract if transacted via the Internet.	S\$20.00 per contract (via a broker or the Internet).

For trades in board lots of 1,000 Units or higher, the usual brokerage fee applies. After the Concession Period, Unitholders who hold odd lots of Units can continue to trade in odd lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

IMPORTANT NOTICE TO CPFIS INVESTORS

If such regulatory or other approvals as may be required or advisable in connection with the Restructuring Exercise, the Distribution and the Introduction (collectively, “**Approvals**”) are obtained, no further action is required by investors who have subscribed for or purchased ordinary shares in the share capital of KCL (“**KCL Shares**”) using CPF Funds (“**CPFIS Investors**”) in order to receive the Units. Further details on the distribution of the Units to CPFIS Investors and the entitlement of CPFIS Investors to receive the Units pursuant to the Distribution are set out in Appendix A — “Keppel Corporation Limited’s Distribution — KCL Shareholders’ Entitlement to Units”.

CPFIS Investors should, however, note that the Units are not included as a type of investment under the CPF Investment Scheme. Accordingly, CPFIS Investors will not be permitted to use their CPF account savings under the CPF Investment Scheme — Ordinary Account (“**CPF Funds**”) to purchase (a) Units traded on the Main Board of the SGX-ST (the listing thereof which is subject to the Approvals having been obtained) or (b) any entitlements in respect of the Units standing to the credit of their respective investment account maintained with a CPF approved agent bank for the purpose of investment of CPF Funds (“**CPF Investment Accounts**”) which are offered to them at a cost, such as additional Units offered to them at a cost by way of a rights issue.

Where any entitlements in respect of the Units standing to the credit of their respective CPF Investment Accounts are offered to them at a cost, CPFIS Investors who wish to purchase these entitlements will need to make cash payments in accordance with the instructions of their respective CPF approved agent banks where they hold their respective CPF Investment Accounts. The purchased entitlements may not be held through their respective CPF Investment Accounts.

DISTRIBUTION AND SELLING RESTRICTIONS

This Document may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Units or the possession, circulation or distribution of this Document or any other offering or publicity material relating to KGT or the Units in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material, circular, form of application or advertisement in connection with the Units may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

FORWARD-LOOKING STATEMENTS

Certain statements in this Document constitute forward-looking statements and financial information, including but not limited to the sections on “Distributions”, “Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk”, “Profit and Cash Flow Forecast and Profit and Cash Flow Projection” and “K-Green Trust”. Such forward-looking statements and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of KGT or the Trustee-Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Trustee-Manager’s present and future business strategies and the environment in which KGT or the Trustee-Manager will operate in the future. As these statements and financial information reflect the Trustee-Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

Among the important factors that could cause KGT’s or the Trustee-Manager’s actual results, performance or achievements to differ materially from those in the forward-looking statements and financial information are the condition of, and changes in, the domestic, regional and global economies that adversely affect the businesses within KGT’s portfolio, changes in government laws and regulations affecting KGT, competition in the “green” infrastructure industries in Singapore or elsewhere in which KGT invests, currency exchange rates, interest rates, tax rates and tax laws, relations with service providers, lenders and regulatory authorities and other matters not yet known to the Trustee-Manager or not currently considered material by the Trustee-Manager. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk”, “Profit and Cash Flow Forecast and Profit and Cash Flow Projection” and “K-Green Trust”. These forward-looking statements and financial information speak only as at the date of this Document. The Trustee-Manager expressly disclaims any obligation or undertaking to release publicly any updates of or revisions to any forward-looking statement or financial information contained herein to reflect any change in the Trustee-Manager’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

CERTAIN DEFINED TERMS AND CONVENTIONS

References to the Trustee-Manager are to it acting in its capacity as trustee-manager of KGT unless otherwise specified or the context of the statement otherwise requires.

References to the “Plants” are to Senoko Waste-to-Energy Plant (formerly known as Senoko Incineration Plant) (“**Senoko Plant**”), Keppel Seghers Tuas Waste-to-Energy Plant (“**Tuas DBOO Plant**”) and/or Ulu Pandan NEWater Plant (“**Ulu Pandan Plant**”) with their respective business undertakings.

References to each of Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC (collectively, “**SPCs**”) are to each of them acting in its personal capacity, unless otherwise specified or the context of the statement otherwise requires.

References to each of the Senoko Trustee, the Tuas DBOO Trustee and the Ulu Pandan Trustee (collectively, “**Sub-Trustees**”) are to each of them acting in its capacity as trustee of Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust respectively, unless otherwise specified or the context of the statement otherwise requires.

References to “ownership of the Plants”, “acquisition of the Plants” or any grammatical variations of or similar words shall refer to the ownership of the units in Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust (collectively, “**Sub-Trusts**”) that own the Plants.

KGT will publish its financial statements in Singapore dollars.

In this Document, references to “S\$” or “Singapore dollars” are to the lawful currency of Singapore.

Capitalised terms used in this Document shall have the meanings set out in sections headed “Glossary of Technical Terms” and “Definitions”.

The illustrative range of market prices included in this Document of S\$1.02 to S\$1.20 per Unit is intended to show the yields that may accrue to Unitholders if the distribution per Unit (“**DPU**”) of 3.91 cents is achieved for the period from 29 June 2010 to 31 December 2010 (“**Forecast Period 2010**”) and the DPU of 7.82 cents is achieved for the period from 1 January 2011 to 31 December 2011 (“**Projection Year 2011**”). Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price different from the illustrative market price range of S\$1.02 to S\$1.20 per Unit. Under no circumstances should the inclusion of such an illustrative market price range be regarded as a representation, warranty or prediction with respect to the market price of the Units upon or following their listing on the SGX-ST.

Any discrepancies in the tables, graphs and charts included in this Document between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place. References to “Appendices” are to the appendices set out in this Document. All references in this Document to dates and times shall mean Singapore dates and times unless otherwise specified.

Unless indicated otherwise, all information in this Document assumes that (a) all outstanding share options granted under the KCL Share Option Scheme (“**KCL Options**”) that have vested on or before the Books Closure Date (as defined herein) will be exercised and (b) there will not be any rounding up or rounding down of the number of Units to be distributed to each shareholder of KCL (“**KCL Shareholder**”) who holds odd-lots of KCL Shares under the Distribution.

The information on any websites referred to in this Document maintained by KCL or the Sponsor, or any website directly or indirectly linked to such websites, is not incorporated by reference into this Document and should not be relied upon.

CORPORATE AND OTHER INFORMATION

Directors of the Trustee-Manager	: Mr Khor Poh Hwa (<i>Non-Executive and Non-Independent Director and Chairman of the Board</i>) Mr Alan Ow Soon Sian (<i>Independent Director</i>) Mr Paul Ma Kah Woh (<i>Independent Director</i>) Ms Quek Soo Hoon (<i>Independent Director</i>) Mr Thio Shen Yi (<i>Independent Director</i>) Mr Teo Soon Hoe (<i>Non-Executive and Non-Independent Director</i>) Mr Michael Chia Hock Chye (<i>Non-Executive and Non-Independent Director</i>)
Registered Office of the Trustee-Manager	: 1 HarbourFront Avenue #18-01 Keppel Bay Tower Singapore 098632
Principal Place of Business of the Trustee-Manager	: 2 Corporation Road #02-07 Corporation Place Singapore 618494
Unit Registrar and Unit Transfer Office	: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Issue Manager	: The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #03-01 HSBC Building Singapore 049320
Legal Adviser to the Introduction, the Trustee-Manager and the Sponsor	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Issue Manager	: Allen & Overy LLP 24 Raffles Place #22-00 Clifford Centre Singapore 048621
Independent Reporting Accountants and Auditors	: Deloitte & Touche LLP Certified Public Accountants 6 Shenton Way #32-00 DBS Building Tower Two Singapore 068809 Partner-in-charge: Lim Kuan Meng (a member of the Institute of Certified Public Accountants of Singapore)
Independent Tax Adviser	: Ernst & Young Solutions LLP Level 18 North Tower One Raffles Quay Singapore 048583

Independent Contracts Review Consultant and Independent Industry Expert	:	MWH Consultants (S) Pte Ltd 100 Beach Road #21-08 Shaw Tower Singapore 189702
Independent Valuer	:	Stone Forest Corporate Advisory Pte Ltd 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095
Independent Financial Adviser	:	PrimePartners Corporate Finance Pte. Ltd. 1 Raffles Place #30-03 OUB Centre Singapore 048616

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SUMMARY

The following summary is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Document. This Document should be read in its entirety and, in particular the sections from which the information in this summary is extracted and “Risk Factors”. The meanings of terms not defined in this summary can be found in the “Glossary of Technical Terms”, the “Definitions” or, where expressly stated, in the Trust Deed. A copy of the Trust Deed can be inspected at the registered office of the Trustee-Manager.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks, uncertainties and assumptions which could cause actual results to differ materially from those projected (see “Forward-looking Statements”). In no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Issue Manager, the Sponsor or any other person or that these results will be achieved or are likely to be achieved. Investing in the Units involves risks.

OVERVIEW

KGT will provide investors with an opportunity to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East. Its sponsor is KIE, which is a wholly-owned subsidiary and the environmental engineering arm of KCL. The Trustee-Manager believes that the long-term, regular and predictable cash flows which the assets in KGT’s portfolio will receive from reputable and creditworthy off-takers, the potential for long-term capital growth of KGT and the tax-efficient and conservative capital structure of KGT, are several key highlights for an investment in KGT. In addition, the Trustee-Manager plans to capitalise on the synergistic business models of KGT and the Sponsor, the continuing commitment of the Sponsor to KGT and the extensive “green” infrastructure expertise and wide networking contacts of the Sponsor to acquire “green” infrastructure assets from the Sponsor through certain rights of first refusal (“ROFR”) granted by the Sponsor and from third parties.

KGT was constituted as a business trust on 23 July 2009 by the Trust Deed under the laws of Singapore and was registered under the BTA with the MAS on 27 May 2010. On 31 August 2009, KGT completed the acquisition of Senoko Plant. On the Completion Date, KGT will acquire Tuas DBOO Plant and Ulu Pandan Plant. All of the Plants have commenced commercial operations as at the date of this Document.

The Plants have long-term concession agreements with Singapore statutory bodies of between 15 years to 25 years. The term of the incineration services agreements entered into with NEA for Senoko Plant is 15 years and for Tuas DBOO Plant is 25 years. The term of the NEWater agreement with PUB for Ulu Pandan Plant is 20 years.

KGT’s business will be managed by the Trustee-Manager, which is a wholly-owned subsidiary of the Sponsor. The Board of Directors and the management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets. They also have experience working in senior management positions in or serving on the boards of public-listed companies. (See “The Trustee-Manager of KGT — Directors” and “The Trustee-Manager of KGT — Executive Officers”.)

In addition, the Trustee-Manager expects to leverage on the ROFR and the strengths of the Sponsor to help generate deal flow, assess opportunities and to maximise the value of KGT's investments.

KEY INVESTMENT HIGHLIGHTS

The Trustee-Manager believes that KGT offers Unitholders the following key investment benefits:

1. A listed "green" infrastructure business trust with potential for long-term capital growth

KGT will invest in "green" infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

A "green" focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure sector, as waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies.

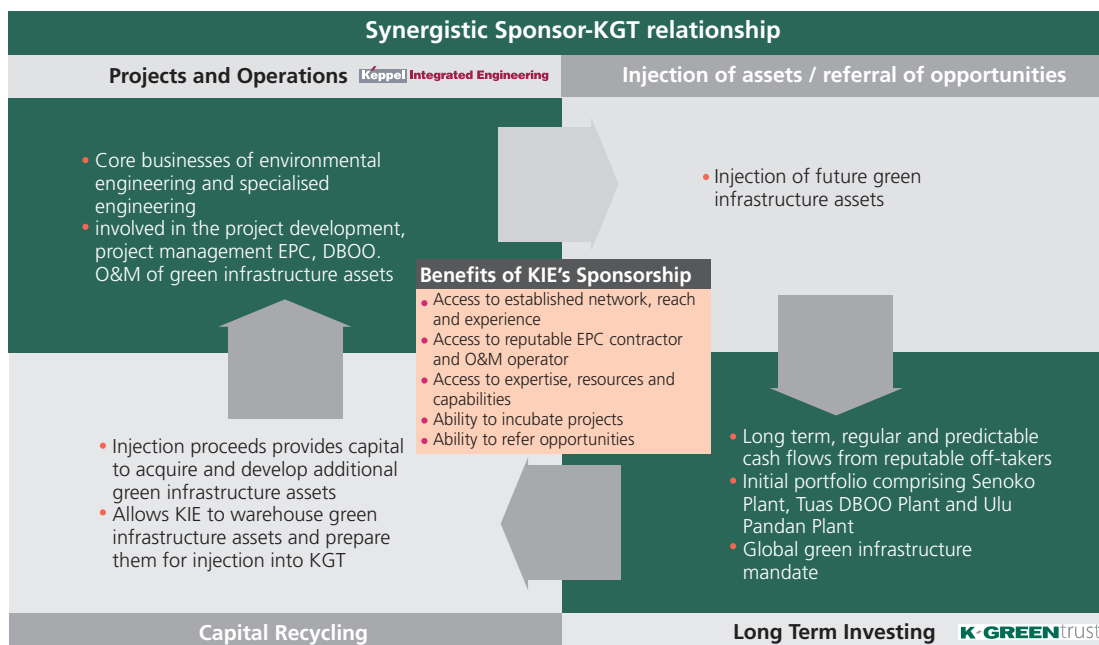
The Trustee-Manager believes that "green" infrastructure assets are attractive as an investment class because they typically display characteristics with some or all the attributes listed below and as a result, may provide Unitholders with long-term, regular and predictable cash flows:

- (a) long term investment profile — infrastructure assets generally operate under concessions and agreements that provide for long-term payments;
- (b) strategic competitive advantage — infrastructure assets are usually difficult to replicate due to their size, construction cost, scarcity of land for construction and other restrictions; and
- (c) relatively inelastic demand — infrastructure assets generally grow in tandem with economic or demographic growth with modest exposure to changes in the business cycle resulting in stable operating cash flows and may reduce the overall volatility of investor returns.

2. Long-term, regular and predictable cash flows from the Plants

The Plants are expected to generate cash flows which will provide long-term, regular and predictable distributions to Unitholders. The Plants have long-term concession agreements with Singapore statutory bodies (namely, NEA and PUB) of between 15 years to 25 years. The government of Singapore ("**Singapore Government**") holds an "AAA" credit rating from Standard & Poor's Rating Services ("**Standard & Poor's**"). The term of the incineration services agreements with NEA for Senoko Plant is for 15 years commencing from 1 September 2009 ("**Senoko ISA Conditions Satisfaction Date**") and for Tuas DBOO Plant is for 25 years commencing from 30 October 2009 ("**Tuas DBOO PCOD**"). The term of the NEWater agreement with PUB is for 20 years commencing from 28 March 2007 ("**Ulu Pandan PCOD**"). NEA is a body corporate established pursuant to the National Environment Agency Act (Chapter 195) and is responsible for improving and sustaining a clean and green environment in Singapore. PUB is a body corporate established pursuant to the Public Utilities Act (Chapter 261) and is responsible for the collection, distribution and reclamation of water in Singapore. The payments received from NEA and PUB are expected to provide long-term, regular and predictable cash flows to KGT.

3. Synergistic relationship with and support from an established sponsor



The Sponsor owns the entire issued share capital of the Trustee-Manager and intends to position KGT as its primary platform for investing in developed “green” infrastructure assets. The Sponsor is a wholly-owned subsidiary of KCL, a Singapore-incorporated company listed on the Main Board of the SGX-ST. As at the Latest Practicable Date, the Sponsor, through its wholly-owned subsidiary, Keppel Seghers Engineering Singapore Pte. Ltd. (“**Keppel Seghers**”), operates in 11 countries with about 3,000 employees and has been involved in more than 350 water and wastewater treatment projects and more than 100 thermal waste treatment solutions projects (including waste-to-energy (“**WTE**”) projects) worldwide.

The Sponsor will demonstrate its commitment to KGT by owning up to 313,200,000 Units immediately prior to the Listing (“**Sponsor Units**”) (such Units representing approximately 49.0% of the total number of Units in issue as at the Listing Date), making it the single largest Unitholder as at the Listing Date.

The Sponsor and its subsidiaries are able to support KGT through strong technical, operation and maintenance (“**O&M**”) and engineering, procurement and construction (“**EPC**”) expertise to ensure that asset operations run smoothly. Keppel Seghers is a leading provider of comprehensive environmental solutions, ranging from consultancy, design and engineering, technology and construction to operation and maintenance of facilities. It actively engages in all fields of environmental engineering (for example, water, air, solid waste, sludge, and alternative energy). For more details of its recent and on-going projects, see “The Sponsor”.

Keppel Seghers has been appointed as O&M operator (“**Keppel O&M Operator**”) for all aspects of the O&M of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant. The Plants are able to benefit from Keppel Seghers’ extensive technical expertise in managing O&M operations.

To demonstrate its commitment to KGT, the Sponsor has granted KGT certain rights of first refusal pursuant to a Deed of Right of First Refusal ("**ROFR Deed**") executed by the Sponsor in favour of the Trustee-Manager. The ROFR Deed, which will come into effect on the Listing Date, applies to any asset (each a "**ROFR Asset**"):

- (a) in which one or more of the Sponsor or a subsidiary entity, trust or undertaking of the Sponsor (excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings) (each a "**Sponsor Group Entity**") holds, in aggregate, a voting interest of more than 50%; and
- (b) which is of such type, carries out such activities or provides such services, and is located within such geographical area, as to fall within the Investment Mandate,

as well as certain assets which are identified in the ROFR Deed.

The table below sets out a list of assets which are subject to the ROFR as at the date of the ROFR Deed.

Name of Plant	Location	Description	Design Capacity
Biopolis DCS Plant	Biopolis@one-north, Singapore	A district cooling system wholly-owned by Keppel DHCS Pte Ltd (" Keppel DHCS ").	25,750 RT
Changi DCS Plant	Changi Business Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	13,000 RT
Woodlands DCS Plant	Woodlands Wafer Fab Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	10,100 RT
Amotfors Energi WTE Plant	Sweden	A combined heat and power WTE plant which is 22% owned by Keppel Seghers.	190 tonnes/day

The Sponsor intends to support KGT by potentially warehousing attractive greenfield projects until such projects achieve a more stable cash flow generation capability and become suitable investments for KGT. This will facilitate the creation of a pipeline of high quality income-generating "green" infrastructure projects for potential investment by KGT. The Sponsor may also consider co-investing in assets with KGT.

4. Experienced management team and Board of Directors

The Board of Directors and the management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets. They also have experience working in senior management positions in or serving on the boards of public-listed companies. (See "The Trustee-Manager of KGT — Directors" and "The Trustee-Manager of KGT — Executive Officers".)

5. Tax-efficient and conservative capital structure

Each of the Sub-Trustees intends to utilise the qualifying project debt security incentive introduced by the MAS and issue Senoko Notes, Tuas DBOO Notes and Ulu Pandan Notes (collectively, "**Notes**"), respectively, to the Trustee-Manager in amounts which take into account the capital needs of each Plant while seeking to optimise the tax efficiency of the

capital structure as a whole. (For further details, see “Restructuring Exercise — Issue of Notes”.) Under the incentive, interest income received by KGT from the Sub-Trusts is exempt from Singapore income tax and is also not subject to Singapore withholding tax.

KGT will not have any debt as at the Listing Date which will provide it with an optimal debt financing capacity for future investment opportunities. The Trustee-Manager intends to fund future acquisitions using a financing structure that allows KGT to achieve its investment strategy of distributing long-term, regular and predictable cash flows to its Unitholders.

The Trustee-Manager plans to structure any future debt of KGT to ensure that all of its assets and businesses have sufficient financial flexibility to meet its capital expenditure and operational needs, and at the same time, service its debt obligations promptly and reliably. It intends to maintain its optimal capital structure to provide it with the flexibility to execute its growth strategies.

6. Performance Fee, Acquisition Fee and Divestment Fee are structured to align the interest of the Trustee-Manager with those of Unitholders

The Trustee-Manager is entitled under the Trust Deed to a management fee (“**Management Fee**”) and a performance fee (“**Performance Fee**”) for its provision of services to KGT. To incentivise and align the interests of the Trustee-Manager with those of the Unitholders, the Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments. (See “The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Management Fee and Performance Fee”.)

In addition, the Trustee-Manager is also entitled to receive an acquisition fee (“**Acquisition Fee**”) in respect of any investment (other than the Plants) acquired by KGT or any of the Sub-Trusts or such other special purpose vehicle holding or constituted to hold KGT’s investments (each, a “**KGT Entity**”) and a divestment fee (“**Divestment Fee**”) in respect of any investment sold or divested by KGT or a KGT Entity.

The Acquisition Fee will be calculated (a) at the rate of up to 0.5% of the Enterprise Value of any investment acquired, where such investment is acquired (i) from one or more Sponsor Group Entities or (ii) partly from one or more Sponsor Group Entities and partly from one or more third parties and the Sponsor Group Entity(ies) had in aggregate direct or indirect interests of more than 50% in such investment prior to the acquisition, and (b) in all other cases, at a rate of up to 1.0% of the Enterprise Value of such investment.

The Divestment Fee will be calculated at a rate of up to 0.5% of the Enterprise Value of any investment sold or divested by KGT or a KGT Entity. Enterprise Value is calculated in accordance with the formula set out in “The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Acquisition Fee and Divestment Fee”.

BUSINESS STRATEGY

The investment objective of KGT is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East (“**Investment Mandate**”).

Such “green” infrastructure assets include:

- (a) Waste management infrastructure assets including but not limited to waste pre-treatment plants, WTE and bio-solids/sludge treatment plants;
- (b) Water and wastewater treatment plants including but not limited to wastewater treatment plants, process water treatment plants, drinking water treatment plants, water reclamation plants, desalination plants and water re-use plants;
- (c) Renewable energy infrastructure assets including but not limited to wind and solar farms; and
- (d) Energy efficient infrastructure assets including but not limited to district heating and cooling systems.

The Trustee-Manager intends to pursue investments which exhibit one or more of the following characteristics set out below:

- (a) Operational projects that generally provide long-term, regular and/or predictable cash flows;
- (b) Assets that operate on the basis of long-term contracts or concessions; and
- (c) Assets that have creditworthy or reputable off-takers.

KGT aims to provide Unitholders with long-term, regular and predictable distributions through a combination of the following strategies:

- (a) **Growth strategy** — to provide growth in distributions to Unitholders through future investments in “green” infrastructure assets; and
- (b) **Risk and capital management strategy** — to manage and mitigate KGT’s overall risks and enhance financial flexibility by maintaining an optimal capital structure.

Growth Strategy for KGT

KGT’s future distribution growth will be derived mainly from its growth strategy. The Trustee-Manager believes that KGT’s growth strategy is enhanced and strengthened by the following factors:

- (a) **Sponsor’s commitment and track record** —The Sponsor holds all the shares in the issued share capital of the Trustee-Manager as at the Latest Practicable Date and will hold the Sponsor Units immediately prior to the Listing. To demonstrate its commitment to KGT, the Sponsor has given an undertaking to the Trustee-Manager that it will not sell, transfer or otherwise dispose of the Sponsor Units, or any part thereof, for a period of 12 months commencing from the Listing Date (“**Lock-Up Period**”). The Sponsor has also given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than 30% of the total Units (“**Minimum Unitholding**”) free and clear of all encumbrances. In addition, the Sponsor has also given:
 - (i) an undertaking to NEA that it will not sell, agree to sell or otherwise dispose or encumber any of the Units comprised in the Minimum Unitholding without the prior written consent of NEA; and
 - (ii) an undertaking to PUB that it will not sell, agree to sell or otherwise dispose of or encumber the Sponsor Units or any of the Units which may be acquired by it for the purpose of funding the Trustee-Manager’s subscription for additional units in Ulu Pandan Trust without the prior written consent of PUB (such consent not to be unreasonably withheld).

The Trustee-Manager believes that the sponsorship of KIE will benefit KGT in the following ways:

- (i) KGT will be able to draw on KIE's international reach and business network in sourcing for acquisition opportunities.
- (ii) The right of first refusal to acquire ROFR Assets granted by KIE increases the pipeline of acquisition opportunities available to KGT e.g. greenfield and other "green" infrastructure assets.
- (iii) The sponsorship will give KGT access to "green" infrastructure expertise to assist it in identifying and assessing potential acquisition opportunities.

KIE plans for KGT to be its key platform for its investments in operating "green" infrastructure assets.

- (b) **ROFR Assets pipeline** — KGT will have certain rights of first refusal in respect of the ROFR Assets.
- (c) **Experienced Board and management team** — The Board and the management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets.
- (d) **Opportunities in the "green" infrastructure industry** — The Trustee-Manager believes there are significant investment opportunities in the "green" infrastructure industry due to greater demand for (i) cleaner and more efficient methods of disposing waste due to limited landfill space and the environmental problems associated with it, (ii) alternative energy sources such as WTE plants, wind and solar farms, and (iii) improved water quality through wastewater treatment.

A growing awareness for environmental issues will help drive demand for "green" infrastructure assets. There is also a growing trend for governments to support the private sector investing in both new and existing "green" infrastructure assets through further deregulation and the privatisation of public sector "green" infrastructure assets.

The Trustee-Manager has obtained a confirmation from the SGX-ST that any acquisition of "green" infrastructure asset that is in the same class and geographical location as the Plants and subsequently, in KGT's portfolio on a continuing basis, will not be subject to Chapter 10 of the Listing Manual. However, any acquisition of asset that is beyond the business and geographical segments of the KGT's portfolio at the time of the acquisition and any disposal of assets by KGT will be subject to Chapter 10 of the Listing Manual.

Risk and Capital Management Strategy

The objectives of the Trustee-Manager in relation to portfolio management include:

- (a) **Prudent financial leverage** — The Trustee-Manager aims to maintain a prudent financial leverage. For future assets, acquisitions and operating units, the Trustee-Manager would seek to utilise non-recourse project financing that is specifically structured to match the long-term, regular and predictable cash flows from the customers of KGT. Generally, the Trustee-Manager's philosophy towards KGT's overall debt structure is to ensure that all of its assets and businesses have sufficient financial flexibility to meet their capital expenditure and operational need and, at the same time, to service their debt obligations promptly. The Trustee-Manager intends to maintain an efficient capital structure for KGT so as to provide it with flexibility to execute its growth strategies.

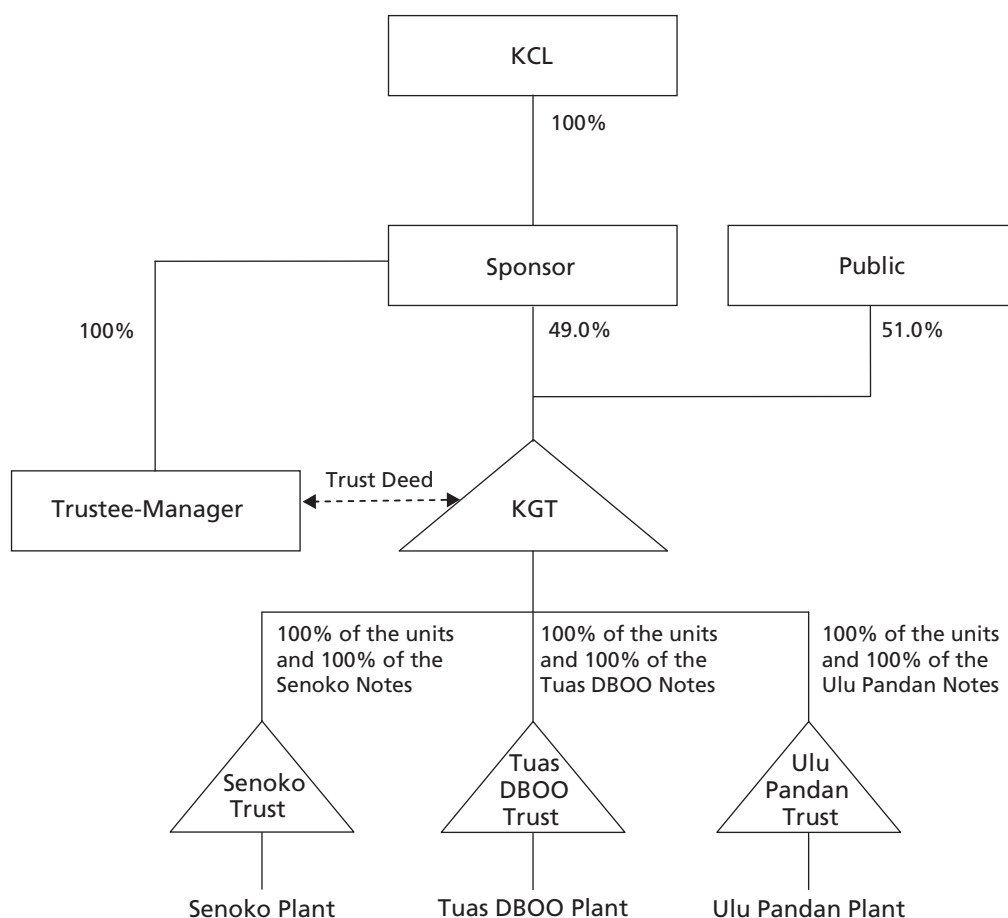
As at the Listing Date, KGT will not have any gearing. This will facilitate the ability of the Trustee-Manager to utilise debt financing in the future.

- (b) **Diversification of asset class and geographic risks** — The Trustee-Manager aims to manage and mitigate risks by diversifying the asset class and geographic region in which KGT will invest. Although waste management, water and wastewater treatment, renewable energy and energy efficiency fall under the broad category of “green” infrastructure assets, it is unlikely that these sub-sectors will be affected by the same sector specific events save for general macro-economic events that affect all sectors.

Although the Plants are located in Singapore, the Investment Mandate of the Trustee-Manager includes investments in different geographic regions such as Asia, Europe and the Middle East in the future so as to mitigate country specific risks.

STRUCTURE OF KGT

The following diagram illustrates the relationship between KGT, the Trustee-Manager, KCL, the Sponsor and the Unitholders based on KGT’s portfolio upon Listing:



Notes:

- (1) The Trustee-Manager will hold: (i) 100% of the issued share capital in Senoko SPC, 100% of the units in the Senoko Trust and 100% of the Senoko Notes; (ii) 100% of the issued share capital in Tuas DBOO SPC, 100% of the units in the Tuas DBOO Trust and 100% of the Tuas DBOO Notes; and (iii) 100% of the issued share capital in Ulu Pandan SPC, 100% of the units in the Ulu Pandan Trust and 100% of the Ulu Pandan Notes, in each case on trust for the Unitholders.
- (2) The Senoko Trustee, Tuas DBOO Trustee and the Ulu Pandan Trustee will hold the assets and business undertakings relating to Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant respectively, on trust for the respective unitholders of the Sub-Trusts.

The Trust: K-Green Trust

KGT is a business trust constituted by a trust deed dated 23 July 2009 under the laws of Singapore and is principally regulated by the BTA and the SFA. Pursuant to the Trust Deed, the Trustee-Manager will hold all its assets (including businesses) acquired, as well as other assets acquired in future, on trust for Unitholders as the trustee-manager of KGT. The portfolio of KGT as at the Listing Date will comprise of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant.

The Sponsor: Keppel Integrated Engineering Limited

The sponsor of KGT is KIE, a company incorporated in Singapore and a wholly-owned subsidiary of KCL, which is a company listed on the SGX-ST.

The Sponsor is the environmental engineering arm of KCL and has two core businesses namely, environmental engineering and specialised engineering, which includes facilities management, operation & maintenance, and industrial equipment maintenance services (e.g. turbine and industrial machineries). The Sponsor and its subsidiaries have been established for over 30 years with an extensive track record of successful turnkey project development, project management, EPC, design, build, own and operate (“**DBOO**”), O&M and investment projects. Its activities in the infrastructure and environmental sector include solid waste treatment plants, power plants, transportation systems such as Singapore’s mass rapid transit and light rail transit systems, wastewater treatment plants such as Ulu Pandan Plant, flue gas treatment systems and sludge treatment facilities.

The Trustee-Manager: Keppel Infrastructure Fund Management Pte. Ltd.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 28 February 2008. As at the date of this Document, the Trustee-Manager has an issued and paid-up capital of S\$1.0 million. Its registered office is located at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632.

The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for carrying out KGT’s investment and financing strategies, asset acquisition and disposal policies and for the overall management of KGT’s assets.

The Sponsor owns 100% of the issued share capital of the Trustee-Manager and is the controlling shareholder of the Trustee-Manager.

The Board is made up of individuals with a broad range of commercial experience, including expertise in the infrastructure industry. The Board consists of Mr Khor Poh Hwa, as Chairman and a Non-Executive and Non-Independent Director, Mr Alan Ow Soon Sian, Mr Paul Ma Kah Woh, Ms Quek Soo Hoon and Mr Thio Shen Yi as Independent Directors and Mr Teo Soon Hoe and Mr Michael Chia Hock Chye as Non-Executive and Non-Independent Directors.

Role of Trustee-Manager

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by KGT. The Trustee-Manager has general powers of management over the business and the assets of KGT and its main responsibility is to manage KGT’s assets and liabilities for the benefit of Unitholders as a whole. The Trustee-Manager will set the strategic direction of KGT and decide on the acquisition, divestment or enhancement of assets of KGT in accordance with its stated investment strategy. The Trustee-Manager is also obliged to exercise due care to comply with the applicable provisions of all relevant legislation and the Listing Manual, and is responsible for ensuring compliance with the Trust Deed and all relevant contracts entered into by KGT. (See “The Trustee-Manager of KGT”.)

Certain Fees

The following is a summary of certain fees payable by KGT to the Trustee-Manager in connection with the establishment and on-going management and operation of KGT:

Payable by KGT	Amount payable
(a) Management Fee	<p>The Management Fee comprises a fixed fee of S\$2.0 million per annum, which is subject to increase each year by such percentage representing the percentage increase (if any) in the average of the monthly Singapore Consumer Price Index ("CPIS") for the 12 calendar months immediately preceding the beginning of each FY over the average of the monthly CPIS for FY2010.</p> <p>The Management Fee will be payable to the Trustee-Manager Quarterly in arrears, for each of the first three Quarters in a FY, within 55 calendar days after the end of that Quarter, and for the last Quarter in a FY, within 70 calendar days after the end of that Quarter.</p> <p>The Trustee-Manager may elect to receive all or part of the Management Fee payable in respect of the relevant Quarter in Units instead of cash.</p>
(b) Performance Fee	<p>The Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments.</p> <p>The Performance Fee will be payable to the Trustee-Manager Quarterly in arrears, for each of the first three Quarters in a FY, within 55 calendar days after the end of that Quarter, and for the last Quarter in a FY, within 70 calendar days after the end of that Quarter.</p> <p>The Trustee-Manager may elect to receive all or part of the Performance Fee payable in respect of the relevant Quarter in Units instead of cash.</p>
(c) Acquisition Fee	<p>The Acquisition Fee will be calculated as follows:</p> <ul style="list-style-type: none">(i) 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investment acquired, where the investment is acquired:<ul style="list-style-type: none">(A) from any one or more Sponsor Group Entities; or(B) partly from any one or more Sponsor Group Entities and partly from one or more third parties, and the Sponsor Group Entity(ies) had in aggregate direct or indirect interests of more than 50% in such investment prior to the acquisition; and(ii) in all other cases, 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of such investment.

Enterprise Value is calculated in accordance with the formula set out in "The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Acquisition Fee and Divestment Fee".

The Acquisition Fee will be payable to the Trustee-Manager within ten Business Days after the date of completion of the acquisition and the Trustee-Manager may elect to receive all or part of the Acquisition Fee in Units instead of cash.

For the avoidance of doubt, the Acquisition Fee is not payable in respect of the acquisition of the Plants.

(d) Divestment Fee

The Divestment Fee is calculated at the rate of 0.5% of the Enterprise Value of any investment sold or divested by KGT or a KGT Entity.

Enterprise Value is calculated in accordance with the formula set out in "The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Acquisition Fee and Divestment Fee".

The Divestment Fee will be payable to the Trustee-Manager within ten Business Days after the date of completion of the sale or divestment and the Trustee-Manager may elect to receive all or part of the Divestment Fee in Units instead of cash.

SENOKO PLANT



General Description

Senoko Plant is located in Senoko, which is in the northern part of Singapore.

It is the third waste incineration plant built in Singapore and is one of the four waste incineration plants operating in Singapore as at the Latest Practicable Date. It was commissioned in 1992 on a land area of 7.5 hectares. Senoko Plant is equipped with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2 x 28 MW.

Owner (as at the Listing Date):	Senoko Trustee
Plant Type:	WTE waste incineration plant
Location:	Senoko, Singapore
Status as at date of this Document:	In operation
Type of Concession:	Senoko ISA
Term of Concession:	15 years, commencing on 1 September 2009
Contracted Incineration Capacity:	2,100 tonnes/day
Off-taker:	NEA
O&M operator:	Keppel Seghers
EPC contractor for Flue Gas System Upgrade:	Keppel Seghers

Highlight

- The Singapore Government decommissioned Ulu Pandan Refuse Incineration Plant, the first of the five waste incineration plants built in Singapore, in August 2009. Following the decommissioning, Senoko Plant is the only waste incineration plant located outside of the Tuas area (which is in the western part of Singapore) and this positions it to serve the eastern, northern and central areas of Singapore.

TUAS DBOO PLANT



General Description

Tuas DBOO Plant is located in Tuas, which is in the western part of Singapore.

It is the fifth waste incineration plant built in Singapore. Tuas DBOO Plant is also the first waste incineration plant in Singapore to be built under the public-private-partnership initiative. Developed by Keppel Seghers in 2006 and operational since October 2009, it is the first in Singapore to showcase WTE technology from a Singapore company. Tuas DBOO Plant is equipped with two incinerator-boiler units with one condensing turbine-generator offering a power generation capacity of 22 MW.

Owner (as at the Listing Date):	Tuas DBOO Trustee
Plant Type:	WTE waste incineration plant
Location:	Tuas, Singapore
Status as at date of this Document:	In operation
Type of Concession:	Tuas DBOO ISA
Period of Concession:	25 years, commencing on 30 October 2009
Contracted Incineration Capacity:	800 tonnes/day
Off-taker:	NEA
O&M operator:	Keppel Seghers
EPC contractor:	Keppel Seghers

Highlights

- Tuas DBOO Plant was built with Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas cleaning system.
- As at the Latest Practicable Date, it is the newest of the four waste incineration plants operating in Singapore.

ULU PANDAN PLANT



General Description

Ulu Pandan Plant is located in Ulu Pandan, which is in the central part of Singapore.

Ulu Pandan Plant is the fourth NEWater plant in Singapore and has been operational since 2007. In early 2005, PUB awarded the contract to Ulu Pandan SPC to design, build, own and operate Ulu Pandan Plant under a public-private-partnership initiative, so as to meet the demand from the industrial and commercial sectors in the western and central regions of Singapore.

Owner (as at the Listing Date):	Ulu Pandan Trustee
Plant Type:	NEWater plant
Location:	Ulu Pandan, Singapore
Status as at date of this Document:	In operation
Type of Concession:	NEWater Agreement
Period of Concession:	20 years, commencing on 28 March 2007
Warranted Capacity:	148,000 m ³ /day of NEWater
Off-taker:	PUB
O&M operator:	Keppel Seghers
EPC contractor:	Keppel Seghers

Highlights

- It features modular design, space saving measures and energy saving features which lowers operating costs.
- As at the Latest Practicable Date, it is one of the largest wastewater recycling plants operational in East Asia.

RISK FACTORS

Recipients of this Document and all prospective investors should consider carefully, together with all other information contained in this Document, the factors described below before taking any action in respect of the Units as these factors may, inter alia, adversely affect KGT's ability to make distributions to Unitholders.

This Document also contains forward-looking statements (including profit and cash flow forecasts and profit and cash flow projections) that involve risks, uncertainties and assumptions. The actual results of KGT could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by KGT as described below and elsewhere in this Document.

Unitholders should not expect short-term gains from their investment in KGT. Recipients of this Document and all prospective investors should be aware that the price of the Units, and the income from them, may fall or rise. Prospective investors should note that they may not get back their original investment. Before deciding to invest in the Units, prospective investors should seek professional advice from the relevant advisers about their particular circumstances.

RISKS RELATING TO THE BUSINESS OF KGT

KGT may be adversely affected if there is any significant downtime of the Plants

Each Plant is subject to normal wear and tear as a natural consequence of its operations. Normal wear and tear results from exposure to elements and deterioration of equipment, whether from use or otherwise. As a result, the Plants may require periodic downtime for repairs and maintenance. Repairs and maintenance are also expected to become more frequent as the Plants get older (such as for Senoko Plant which was commissioned in 1992). In the case of Plants that are newly constructed (such as Tuas DBOO Plant which commenced commercial operations on Tuas DBOO PCOD), defects which may not have been apparent during the testing and commissioning of the Plant may become apparent only after some period of operations. In such an event, the Plant may require downtime for rectification or modification.

If the time required for repairs and maintenance of the Plants exceeds the time anticipated or if the time required for repairs and maintenance of the Plants becomes more frequent than anticipated, the available incineration capacity for Senoko Plant and Tuas DBOO Plant or available production capacity for Ulu Pandan Plant may fall below their respective contracted incineration capacities or available production capacity. This could result in the Senoko Trustee, the Tuas DBOO Trustee or the Ulu Pandan Trustee, as the case may be, not receiving the full payments due under the respective Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement.

In addition, if any extraordinary or extensive repairs to the Plants or equipment are required due to any mechanical breakdown, fire, natural calamity or any event (whether natural or man-made), the Plants could require significant downtime during which such Plants would not be able to incinerate waste and generate electricity or produce and supply NEWater. Any significant downtime of the Plants may have far-reaching consequences, and could lead to the termination of the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement, as the case may be, or compensation liabilities arising under the agreements.

If Senoko Plant or Tuas DBOO Plant requires significant downtime during which it would not be available to incinerate waste and generate electricity, or if Ulu Pandan Plant requires significant downtime during which it would not be available to produce and supply NEWater, the liability of Keppel O&M Operator as the O&M operator for that Plant will be capped generally at 30% of the fixed O&M fee payable under the Senoko O&M Agreement, the Tuas DBOO O&M Agreement or

the Ulu Pandan O&M Agreement (collectively, "**O&M Agreements**"), as the case may be, for that contract year (subject to certain exceptions). Accordingly, the damages that the Sub-Trustees may recover from the Keppel O&M Operator may not be sufficient to cover the loss in revenues that any of them may suffer as a result of the downtime of any of the Plants. (For more details on the O&M Agreements, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko O&M Agreement", "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO O&M Agreement" and "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — Ulu Pandan O&M Agreement", respectively.)

There have been four separate ruptures of boiler tubes among the six incinerator-boilers of Senoko Plant during the period from July 2009 to April 2010 resulting in the shutdown of the affected incinerator-boiler for the period required to replace the ruptured boiler tube. While a rupture of a boiler tube results only in the shutdown of the affected incinerator-boiler and while maintenance and replacement works for the incinerator-boilers are on-going, there is no assurance that the boiler tubes would not rupture in future or any other defects would not surface, and that any future shutdowns of any incinerator-boiler would not have a material impact on the availability of Senoko Plant.

There can be no assurance that any precautionary or safety measures taken by the Keppel O&M Operator operating the Plants can or will prevent damage to the facilities or disruptions to the operations of the Plants. The inability to use any of the Plants will materially and adversely affect the business, financial condition, results of operations and prospects of KGT.

KGT and the Sub-Trusts rely on counterparties to perform their obligations

The Sub-Trusts have arrangements with counterparties which are essential to the operation of the Plants. Such arrangements include, without limitation:

- (a) the Senoko ISA and the Tuas DBOO ISA, under which NEA is obliged to make payments to the Senoko Trustee and the Tuas DBOO Trustee;
- (b) the NEWater Agreement, under which PUB is obliged to make payments to the Ulu Pandan Trustee;
- (c) the Senoko O&M Agreement, Tuas DBOO O&M Agreement and Ulu Pandan O&M Agreement with the Keppel O&M Operator, under which the Sub-Trusts rely on the Keppel O&M Operator for all aspects of the operation, maintenance and repair of the Plants; and
- (d) the Senoko EPC Contract, under which the Senoko Trustee relies on the Keppel EPC Contractor to upgrade the flue gas treatment system of Senoko Plant ("**Flue Gas Treatment Upgrade**").

If any of these key counterparties fails to perform its obligations or if the credit-worthiness of any of these counterparties deteriorates, the business, financial condition, results of operations and prospects of KGT and/or the respective Sub-Trusts may be materially and adversely affected.

In particular:

- (a) the Ulu Pandan Trustee will be relying solely on PUB to supply effluent from the Ulu Pandan Water Reclamation Plant located next to Ulu Pandan Plant ("**Feedwater**") and any failure by PUB may result in Ulu Pandan Plant not receiving sufficient O&M income under the NEWater Agreement; and

- (b) the Sub-Trustees rely solely on the Keppel O&M Operator and the Keppel EPC Contractor for the provision of their services, and any failure by either service provider in relation to any of the Plants will have a material adverse effect on them. Furthermore, significant costs and time may have to be spent to find a replacement provider for these services, and any material increase in the price charged or material change in terms for the services could adversely and materially affect KGT's operations, business and financial condition.

The rights and interests of KGT in relation to the Sub-Trusts are subject to the rights, powers and remedies of NEA and PUB set out in the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement

Following the Completion Date, each Sub-Trustee will hold the relevant Plant on trust for the Trustee-Manager pursuant to deeds of trust constituting the Sub-Trusts and the Trustee-Manager will in turn hold all the shares of the SPCs, all the units in the Sub-Trusts and all the Notes in each case on trust for the Unitholders. Under the terms of the deeds of trust, the rights and interests of the Trustee-Manager as the sole unitholder of each Sub-Trust will be at all times subject to, among other things, the rights, powers and remedies of NEA and PUB set out in the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement, as the case may be, and any other agreement, undertaking, deed or instrument made from time to time between NEA or PUB and the relevant Sub-Trustee, as well as any requirement which may be imposed by NEA or PUB in connection with the O&M of the relevant Plant or the incineration of waste, generation and sale of electricity and delivery of ash to NEA or the production of NEWater, as the case may be. The Senoko Trustee, the Tuas DBOO Trustee, the Ulu Pandan Trustee, the Trustee-Manager and the Sponsor have executed certain undertakings in favour of NEA and PUB respectively in connection with the Restructuring Exercise. (For more details, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to the Restructuring Exercise") There can be no assurance that any such requirement imposed by NEA or PUB will not have a material adverse effect on the business, financial condition, results of operation and prospects of KGT and the level of distributions to Unitholders.

The portfolio of KGT as at the Listing Date comprises, and KGT may in future invest in, illiquid assets that may not be sold without regulatory approval or if such approval is granted may not be sold for a price that equates to KGT's valuation of the assets

The terms of the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement restrict the transfer or grant of any encumbrance over any part of the equity in Senoko Trust, Senoko SPC, Tuas DBOO Trust, Tuas DBOO SPC, Ulu Pandan Trust and Ulu Pandan SPC without prior written approval from NEA or PUB (as the case may be). KGT may invest in other assets that have the same restrictions or for which there are only a limited number of potential buyers. In these circumstances, KGT would not be able to sell its assets or such assets may only be sold for a price which is significantly less than KGT's valuation of the assets. A sale of any of KGT's assets under such circumstances may have an adverse effect on the price of Units.

KGT depends on certain key personnel, and the loss of any key personnel may adversely affect its operations

KGT's performance depends, in part, upon the continued service and performance of the Executive Officers and key personnel of the Keppel O&M Operator. There is no assurance that these persons will not leave the Trustee-Manager, the Keppel O&M Operator or, in the case of secondees from KCL or any of its subsidiaries (collectively, "**Keppel Group**"), Keppel Group in the future or compete with the Trustee-Manager and KGT. The loss of these key personnel could adversely affect operating results of KGT and its ability to generate cash and make distributions to Unitholders.

Neither KGT nor the Trustee-Manager, as new entities, has an established operating history and this will make it more difficult for KGT's future performance to be assessed

KGT was constituted on 23 July 2009 and the Trustee-Manager was incorporated on 28 February 2008. Accordingly, neither KGT (as a business trust) nor the Trustee-Manager (as the trustee-manager of a business trust) has long operating histories by which their past performance may be judged. This will make it more difficult for investors to assess their future performance. There can be no assurance that KGT will be able to generate sufficient cash from its operations to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit and Cash Flow Forecast and Profit and Cash Flow Projection".

The Independent Valuer's report is not an opinion on the commercial merits and structure of the Introduction nor is it an opinion, expressed or implied, as to the future trading price of Units or the financial condition of KGT upon the Listing, and the valuation of the Sub-Trusts contained therein may not be indicative of the true value of the Sub-Trusts

The Board has appointed Stone Forest Corporate Advisory Pte Ltd ("**Independent Valuer**") to undertake an independent valuation of the future operating cash flows in entirety of the Sub-Trusts. The Independent Valuer has issued a valuation report ("**Valuation Report**") setting out its opinion as to the valuation range of the Sub-Trusts, a summary of which is set out in its letter in Appendix F ("**Valuation Summary Letter**") and which should be read in its entirety in conjunction with the Valuation Report.

The Independent Valuer has conducted the valuation of the three Sub-Trusts ("**Pro Forma Valuation**") in entirety on a stand alone going concern under the following pro forma basis as instructed: (a) disregarding any cash out flows towards construction and development costs that have or are to be incurred for the Plants; and (b) assuming that all the cash flows as generated from the Sub-Trusts are free for and will not be restricted from distribution or otherwise being returned to the investors. The Pro Forma Valuation range represents the present value as at 31 March 2010 of the expected cash flow streams from the Sub-Trusts till the end of the respective concession terms of the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement on the basis stated above.

The Pro Forma Valuation is based on various assumptions with respect to the Sub-Trusts including their present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information provided by and discussions with or on behalf of the management of the Trustee-Manager and the Sponsor, and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties.

Neither the Valuation Report nor the Valuation Summary Letter is an opinion on the commercial merits and structure of the Introduction, nor is it an opinion, express or implied, as to the future trading price of Units in or the financial condition of the KGT upon the Listing.

The Valuation Report is also not intended to be and is not included in the Document, and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Introduction or an investment in KGT or the Sub-Trusts. The Independent Valuer did not conduct a comprehensive review of the business, operational or financial condition of any of KGT or the Sub-Trusts and accordingly makes no representation or warranty, expressed or implied, in this regard. The Independent Valuer was not required to and has not visited the Plants.

Further, there can be no assurance that the Pro Forma Valuation prepared by the Independent Valuer reflects the true value of the Sub-Trusts or that other independent valuers will arrive at the same valuation. (For details, see Appendix F — "Independent Valuation Summary Letter".)

Future investments by KGT could be in foreign assets and foreign currency movements are likely to influence returns to Unitholders

Future investments by KGT could be denominated in multiple currencies and therefore the value of those investments may fluctuate as a result of changes in currency exchange rates. Residual cash flows and a substantial proportion of expenses from these future investments may also be denominated in other currencies. Movements in exchange rates between these currencies and the Singapore dollar may therefore have a material effect on KGT's operating results to the extent they are not hedged. KGT may enter into foreign currency hedging arrangements with respect to the expected dividends, distributions, interest, loan repayments from these foreign investments at the appropriate time. However, there is no assurance that these hedging arrangements may have the desired beneficial impact on the business, financial condition or results of operations of KGT and may completely insulate KGT from the risks associated with fluctuations in currency exchange rates.

The Trustee-Manager may not be able to execute its expansion strategy successfully or fund future acquisitions of assets successfully due to the unavailability of debt or equity financing on acceptable terms

The Trustee-Manager's business strategy includes strategically expanding the size of KGT's portfolio of "green" infrastructure assets in Singapore and globally with a focus on Asia, Europe and the Middle East. There can be no assurance that the Trustee-Manager will be able to implement this strategy successfully or that it will be able to expand KGT's portfolio at all, or at any specified rate or to any specified size. The Trustee-Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame, if at all.

A major component of the Trustee-Manager's strategy is to acquire additional "green" infrastructure assets both within the sectors in which the Plants operate and in sectors and regions where KGT will initially have no presence. The Trustee-Manager expects to face competition for acquisition opportunities and that competitors for these opportunities may have greater financial resources or access to financing on more favourable terms than KGT. The Trustee-Manager also expects acquisition opportunities for fully operational "green" infrastructure assets to be limited.

As KGT's distribution policy is to pay at least 90% of its residual cash flows to Unitholders (see "Distributions"), KGT may not have sufficient cash to make acquisitions or investments at the relevant time and may need to obtain additional equity or debt financing to fund or re-finance (where applicable) its capital expenditure, working capital and other requirements. Additional equity financing may result in dilution of existing Unitholders' interests and rights. Additional debt financing may limit KGT's ability to pay distributions, increase KGT's vulnerability to general adverse economic and industry conditions, require KGT to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of cash flows to fund capital expenditure, working capital and other requirements and/or limit its flexibility in planning for, or reacting to, changes in its business and its industry or subject KGT to conditions that may restrict the expansion of the portfolio of KGT. The Trustee-Manager is not able to assure investors that KGT will be able to obtain the additional equity and/or debt financing or re-financing on terms that are acceptable to the Trustee-Manager, or at all.

Even if the Trustee-Manager was able to successfully make additional acquisitions or investments, there can be no assurance that KGT will achieve its expected returns on such acquisitions or investments. Acquisitions and investments involve a number of special risks, including the failure of the acquired business to achieve expected results, the failure to identify material risks or liabilities associated with the acquired business prior to its acquisition, diversion of the Trustee-Manager's attention and the failure to retain key personnel of the acquired business,

some or all of which could have a material adverse effect on KGT's business, financial condition, results of operations and prospects and ability to make distributions to Unitholders.

Acquisitions by KGT pursuant to the ROFR granted to the Trustee-Manager are subject to terms to be agreed with the Sponsor, and in most circumstances, Unitholders' approval

Under the ROFR Deed, the Sponsor has granted certain rights of first refusal in relation to the sale, transfer or disposal, directly or indirectly, of the ROFR Assets to the Trustee-Manager. However, the Trustee-Manager can only trigger and exercise the ROFR in respect of the ROFR Assets. Even if the ROFR is triggered and exercised, the actual acquisition of a ROFR Asset will be subject to terms mutually agreed between the parties. In addition, such acquisitions will likely constitute interested person transactions under the Listing Manual and Unitholders' approval may be required in order to authorise the transactions in most circumstances.

No assurance can be given that the Trustee-Manager or the Sponsor would be able to agree on the terms of the acquisition or terms between the parties, or if such terms were agreed, that the transaction would be approved by Unitholders. Accordingly, the Trustee-Manager's ability to grow KGT and successfully execute its strategy may be materially and adversely affected.

The Sponsor will be a controlling Unitholder of KGT and may be in a position to influence matters which require Unitholders' approval, particularly matters which require Unitholders' approval by way of Special Resolution

The Sponsor will, immediately prior to the Listing, hold the Sponsor Units (such Units representing approximately 49.0% of the total number of Units in issue as at the Listing Date) and be a controlling Unitholder. Besides the Units which will be subscribed for by the Sponsor, the Trustee-Manager, a wholly-owned subsidiary of the Sponsor, may, under certain conditions, also take up Units as part or full payment of its Management Fee, Performance Fee, Acquisition Fee and/or Divestment Fee. In view of the foregoing, the Sponsor may be in a position to influence matters which require Unitholders' approval, particularly matters which require Unitholders' approval by way of Special Resolution, for example, the modification, alteration or addition to the provisions of the Trust Deed or the removal of the Trustee-Manager.

Historical and pro forma financial information in relation to the Plants are not included in this Document and the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date included in this Document may not give a true picture of KGT's financial position

Other than certain selected historical operating data relating to the Plants as disclosed in "The Portfolio of KGT — Senoko Plant — Key Information", "The Portfolio of KGT — Tuas DBOO Plant — Key Information" and "The Portfolio of KGT — Ulu Pandan Plant — Key Information", historical and pro forma consolidated profit and loss accounts, statements of cash flows and balance sheet information relating to the Plants are not included in this Document. In this regard, the SGX-ST has granted KGT a waiver from the requirement to disclose historical and pro forma consolidated profit and loss account, statement of cash flows and balance sheet information subject to the conditions outlined in the section on "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date". In the absence of such historical and pro forma consolidated financial statements, it may be more difficult for prospective investors to assess the potential results of operations, financial condition and cash flows of KGT.

In lieu of such pro forma historical financial information, the Trustee-Manager has prepared the Unaudited Pro Forma Consolidated Balance Sheet setting out the assets and liabilities of KGT as at the Listing Date, immediately following the acquisition of Tuas DBOO Plant and Ulu Pandan Plant.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared on the basis of assumptions and the accounting policies set out in Appendix C — “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date”. The Unaudited Pro Forma Consolidated Balance Sheet should be read together with these assumptions and accounting policies.

The objective of the Unaudited Pro Forma Consolidated Balance Sheet is to show what the financial position might have been at the Listing Date, had KGT, on the Listing Date, acquired the Plants, pursuant to the terms set out in this Document. However, the Unaudited Pro Forma Consolidated Balance Sheet is not necessarily indicative of KGT’s actual financial position on the Listing Date. The Unaudited Pro Forma Consolidated Balance Sheet, because of its nature, may not give a true picture of KGT’s financial position.

Tender costs for aborted transactions will be charged to KGT

If the Board has authorised the Trustee-Manager to pursue a specific transaction for the benefit of KGT and the transaction is completed by the Trustee-Manager, the costs incurred for such transaction including costs incurred by agents appointed by the Trustee-Manager (“**Transaction Bid Costs**”) will be capitalised into the transaction’s costs and will be to the account of KGT. If the transaction is not completed, then the Trustee-Manager will be allowed to charge or seek reimbursement of the Transaction Bid Costs from the Trust Property. This may have a material adverse effect on the business, financial condition, results of operations and prospects of KGT and the level of distributions payable to Unitholders.

Infrastructure businesses are often regulated. The Trustee-Manager’s strategy of investing in “green” infrastructure businesses may therefore be adversely affected by the impact of such regulations. In addition, the operations and business of its investments may be adversely affected by government policies, laws or regulations

The Trustee-Manager’s strategy is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy and energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East. Government policies, laws and regulations often have a significant influence over infrastructure sectors generally. The application of these policies, laws and regulations may affect the implementation of the Trustee-Manager’s strategy. For example, a government’s decision to limit privatisation in a particular sector will reduce the possible investments available to KGT in that country.

The government policies, laws and regulations in those countries where KGT invests could have a material adverse effect on the operations and business of KGT’s investments. The nature of infrastructure businesses requires KGT to comply with laws and regulations in those jurisdictions where it operates, including but not limited to those relating to the environment, and also to obtain and maintain governmental permits in relation to the use, storage, discharge and disposal of toxic or otherwise hazardous materials used in its businesses. If KGT fails to comply with any applicable laws and regulations, KGT could be subject to civil or criminal liability, fines and/or the withdrawal or suspension of relevant certificates, permits or licences required by these businesses. In addition, any failure or any claim that there has been a failure to comply with applicable laws or regulations may cause delays in the operations or expansion activities of KGT as well as adversely affect the public image of KGT.

Changes in government policies, laws or regulations or their application affecting the business activities of the relevant “green” infrastructure business may adversely affect its operating results, business and financial condition. For example, there may be a need to incur additional costs or limit business activities to comply with new laws or regulations, such as stricter environmental or safety controls. This may in turn have a material adverse effect on the business,

financial condition, results of operations and prospects of KGT. In addition, any change in government policies, laws or regulations which result in increased competition in a particular sector in which KGT may have an investment could adversely impact that business or make it more difficult for it to pursue possible acquisitions in that country.

The withdrawal or suspension of any of the certificates, permits or licences required by the businesses of KGT, or the imposition of any penalties, as a result of any infringement of any regulatory requirements will have an adverse impact on its operations and business. In addition, these certificates, permits and licences are subject to periodic renewal and assessment by the relevant government authorities and the standards of compliance required in connection with such assessment may change from time to time. Changes in the relevant laws and regulations or their implementation may require KGT to obtain additional approvals, certificates, permits or licences from the relevant government authorities for KGT to carry on its operations.

KGT may be required to incur additional costs to ensure that it complies with any of the changes described above. This will add to the cost of carrying on business, and will materially and adversely affect KGT's business, financial condition, results of operations and prospects if such additional costs become material. In addition, there is no assurance that KGT will be able to obtain the additional approvals, certificates, permits or licences promptly or at all, and may be required to cease operations because it lacks such approvals, certificates, permits or licences.

There may be potential conflicts of interests between KGT, the Sponsor and other Sponsor Group Entities

The Sponsor and other Sponsor Group Entities are engaged in the investment in, and the development and management of, among other things, a portfolio of infrastructure assets, including "green" infrastructure assets. As a result, there may be circumstances where KGT may compete directly with the Sponsor or other Sponsor Group Entities for the acquisition of "green" infrastructure businesses and/or assets.

The Sponsor has executed the ROFR Deed in favour of the Trustee-Manager, pursuant to which the Sponsor granted the Trustee-Manager certain rights of first refusal in respect of the ROFR Assets, in order to address any potential conflicts of interests that may arise between KGT, the Sponsor and other Sponsor Group Entities. Except as provided for in the ROFR Deed, the Sponsor and other Sponsor Group Entities may not enter into any binding agreement to sell, transfer or otherwise dispose of, directly or indirectly, any ROFR Asset to any party other than the Trustee-Manager. (See "Certain Agreements Relating to KGT — ROFR Deed".) There is no assurance that the ROFR Deed can cover all eventualities or prevent the Sponsor or other Sponsor Group Entities from competing with KGT for the acquisition of "green" infrastructure businesses and/or assets. There is also no assurance that conflicts of interests between KGT, the Sponsor and other Sponsor Group Entities will not arise or have been adequately addressed by the ROFR Deed.

RISKS RELATING TO THE PLANTS

The due diligence exercise on Senoko Plant prior to its acquisition may not have identified all material defects, breaches of laws and regulations, and other deficiencies

Senoko Plant was commissioned in 1992 and was acquired by Senoko Trust from NEA on an "as-is-where-is" basis. While the Trustee-Manager believes that reasonable due diligence investigation has been conducted by the Sponsor on Senoko Plant prior to its acquisition, there can be no assurance that Senoko Plant will not have design, construction or other latent property or equipment defects or deficiencies requiring repair or maintenance and which may result in KGT incurring significant capital expenditure, or repair or maintenance expenses or to make payment of damages or other obligations to third parties, other than those disclosed in this Document. The reports that the Sponsor commissioned and relied upon as part of its due

diligence investigation of Senoko Plant may be subject to inaccuracies and deficiencies as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technology or techniques used and other factors. Senoko Plant may be in breach of laws and regulations or have failed to comply with certain regulatory requirements, which the Sponsor's due diligence investigations did not uncover. As a result, KGT may incur financial or other liabilities in relation to such breaches or non-compliance which may adversely affect the business, financial condition, results of operations and prospects of KGT.

The Senoko Trustee is required under the Senoko ISA to carry out the Flue Gas Treatment Upgrade within three years from the Senoko ISA Conditions Satisfaction Date and any failure to do so will constitute a default under the Senoko ISA and may result in the purchase of Senoko Plant by NEA in accordance with the Senoko ISA

The Senoko Trustee is required under the Senoko ISA to carry out the Flue Gas Treatment Upgrade to the requisite specifications set out in the Senoko ISA, at its own risk and cost, within three years from the Senoko ISA Conditions Satisfaction Date. If the Senoko Trustee does not complete the Flue Gas Treatment Upgrade within such period, this would constitute a default under the Senoko ISA and NEA may purchase Senoko Plant in accordance with the procedures as stated in the Senoko ISA. This will have a material adverse effect on the business, financial condition, results of operations and prospects of KGT and KGT's ability to make distributions to Unitholders.

The Plants may be purchased by NEA and/or PUB and this could have a material adverse effect on the business, financial condition, results of operations and prospects of KGT

In the event that the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement is terminated, the respective Plants may be purchased by NEA or PUB (as the case may be) at a purchase price to be determined in accordance with the terms of the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement (as the case may be). The purchase price will vary depending on the event which gives rise to the right of termination and/or the party committing the default. Any such purchase may have a material adverse effect on the business, financial condition, results of operations and prospects of KGT and the level of distributions payable to Unitholders.

Energy costs are a significant component of the total operating costs for Ulu Pandan Plant and any significant changes in energy costs beyond those projected and/or hedged may have an adverse effect on its business, financial condition and results of operations

In the water reclamation process, the cost of energy is the single largest variable cost item and energy costs are a significant component of the annual operating costs of Ulu Pandan Plant.

Total energy costs to operate Ulu Pandan Plant will vary with the cost of fuel and may be higher or lower than the variable power payment component in the Output Payments receivable from PUB under the NEWater Agreement. The variable power payment component is adjustable for fuel cost movement according to a formula prescribed by PUB. Only 60.8% of the variable power payment component is adjustable for fuel price indexation and the fuel price indexation is a factor of the monthly average 180cST HSFO for the previous 12 months over the actual fuel price as at the Ulu Pandan PCOD. If the actual cost of fuel is higher than the fixed fuel cost used in the calculation, the variable power payment component will not be sufficient to cover the actual power costs incurred by Ulu Pandan Plant and Ulu Pandan Trust will have to bear the extra costs of fuel incurred. If the actual cost of fuel is lower than the fixed fuel cost used in the calculation, the variable power payment component is able to cover the actual power costs incurred and Ulu Pandan Trust will be able to keep the difference in savings. In view of this, adverse fluctuations in the cost of fuel may have a material adverse effect on the profitability, financial condition and results of operations of Ulu Pandan Trust.

The Ulu Pandan Trustee has entered into a deed of assignment and novation with Ulu Pandan SPC and Keppel Electric Pte Ltd (“KEPL”), a wholly-owned subsidiary of KCL, in relation to the Ulu Pandan-KEPL Electricity Retail Agreement. (For further details, see “Interested Person Transactions and Potential Conflict of Interest — Present and Ongoing Interested Person Transactions — Assignment and novation of the Ulu Pandan-KEPL Electricity Retail Agreement to the Ulu Pandan Trustee”.) The Ulu Pandan Trustee may also enter into electricity price hedges which serve to reduce the volatility of its energy exposures throughout the term of the NEWater Agreement. However, these hedging transactions may not have the desired beneficial impact on the business, financial condition or results of operations of Ulu Pandan Trust and may not completely insulate Ulu Pandan Trust from the risks associated with fluctuations in fuel costs. In addition, electricity price hedging transactions are exposed to fluctuations in the US dollar exchange rate and any adverse fluctuations could reduce the effectiveness of the electricity price hedges. Any significant changes in energy costs beyond those projected and/or hedged amounts may have an adverse effect on the business, financial condition and results of operations of Ulu Pandan Trust.

Waste delivered to Senoko Plant and Tuas DBOO Plant and feedwater supplied to Ulu Pandan Plant that exceed certain input specifications may adversely affect the earnings of the respective Plants and consequently, KGT

Senoko Plant and Tuas DBOO Plant are built to incinerate waste that fall within certain waste specifications. In the event that the specifications are not met, and depending on the extent of such deviation, it may not be possible for the Plants to maintain the performance standards (while meeting the Contracted Incineration Capacity). The amount of electricity generated may also deviate from expectation and affect revenue from electricity.

Ulu Pandan Plant is built to treat feedwater that fall within certain water quality specifications. For example, in the event that the chemical oxygen demand, which is one measure of water pollution, is higher than the specifications in the NEWater Agreement, and depending on the extent of such deviation, it may not be possible for the feedwater supply to be treated, or to be treated to attain the water quality standards provided for under the NEWater Agreement, or within the cost structure contemplated by the NEWater Agreement. In addition, any excessive pollution of the Feedwater may adversely affect the operating costs and earnings of Ulu Pandan Plant due to the higher costs of treating the water to attain the water quality standard specified in the NEWater Agreements or lower revenue from a reduction in water output.

Even if it falls within the designated water quality specifications, the Feedwater may contain other substances which may affect the NEWater production process. For instance, such other substances may obstruct the flow of Feedwater into Ulu Pandan Plant and/or cause fouling damage to the membranes. In such an event, the Ulu Pandan Trustee may not be able to maintain the NEWater warranted capacity of Ulu Pandan Plant and/or the required storage quantity of NEWater at Ulu Pandan Plant pursuant to the NEWater Agreement. This may result in deductions being made from the Availability Payments and/or termination of the NEWater Agreement, and such events may have a material adverse effect on the business, financial condition, results of operation and prospects of KGT and KGT’s ability to make distributions to Unitholders.

The operations of the Plants may be affected by accidents or unforeseen events arising from the activities of third parties on the premises

A portion of the land on which Senoko Plant is situated is sub-leased to a canteen operator mainly to serve the needs of the personnel of the Keppel O&M Operator and the waste collectors. Gas cylinders for cooking purposes are stored on the premises. Keppel Environmental Technology Centre Pte. Ltd. (“KETC”), a wholly-owned subsidiary of KCL has a contractual licence to use approximately 345 m² of land on which Ulu Pandan Plant is situated as a research and

development centre for water treatment and/or to carry out ancillary or related activities (including, but not limited to, pilot testing and test bedding). Any accidents or other unforeseen events arising from the activities of these parties, which are in close proximity to the Plants, may materially disrupt the operations of the Plants and adversely affect the business and results of operations of the Plants.

The short operating records of Tuas DBOO Plant and Senoko Plant under the Keppel O&M Operator may not be indicative of their future performance

Tuas DBOO Plant commenced commercial operations only on 30 October 2009 and has a very short operating track record. While Senoko Plant was commissioned in 1992, the operation and maintenance of Senoko Plant was taken over by the Keppel O&M Operator only in September 2009. The past performance of the Plants is not indicative of their future performance. There can be no assurance that the Plants will continue to achieve (in the case of Senoko Plant and Tuas DBOO Plant) the contracted incineration capacity and (in the case of Ulu Pandan Plant) the contracted production capacity, which entitles the relevant Sub-Trustee to the payments under the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement (as the case may be).

There is no guarantee that the insurance coverage for the Plants will be sufficient to cover all the losses of KGT or that such insurance coverage will continue to be available in future

The Plants are insured against property damage, loss of income from business interruption and claims arising from third party liabilities. In addition, the Senoko Trustee maintains a constructors' all risks insurance policy for the Flue Gas Treatment Upgrade.

While the Plants may maintain insurance policies in relation to liabilities likely to be associated with the above risks, there can be no guarantee that the costs of any such claims would be fully covered or that such insurance coverage will continue to be available or available at a commercially acceptable premium in the future.

RISKS RELATING TO AN INVESTMENT IN THE UNITS

The actual performance of KGT is subject to significant business, regulatory, and tax laws risks, uncertainties and contingencies that could cause actual results to differ materially from the forward-looking statements in this Document

This Document contains forward-looking statements regarding, among other things, the forecast consolidated income statement and cash flow statement of KGT for the Forecast Period 2010 ("**Profit and Cash Flow Forecast**") and the projected consolidated income statement and cash flow statement of KGT for the Projection Year 2011 ("**Profit and Cash Flow Projection**"). These forward-looking statements are based on a number of assumptions, many of which are outside of KGT's control. (See "Profit and Cash Flow Forecast and Profit and Cash Flow Projection — Assumptions"). The assumptions underlying the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are inherently uncertain and are subject to significant business, regulatory, and tax laws risks, uncertainties and contingencies that could cause actual results to differ materially from the forecast results. In addition, KGT's revenue is dependent on a number of factors, including Senoko Trust's and Tuas DBOO Trust's receipt of tariff income from NEA and Ulu Pandan Trust's receipt of tariff income from PUB, which may decrease for a number of reasons, such as an increase in payment deductions for falling below the performance standards required of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant, respectively. This may adversely affect KGT's ability to achieve the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection as some or all of the events and circumstances assumed may not occur as expected, or events and circumstances, which are not currently anticipated, may arise. While the Trustee-Manager currently expects to meet the Profit and Cash Flow Forecast and the Profit and Cash Flow

Projection based on the assumptions set out in “Profit and Cash Flow Forecast and Profit and Cash Flow Projection”, no assurance can be given that the assumptions will remain true or relevant and that the actual profit and cash flow will be achieved as forecast or projected.

The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection should be reviewed in conjunction with the description of KGT’s business, the section in this Document entitled “Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk”, and other information contained in this Document, including the information set forth in “Risk Factors”.

The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection assume that the Listing Date is 29 June 2010 and are based on other assumptions that are inherently uncertain and are subject to significant business, regulatory and tax laws risks that could cause actual profits to differ. The Trustee-Manager does not intend to provide any updated or otherwise revised profit and cash flow forecast or profit and cash flow projection in the event that these or other assumptions differ from actual results.

Unitholders have no vote in the election or removal of Directors and the Sponsor has the ability to block any Unitholder resolutions to remove the Trustee-Manager

The Trustee-Manager, which has a board composition of seven Directors, has the responsibility of managing the business conducted by KGT. Unlike public companies, Unitholders have no vote in the election or removal of Directors. Unitholders’ recourse is the removal of a trustee-manager by way of a resolution approved by not less than three-fourths of the voting rights of all the Unitholders of the registered business trust present and voting. In comparison, the Companies Act requires the removal of a director of a public company to be by way of an ordinary resolution approved by more than 50% of the voting rights of all the shareholders of the company present and voting. Accordingly, it may be more difficult to remove the Trustee-Manager as compared to removing a director of a public company. In any case, as the Sponsor will hold the Sponsor Units immediately prior to the Listing and has given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances, it will have the ability and will be required by NEA and PUB to block any Unitholder resolutions to remove the Trustee-Manager.

The distribution per Unit may be diluted if new Units are issued in future

Where new Units are issued, including Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager’s Management Fee, Performance Fee, Acquisition Fee and/or Divestment Fee or to fund the acquisition of “green” infrastructure assets in future, the increase in equity may result in a dilution of DPU.

KGT may need to obtain financing to fund distributions and if the terms are not acceptable or financing is not available, KGT may not be able to make distributions

After KGT has been listed on the Main Board of the SGX-ST, the Trustee-Manager will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates, save for the first distribution the amount of which shall be calculated as at 31 December 2010 for the period commencing from the Listing Date up to and including 31 December 2010. All distributions will be paid within 90 days after the end of each distribution period.

Under the Senoko ISA, the Senoko Trustee will issue an invoice to NEA within 14 days of the end of the relevant billing period and NEA will have 30 business days from the date of receipt of that invoice to make payment to the Senoko Trustee. A similar arrangement is put in place under the Tuas DBOO ISA. Under the NEWater Agreement, the Ulu Pandan Trustee will issue an invoice to

PUB at the end of the relevant billing period and PUB will have 30 days from the date of receipt of that invoice to make payment to the Ulu Pandan Trustee. In the event that the Trustee-Manager needs to distribute amounts to Unitholders that are greater than its cash flow from the operations of its investments due to a mismatch in timing of the receipt of payment from NEA and/or PUB and distributions to Unitholders or due to other reasons, it may have to borrow to do so and to meet ongoing cash flow requirements. There can be no assurance that such financing will be available on acceptable terms or at all, which would in turn adversely affect the ability of KGT to make distributions to its Unitholders.

The Units have never been publicly traded and the listing of the Units on the Main Board of the SGX-ST may not result in an active or liquid market for the Units

Prior to the Introduction, there is no public market for the Units and an active public market for the Units may not develop or be sustained after the Introduction. While the Trustee-Manager has received a letter of eligibility from the SGX-ST to have the Units listed and quoted on the Main Board of the SGX-ST, listing and quotation do not guarantee that a trading market for the Units will develop or, if a market does develop, the liquidity of that market for the Units. Although it is currently intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. There is no assurance that KGT will continue to satisfy the listing requirements for business trusts. Further, it may be difficult to assess KGT's performance against either domestic or international benchmarks.

Market and economic conditions may affect the market price and demand for the Units

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of and demand for the Units. In particular, an increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

The price of the Units may decline after the Introduction and the Units are not principal protected

The trading price of the Units will depend on many factors, including:

- (a) the perceived prospects of KGT's business and investments and the "green" infrastructure industry;
- (b) differences between KGT's actual financial and operating results and those expected by investors and analysts;
- (c) changes in analysts' recommendations or projections;
- (d) changes in general economic or market conditions;
- (e) the market value of KGT's assets;
- (f) the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the "green" infrastructure industry;
- (g) the balance of buyers and sellers of the Units;
- (h) the future size and liquidity of the Singapore business trust market;
- (i) any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore business trusts and to the Notes;

- (j) the ability on KGT's part to successfully implement its investment and growth strategies;
- (k) foreign exchange rates if and when KGT acquires an asset overseas; and
- (l) broad market fluctuations, including weakness of the equity markets and increases in interest rates.

For these reasons, among others, Units may trade at prices that are higher or lower than the net asset value per Unit. To the extent that KGT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of its underlying assets, may not correspondingly increase the market price of the Units. Any failure on KGT's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Units.

In addition, the Units are not principal protected products and there is no guarantee that Unitholders can regain the net asset value per Unit at Listing. If KGT is liquidated, it is possible that investors may lose all or a part of their investment in the Units.

The Units are not redeemable at the option of Unitholders

It is intended that Unitholders may only deal in their listed Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase and/or redeem Units in accordance with relevant laws, regulations and guidelines imposed by authorities in Singapore, if it has obtained the prior approval of the Unitholders in general meeting through the passing of an Ordinary Resolution.

The sale or possible sale of a substantial number of Units by the Sponsor or Temasek (following the lapse of its lock-up arrangements) or KCL Shareholders in the public market could adversely affect, or increase the volatility of, the price of the Units

In conjunction with the Introduction, the Sponsor will hold the Sponsor Units (such Units representing approximately 49.0% of the total number of Units in issue as at the Listing Date) immediately prior to the Listing.

The Sponsor has given an undertaking to the Trustee-Manager that it will not sell, transfer or otherwise dispose of the Sponsor Units, or any part thereof, during the Lock-Up Period and has also given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances. (See "Ownership of Units — Moratorium Arrangements — Undertakings by the Sponsor".)

Temasek Holdings (Private) Limited ("**Temasek**") has also given an undertaking to the Trustee-Manager that it will not, among other things, sell, transfer or otherwise dispose of the Units it owns directly as at the Listing Date, or any part thereof, during the Lock-Up Period without the prior written consent of the Trustee-Manager (such consent not to be unreasonably withheld or delayed). This restriction will not apply to any transfer of Units to and between wholly-owned subsidiaries of Temasek. (See "Ownership of Units — Moratorium Arrangements — Undertakings by Temasek".)

Units will be tradable on the Main Board of the SGX-ST. If the Sponsor or Temasek (following the lapse of its moratorium arrangements or pursuant to any applicable waivers) directly or indirectly sells or is perceived as intending to sell a substantial number of its Units, or if a secondary offering of the Units is undertaken, the market price for the Units could be adversely affected.

There may be also initial volatility in the price of the Units after they are listed and traded on the SGX-ST. This may occur if certain KCL Shareholders decide to realise their investments by selling the Units that they will receive pursuant to the Distribution. In addition, certain corporate and unincorporated KCL Shareholders may be prevented by their memorandum and articles of association or such other constitutive documents from holding the Units that they will receive pursuant to the Distribution. Such entities may therefore dispose of their Units at the earliest opportunity upon the listing and trading of the Units on the SGX-ST. Any such disposal may also contribute to the initial volatility in the price of the Units.

For practical reasons and in order to avoid violating applicable securities laws outside Singapore, the Units will not be distributed to Overseas Shareholders. Instead, arrangements will be made for the distribution of the Units which would otherwise have been distributed to such Overseas Shareholders to be distributed to such person(s) as the directors of KCL may appoint to be sold and the net proceeds distributed proportionately among such Overseas Shareholders (see Appendix A — “Keppel Corporation Limited’s Distribution”). Depending on the number of Units which are sold in this manner, this may also result in initial volatility in the price of the Units.

The net asset value per Unit may be diluted if further issues are priced below the current net asset value per Unit

The Trust Deed contemplates that new issues of Units may occur and the subscription price for which may be above, at or below the then prevailing net asset value per Unit. Where new Units, including any Fee Units which may be issued to the Trustee-Manager in payment of the Trustee-Manager’s Management Fee, Performance Fee, Acquisition Fee and/or Divestment Fee, are issued at less than the then prevailing net asset value per Unit, the net asset value of each existing Unit may be diluted. Such additional issues of Units in the future would also dilute the percentage holding of Unitholders.

The laws, regulations and accounting standards in Singapore to which KGT is subject may change

KGT may be affected by the introduction of new or revised legislation, regulations or accounting standards. There can be no assurance that any such changes will not have an adverse effect on the ability of the Trustee-Manager to carry out its investment strategy or on the operations and financial condition of KGT.

Unitholders who are not resident in Singapore may not be permitted to participate in future rights issues and preferential offerings by KGT

The Trust Deed provides that in relation to any rights issue and preferential offerings, the Trustee-Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore and who have not provided CDP with addresses in Singapore for the service of notices and documents. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Trustee-Manager may determine. The proceeds of any such sale, if successful, will be paid to Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant Unitholder are less than S\$10, the Trustee-Manager is entitled to retain such proceeds as part of the Trust Property. The unitholding of the relevant Unitholder may be diluted as a result of such sale.

Certain provisions of the Singapore Code on Take-overs and Mergers could have the effect of discouraging, delaying or preventing the Sponsor from making a general offer under the Singapore Take-over Code which could adversely affect the market price of the Units

Pursuant to the Singapore Code on Take-overs and Mergers, the Sponsor will be required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Singapore Code on Take-overs and Mergers) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing certain thresholds as specified in the Singapore Code on Take-overs and Mergers. While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

The Sponsor will hold at least 49.0% of the total number of issued Units immediately prior to and after the Listing. Should there be a change in the level of unitholding of the Sponsor in KGT or should there be a new acquirer of the Sponsor's unitholding in KGT such that an increase in the aggregate unitholdings of it and/or parties acting in concert with it will not result in the aggregate unitholdings crossing certain thresholds as specified in the Singapore Take-over Code and Mergers, the Sponsor or the new acquirer of the Sponsor's unitholding in KGT will not be required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Singapore Take-over Code and Mergers). Such a scenario could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units.

RISKS RELATED TO KGT'S TAX POSITION

Any adverse tax developments, including those resulting from legislative change or interpretation, could have a material impact on KGT's tax position

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is the exemption from tax of interest income in respect of qualifying project debt securities. The Notes issued by the Sub-Trusts will qualify as qualifying project debt securities if certain conditions are met and the interest income from the Notes will be tax exempt only if it is onward-declared for distribution to the Unitholders of KGT within six months from the end of the financial year in which the interest income was actually received by KGT. Any change, revocation or cessation of the tax incentives for the Notes issued by the Sub-Trusts, or failure to meet the conditions for the tax incentives, could adversely affect KGT's tax position which could in turn adversely affect its ability to make distributions to Unitholders or the amount of distributions that KGT will make to the Unitholders.

One of the conditions for qualifying project debt securities requires less than 50.0% of the issue of the qualifying project debt securities to be beneficially held or funded, directly or indirectly, at any time during the life of the issue by related parties of the issuer of the qualifying project debt securities. In the event that the Sponsor's holding in KGT, which will stand at 49.0% of the total Units in issue as at the Listing Date, increases to 50.0% or more or together with holdings of other Unitholders considered as related parties of KGT is in aggregate 50.0% or more of the total Units issued by KGT at any time during the life of the Notes, the Notes will not qualify as qualifying project debt securities and accordingly the Notes will not be entitled to the tax incentive granted on qualifying project debt securities. As at the Latest Practicable Date, Temasek has direct and indirect interests in 21.55% of the share capital of KCL, which owns the entire issued share capital of the Sponsor. Immediately upon Listing, Temasek will own directly about 10.6% while the Sponsor will own directly about 49.0% of the total Units in issue. The MAS has confirmed that Temasek will not be regarded as a related party of the Sub-Trusts or KGT based on these current

holdings. However, should Temasek become a related party of the Sub-Trusts or KGT as a result of future transactions, either directly or indirectly through KCL, the Notes will not qualify as qualifying project debt securities and the interest income from the Notes will not be tax exempt. In such a situation, the Trustee-Manager may apply to the MAS and/or Ministry of Finance for a waiver of the related party condition. However, there is no assurance that the application will be approved.

If the tax incentive is not, or ceases to be, applicable, interest on the Notes will be taxable in the hands of KGT at the prevailing corporate tax rate (currently, 17.0%).

Any adverse tax developments, including those resulting from legislative change or interpretation, could have a material impact on KGT's tax position. (See also "Taxation — Taxation of the Sub-Trusts".)

The tax treatments relating to INT FRS 112 confirmed by the IRAS shall not apply if the facts represented turn out to be different

On the basis that the Sub-Trusts are required to account for the acquisition cost of the Plants as service concession receivables under INT FRS 112 — *Service Concession Arrangements*, the Inland Revenue Authority of Singapore ("**IRAS**") has confirmed that the portion of the Fixed Capital Cost and Recovery Components received by the Sub-Trusts under the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement during the concession period which is recognised as finance income from service concession arrangements under INT FRS 112 will be taxable under Section 10(1)(a) of the Income Tax Act at the prevailing corporate tax rate, currently 17.0%, and the remaining portion of the Fixed Capital Cost and Recovery Components which is recognised as a repayment of the service concession receivables under INT FRS 112 will not be taxable. These confirmations were provided based on various facts represented to the IRAS. In the event that the facts turn out to be different from these representations, the tax treatments as described shall not apply and this may have an adverse consequence on the tax position of the Sub-Trusts and accordingly, the amount of distributions by KGT. (See also "Taxation — Taxation of the Sub-Trusts".)

OWNERSHIP OF UNITS

As at the Latest Practicable Date, one fully-paid Unit has been issued to the Sponsor.

OPTIONS ON UNITS

As at the Latest Practicable Date, no option to subscribe for Units has been granted to any of the Directors or the Executive Officers, and no person has, or has the right to be given, an option to subscribe for or purchase any Units or any securities of any member of the KGT Group or any KGT Entity.

PRINCIPAL UNITHOLDERS AND THEIR UNITHOLDINGS

The principal Unitholders and their unitholdings on Listing (assuming that there is no change in the KCL Shareholders or their shareholdings between the Latest Practicable Date and the Listing Date) will be as set out in the table below. All the Units will be issued fully-paid and will carry equal voting rights.

	Units owned on Listing			
	Direct Interest		Deemed Interest	
	Number of Units	(%)	Number of Units	(%)
Sponsor	313,200,000	49.0	—	—
KCL ⁽¹⁾	—	—	313,200,000	49.0
Temasek ⁽²⁾	67,528,780	10.6	314,638,904	49.2
Public and institutional investors ⁽³⁾	258,371,220	40.4	—	—
Total	639,100,000⁽⁴⁾	100.0		

Notes:

- (1) KCL is the beneficial holder of 100% of the issued share capital of the Sponsor as at the Latest Practicable Date. Accordingly, KCL is deemed under Section 4 of the Securities and Futures Act to be interested in all of the Units held by the Sponsor.
- (2) As at the Latest Practicable Date, Temasek has a direct interest in 21.1% of KCL Shares. Accordingly, Temasek is deemed under Section 4 of the Securities and Futures Act to be interested in all of the Units held by the Sponsor. Temasek is wholly-owned by the Minister for Finance (Incorporated), Singapore.
- (3) "Public and institutional investors" refers to the KCL Shareholders as at the Books Closure Date (excluding Temasek) who will receive Units pursuant to the Distribution.
- (4) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and (b) there will not be any rounding up or rounding down of the number of Units to be distributed to each KCL Shareholder who holds odd-lots of KCL Shares under the Distribution.

The Sponsor

As at the Latest Practicable Date, the Sponsor holds all the shares in the issued share capital of the Trustee-Manager. The Sponsor will also hold the Sponsor Units immediately prior to the Listing. As the Sponsor will have an interest in 15% or more of all the issued Units, the Sponsor will be regarded as a controlling Unitholder for the purposes of Chapter 9 (Interested Person Transactions) of the Listing Manual. (See "Interested Person Transactions and Potential Conflict of Interests".)

Save as disclosed in this Document, to the best of the knowledge of the Directors, neither the Trustee-Manager nor KGT is directly or indirectly owned or controlled, whether severally or jointly, by any other person or government.

Moratorium Arrangements

Undertakings by the Sponsor

To demonstrate the Sponsor's commitment to KGT, the Sponsor has given an undertaking to the Trustee-Manager that it will not sell, transfer or otherwise dispose of the Sponsor Units, or any part thereof, during the Lock-Up Period.

The Sponsor has also given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances. In addition, the Sponsor has given:

- (a) an undertaking to NEA that it will not sell, agree to sell or otherwise dispose or encumber any of the Units comprised in the Minimum Unitholding without the prior written consent of NEA; and
- (b) an undertaking to PUB that it will not sell, agree to sell or otherwise dispose of or encumber the Sponsor Units or any of the Units which may be acquired by it for the purpose of funding the Trustee-Manager's subscription for additional units in Ulu Pandan Trust without the prior written consent of PUB (such consent not to be unreasonably withheld).

Undertaking by KCL

KCL has given an undertaking to the Trustee-Manager that it will not, among other things, sell, transfer or otherwise dispose of its interests in the shares ("**Sponsor Shares**") in the share capital of the Sponsor, or any part thereof, during the Lock-Up Period without the prior written consent of the Trustee-Manager (such consent not to be unreasonably withheld or delayed). This restriction will not apply to the transfer of Sponsor Shares to and between wholly-owned subsidiaries of KCL provided that KCL procures that the wholly-owned subsidiary to which any Sponsor Shares will be transferred to after the Completion Date executes and delivers to the Trustee-Manager an undertaking to the effect that it will undertake to comply with the foregoing restrictions, to remain in effect for the unexpired period of the Lock-Up Period.

Undertaking by Temasek

As Temasek has direct and indirect interests in 21.55% of the share capital of KCL at the Latest Practicable Date, it will, as a result of the Distribution, own directly about 10.6% of the total Units in issue on the Listing Date. Temasek has given an undertaking to the Trustee-Manager that it will not, among other things, sell, transfer or otherwise dispose of the Units it owns directly as at the Listing Date, or any part thereof, during the Lock-Up Period without the prior written consent of the Trustee-Manager (such consent not to be unreasonably withheld or delayed). This restriction will not apply to any transfer of Units to and between wholly-owned subsidiaries of Temasek.

DISTRIBUTIONS

KGT has not made any distributions since its establishment.

Any proposed distributions by KGT will be paid from its residual cash flows. Residual cash flows comprise cash flows from distributions received by KGT from the Sub-Trusts, principal and interest payments received by KGT from the Sub-Trusts pursuant to the Notes, and any other cash received by KGT from the Sub-Trusts and any other assets, after such cash flows have been applied to:

- (i) pay or provide for the operating expenses and taxes of KGT, including the Trustee-Manager's fees (excluding Fee Units);
- (ii) pay or provide for repayment of principal amounts (including any premium or fee) under any debt or financing arrangement of KGT; and
- (iii) pay or provide for interest or any other financing expense on any debt or financing or hedging arrangement of KGT.

In considering the amount of any distributions to be made from residual cash flows, the Trustee-Manager may reduce the proposed amount of distributions so as to provide for the cash flow needs or working capital requirements of KGT or to ensure that KGT has sufficient funds and/or financing resources to meet the short-term liquidity needs of KGT.

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is the exemption from tax of interest income from qualifying project debt securities. The Notes issued by the Sub-Trusts will qualify as qualifying project debt securities if certain conditions are met, and the interest income from the Notes will be tax exempt only if it is onward-declared for distribution to the Unitholders of KGT within six months from the end of the financial year in which the interest income was actually received by KGT from the Notes. As such, the Trustee-Manager plans to distribute to Unitholders all of the interest income on the Notes received from the Sub-Trusts and at least 90% of the residual cash flows of KGT in any given year, including during the Forecast Period 2010 and the Projection Year 2011, with the actual level of distribution to be determined at the Trustee-Manager's discretion. The form, frequency and amount of future distributions (if any) on Units will depend on earnings, financial positions and results of operations of KGT as well as contractual restrictions, provisions of applicable law and other factors which the Trustee-Manager may deem relevant. Distributions, when paid, will be in Singapore dollars.

In making distributions and principal and interest payments pursuant to the Notes to KGT, the Sub-Trustees may take into consideration the earnings, financial position and results of operations of the Sub-Trusts, as well as contractual restrictions, provisions of applicable law and other factors which they may deem relevant.

Semi-annual distributions

After KGT has been admitted to the Main Board of the SGX-ST, KGT will make distributions to Unitholders on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. However, KGT's first distribution after the Listing Date will be for the period from the Listing Date up to and including 31 December 2010 and will be paid by the Trustee-Manager on or before 90 days falling thereafter. Subsequent distributions will take place on a semi-annual basis. All distributions will be paid within 90 days after the end of each distribution period.

Unitholders will be exempt from Singapore income tax on distributions made by KGT. No Singapore withholding tax is applicable on such distributions. The Unitholders are not entitled to tax credit of any taxes paid by the Trustee-Manager.

Assuming distributions of approximately 100% of the residual cash flows of KGT for the Forecast Period 2010 and the Projection Year 2011, the Trustee-Manager is forecasting a DPU of 3.91 cents for the Forecast Period 2010 and a DPU of 7.82 cents for the Projection Year 2011. The foregoing forecast DPU ("**Forecast DPU**") translates into the following DPUs for the relevant distribution periods up to the end of 2011:

- For the period from the Listing Date up to and including 31 December 2010, the Forecast DPU is 3.91 cents.
- For the first half of 2011, the Forecast DPU is 3.13 cents.
- For the second half of 2011, the Forecast DPU is 4.69 cents.

It should be noted that all the foregoing statements are merely statements of the Trustee-Manager's present intention and do not constitute legally binding statements in respect of KGT's future distributions which are subject to modification (including the reduction or cancellation of any proposed distributions) in the Directors' sole and absolute discretion. The form, frequency and amount of future distributions (if any) on Units will depend on earnings, financial positions and results of operations of KGT as well as contractual restrictions, provisions of applicable law and other factors which the Trustee-Manager may deem relevant.

No inference should or can be made from any of the foregoing statements as to KGT's actual future profitability, cash flow or its ability to make distributions in the future. For a discussion of the risks relating to distributions, see "Risk Factors — Risks Relating to an Investment in the Units — The actual performance of KGT is subject to significant business, regulatory, and tax laws risks, uncertainties and contingencies that could cause actual results to differ materially from the forward-looking statements in this Document".

See "Taxation" and Appendix E — "Independent Taxation Report" for further information on the income tax consequences of the purchase, ownership and disposition of Units.

CAPITALISATION AND INDEBTEDNESS

KGT was constituted on 23 July 2009. As at the date of this Document, the issued and paid up capital of KGT is S\$1.00 comprising one Unit issued to the Sponsor and the issued and paid up capital of each Sub-Trust is S\$1.00 comprising one unit issued to the Trustee-Manager.

The following table sets forth the pro forma consolidated capitalisation and indebtedness of KGT as at 30 April 2010 on an actual basis and as adjusted to give effect to the issuance of Units to KCL and the Sponsor and the acquisition of Tuas DBOO Plant and Ulu Pandan Plant, as if the Restructuring Exercise (as described in “Restructuring Exercise”) has occurred on 30 April 2010.

The information in this table should be read in conjunction with the “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date” and related notes, “Restructuring Exercise” and “Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk” included in this Document.

	As at 30 April 2010	
	Actual	As Adjusted
	S\$'000	S\$'000
Debt		
Borrowings (current portion, unsecured)	142,200	—
Borrowings (non-current portion, unsecured)	—	—
Unitholders'/Shareholders' loan (unsecured)	317,219	—
Total debt.	459,419	—
Unitholders' funds.	453	713,377
Total capitalisation and indebtedness	459,872	713,377

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

Historical pro forma consolidated income statement, statement of cash flows and balance sheet information on KGT have not been included in this Document as:

- (a) historical financial statements for Senoko Plant are not available save for the last four months of FY2009;
- (b) the accounting basis for Senoko Plant before and after its acquisition by the Senoko Trustee is very different and any historical pro forma financials relating to Senoko Plant will be misleading to KCL Shareholders;
- (c) Tuas DBOO Plant has only two months of operating records for FY2009 and historical pro forma financials for Tuas DBOO Plant in respect of such short operating period will not be meaningful to KCL Shareholders and will not accurately reflect the financial performance of Tuas DBOO Plant;
- (d) while historical financial statements for Ulu Pandan Plant are available, they are not meaningful to KCL Shareholders when considered across the three Plants;
- (e) historical pro forma financials based on the current or projected operating capacity of the Plants may be of little value; and
- (f) this Document contains a pro forma balance sheet of KGT as at Listing and a profit forecast.

Historical audited financial statements for KGT for FY2009 have not been included in this Document as:

- (a) KGT would have been in existence for slightly over five months as at the end of its first financial period from 23 July 2009 to 31 December 2009;
- (b) while the audited accounts of KGT would be available for its first financial period, the accounts would only reflect KGT's ownership of Senoko Plant which was only acquired on 31 August 2009, as Tuas DBOO Plant and Ulu Pandan Plant would only be acquired by the Tuas DBOO Trustee and the Ulu Pandan Trustee, respectively, on the Completion Date;
- (c) as the Trustee-Manager does not have any historical financial statements on Senoko Plant save for the last four months of FY2009, the audited accounts of KGT will only reflect financial information on Senoko Plant for the last four months of FY2009; and
- (d) it will not be meaningful to KCL Shareholders to show the audited accounts of KGT for the financial period from 23 July 2009 to 31 December 2009 when such accounts will contain financial information for only one out of three Plants and only the last four months of FY2009 for that one Plant.

For the reasons stated above, the Trustee-Manager applied to the SGX-ST for waivers from the requirements to prepare pro forma income statement, statement of cash flows and balance sheet and from the requirement to include historical audited financial statements for KGT for FY2009 in this Document. The SGX-ST has granted KGT the waivers, conditional upon the following information being included in the Document:

- (a) the Unaudited Pro Forma Consolidated Balance Sheet;
- (b) the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection;

- (c) reasons why pro forma financial information for KGT based on historical financial results of KGT, as required under Rules 608 and 609 of the Listing Manual read with paragraphs 23 to 34 of Part X of the Fourth Schedule to the Securities and Futures (Offer of Investments) (Business Trusts) (No. 2) Regulations 2005, is not provided in the Document; and
- (d) reasons why audited financial statements for KGT for FY2009, as required under Rule 608 of the Listing Manual read with paragraph 2(b) of Part X of the Fourth Schedule to the Securities and Futures (Offer of Investments) (Business Trusts) (No. 2) Regulations 2005, is not provided in the Document.

In lieu of such pro forma historical financial information, the Trustee-Manager has prepared the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, immediately prior to the Listing and following the completion of the acquisition of Tuas DBOO Plant and Ulu Pandan Plant.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared on the basis of assumptions and the accounting policies set out in Appendix C — “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date”. The Unaudited Pro Forma Consolidated Balance Sheet should be read together with these assumptions and accounting policies.

The objective of the Unaudited Pro Forma Consolidated Balance Sheet is to show what the financial position might have been at the Listing Date, had the Sub-Trustees, on the Listing Date, acquired the Plants pursuant to the terms set out in this Document. However, the Unaudited Pro Forma Consolidated Balance Sheet is not necessarily indicative of the actual financial position that would have been attained by KGT on the Listing Date. The Unaudited Pro Forma Consolidated Balance Sheet, because of its nature, may not give a true picture of KGT’s financial position and there can be no assurance that the Plants will be able to generate sufficient revenue for KGT to make distributions to Unitholders or that such distributions will be in line with those set out in “Profit and Cash Flow Forecast and Profit and Cash Flow Projection”.

Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date

	Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date
	S\$'000
Non-current assets	
Fixed assets.	1,011
Service concession receivables.	589,761
	<u>590,772</u>
Current assets	
Service concession receivables.	54,956
Inventories	13,845
Trade and other receivables	18,149
Amount due from related companies	—
Cash and bank balances.	50,518
	<u>137,468</u>
Total Assets	<u>728,240</u>
Current liabilities	
Trade and other payables.	11,412
Amount due to related companies	3,451
Tax payable	—
	<u>14,863</u>
Total Liabilities	<u>14,863</u>
Net assets attributable to Unitholders.	<u>713,377</u>
Unitholders' funds	
Units in issue	719,377
Issue costs.	(6,000)
	<u>713,377</u>
No. of Units issued ('000)	<u>639,100⁽¹⁾</u>
Net asset value per Unit (\$).	<u>1.12</u>

Note:

- (1) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and (b) there will not be any rounding up or rounding down of the number of Units to be distributed to each KCL Shareholder who holds odd-lots of KCL Shares under the Distribution.

PROFIT AND CASH FLOW FORECAST AND PROFIT AND CASH FLOW PROJECTION

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out on pages 44 to 52 of this Document and are subject to certain risks and uncertainties which could cause actual results to differ materially from those projected. To the extent permitted by applicable law, the inclusion of such information should not be regarded as a representation, warranty or prediction with respect to the accuracy or reasonableness of the underlying assumptions by KGT, the Trustee-Manager, the Sponsor, the Issue Manager or any other person, or that these results will be achieved or are likely to be achieved. See "Forward-looking Statements" and "Risk Factors". Investors in the Units are cautioned not to place undue reliance on these forward-looking statements which are valid only as at the date of this Document.

None of KGT, the Trustee-Manager, the Sponsor, the Issue Manager or any other person guarantees the performance of KGT, the repayment of capital or the payment of any distributions, or any particular return on the Units.

The following tables set forth the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection. The financial year end of KGT is 31 December. KGT's first accounting period is from the date of its constitution to 31 December 2009 and its subsequent accounting periods will be for the period from 1 January 2010 to 31 December 2010 and 1 January 2011 to 31 December 2011.

The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection have been prepared based on the issue price (being the net asset value per Unit and issue costs relating to the Introduction) of S\$1.13 per Unit. The distribution per Unit for the Forecast Period 2010 is calculated on the assumption that the Units are issued on 29 June 2010.

The Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are based on the assumptions set out in this section of the Document. Investors in the Units should read the whole of this "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" section together with the report set out in Appendix D — "Independent Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection".

FORECAST AND PROJECTED CONSOLIDATED INCOME STATEMENTS

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Revenue		
Construction revenue ⁽¹⁾	32,155	15,838
Operation and maintenance income	25,209	49,704
Finance income from service concession arrangements ⁽²⁾	9,483	18,479
	<u>66,847</u>	<u>84,021</u>
Operating expenses		
Construction expense	(30,624)	(15,084)
Energy market charges	(3,420)	(6,849)
O&M costs		
Electricity costs	(2,731)	(5,463)
Manpower costs	(4,780)	(9,833)
Chemical costs	(2,101)	(4,253)
Maintenance costs.	(7,506)	(15,002)
Other O&M fees	(1,888)	(2,487)
Property tax	(1,261)	(2,480)
Insurance	(665)	(1,317)
Other operating costs.	(1,084)	(1,378)
	<u>(56,060)</u>	<u>(64,146)</u>
Net operating income.	10,787	19,875
Management Fees and Performance Fees	(2,305)	(4,520)
Other trust expenses	(1,000)	(1,015)
Net interest expense		
Interest expense.	(10)	(21)
Profit before income tax.	7,472	14,319
Income tax	(324)	(682)
Profit after income tax.	<u>7,148</u>	<u>13,637</u>

Notes:

- (1) Construction revenue is recognised on a percentage of completion basis in accordance with INT FRS 112 (see Appendix C — “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date—Notes to the Unaudited Pro Forma Consolidated Balance Sheet—Significant Accounting Policies” for details).
- (2) Finance income from service concession arrangements represent the accretion on the service concession receivables recognised in respect of the fixed capital cost component of the Fixed Capacity Payments and the fixed capital cost recovery component of the Availability Payments (“Fixed Capital Cost and Recovery Components”) in accordance with INT FRS 112 (see Appendix C — “Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date—Notes to the Unaudited Pro Forma Consolidated Balance Sheet—Significant Accounting Policies” for details).

FORECAST AND PROJECTED CONSOLIDATED CASH FLOW STATEMENTS

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Profit before income tax	7,472	14,319
Adjustments for:		
Interest expense	10	21
Depreciation	154	299
Changes in operating assets and liabilities		
Financial receivables from service concession arrangements	18,532	36,476
Cash generated from operations	26,168	51,115
Income tax paid	—	(324)
Interest paid	(10)	(21)
Net cash from operating activities	26,158	50,770
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	(662,858)	—
Constructions and purchases of fixed assets	(32,184)	(15,898)
Net cash used in investing activities	(695,042)	(15,898)
Cash flows from financing activities		
Net proceeds raised from issue of Units	713,377	—
Distribution to Unitholders	(25,000)	(50,000)
Net cash from/(used in) financing activities	688,377	(50,000)
Net increase/(decrease) in cash and cash equivalents	19,493	(15,128)
Cash and cash equivalents at beginning of period/year	—	19,493
Cash and cash equivalents at end of period/year	19,493	4,365

The projected yields stated in the following table are calculated based on the issue price of S\$1.13 per Unit and the assumption that the Listing Date is 29 June 2010.

	Forecast Period 2010	Projection Year 2011
Issue price per Unit (S\$) ⁽¹⁾	1.13	1.13
Projected distribution (S\$'000) ⁽²⁾	25,000	50,000
Number of units ('000) ⁽³⁾	639,100	639,100
Distribution per Unit (cents)	3.91	7.82
Annualised distribution yield (%)	6.82%	6.95%

Notes:

- (1) This is the net asset value per Unit and issue costs of S\$6,000,000 relating to the Introduction.
- (2) Assuming distributions of approximately 100% of the residual cash flows.
- (3) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised; (b) there will not be any rounding up or rounding down of the number of Units to be distributed to each KCL Shareholder who holds odd-lots of KCL Shares under the Distribution; and (c) no additional Units will be issued during the period after Listing to the end of the Forecast Period 2010 and during the Projection Year 2011.

ILLUSTRATIVE SECONDARY MARKET TRADING PRICE OF THE UNITS

As the Units will be distributed to KCL Shareholders by way of the Distribution, there will be no subscription price and no price discovery in respect of the likely market price of a Unit prior to the commencement of trading of the Units on the SGX-ST on the Listing Date. In this regard, the Introduction is unlike a conventional initial public offering of securities.

The price at which the Units will trade when trading commences on the SGX-ST will be determined by the market, which is likely to take into account KGT's forecast distribution and the yields offered by comparable alternative investments.

Presented below is an illustration of the market price of the Units based upon the level of distribution yield that investors wish to attain on the presumption that a DPU of 3.91 cents is achieved for the Forecast Period 2010 and a DPU of 7.82 cents is achieved for the Projection Year 2011:

Illustrative Market Price Range	Annualised distribution yield Forecast Period 2010	Annualised distribution yield Projection Year 2011
S\$1.20	6.40%	6.52%
S\$1.18	6.51%	6.63%
S\$1.16	6.62%	6.74%
S\$1.14	6.73%	6.86%
S\$1.13 (issue price)	6.82%	6.95%
S\$1.12	6.85%	6.99%
S\$1.10	6.98%	7.11%
S\$1.08	7.11%	7.24%
S\$1.06	7.24%	7.38%
S\$1.04	7.38%	7.52%
S\$1.02	7.53%	7.67%

None of KGT, the Trustee-Manager or the Sponsor guarantees the performance of KGT or the payment of any distributions or any particular return on the Units.

The illustrative market prices stated in the table above are calculated based upon the forecast yields for the Forecast Period 2010 and the Projection Year 2011. In no circumstances should the inclusion of such an illustrative market price range be regarded as a representation, warranty or prediction with respect to the market price of the Units upon or following their listing on the SGX-ST.

Assuming distributions of approximately 100% of the residual cash flows of KGT for the Forecast Period 2010 and the Projection Year 2011, the Trustee-Manager has forecast a DPU of 3.91 cents in respect of the Forecast Period 2010 and a DPU of 7.82 cents in respect of the Projection Year 2011. The actual amount distributed will be adjusted based upon the actual performance of KGT in the respective period, as well as the number of days from the effective date of the Distribution to 31 December 2010.

ASSUMPTIONS

The major assumptions made in preparing the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are set out below. These assumptions are considered to be reasonable as at the date of this Document. However, investors should consider these assumptions as well as the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection and make their own assessment of the future performance of KGT.

Sub-Trusts Level Assumptions

1. Revenue

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Construction Revenue.	32,155	15,838
Operation & Maintenance Income	25,209	49,704
Finance Income from service concession arrangements.	9,483	18,479
Total Revenue	66,847	84,021

(a) Construction Revenue

Post Listing, part of the proceeds received by the Senoko Trustee from the issue of Senoko Notes and units in Senoko Trust (see "Restructuring Exercise — Senoko Restructuring Agreement and Senoko Subscription Deed" for further details) will be used for the Flue Gas Treatment Upgrade, which will be initially recognised as a service concession receivables on the balance sheet under INT FRS 112 — *Service Concession Arrangements*. Correspondingly, the revenue for the construction services provided is recognised based on the percentage of completion method during the construction phase. Construction Revenue is projected to be S\$32.2 million and S\$15.8 million for the Forecast Period 2010 and Projection Year 2011, respectively.

(b) Operation & Maintenance Income (O&M Income)

O&M Income represents revenue from operating and maintaining the Plants, and comprises fixed O&M cost components, variable O&M cost components and Other Income. It is projected to be S\$25.2 million and S\$49.7 million for the Forecast Period 2010 and Projection Year 2011, respectively.

The breakdown of O&M Income is set out below:

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Operation and Maintenance Income		
Fixed O&M cost components		
— Senoko Plant	10,574	21,061
— Tuas DBOO Plant	3,314	6,502
— Ulu Pandan Plant	1,523	2,990
Variable O&M cost components		
— Senoko Plant	1,907	3,881
— Tuas DBOO Plant	3,803	7,585
— Ulu Pandan Plant	3,929	7,353
Other Income		
— Senoko Plant	40	122
— Tuas DBOO Plant	40	55
— Ulu Pandan Plant	79	155
Total	25,209	49,704

(i) *Fixed O&M Cost Components*

The fixed O&M cost components for Senoko Plant and Tuas DBOO Plant is calculated by multiplying a charge rate (with annual adjustments to account for changes in the CPIS) as specified in the Senoko ISA and the Tuas DBOO ISA by the available incineration capacity of Senoko Plant and Tuas DBOO Plant. For Ulu Pandan Plant, the fixed O&M cost component is computed based on the available capacity of the Plant to produce and supply NEWater as specified in the NEWater Agreement. The fixed O&M cost components will be used to pay the fixed O&M fees payable by the Sub-Trustees to the Keppel O&M Operator under the respective O&M Agreements, and other expenses such as, property tax, trustee management fees, licensing fees and insurance costs incurred by the Sub-Trustees.

(ii) *Variable O&M Cost Components*

The variable O&M cost components represent payments for processing waste delivered to Senoko Plant and Tuas DBOO Plant and payments for producing and supplying NEWater by Ulu Pandan Plant. For Senoko Plant and Tuas DBOO Plant, the variable O&M cost component is calculated by multiplying a charge rate (with annual adjustments to account for changes in the CPIS) by the quantity of waste delivered as specified in the Senoko ISA and the Tuas DBOO ISA, respectively. For the Ulu Pandan Plant, the variable O&M cost component is calculated by multiplying a charge rate (with annual adjustments to account for changes in the CPIS) by the quantity of NEWater delivered as specified in the NEWater Agreement. Also included are the gross revenues from the sale of electricity to the National Electricity Market of Singapore ("NEMS") which are to be paid to NEA, as well as the Electricity Generation Incentive Payment which is to be paid by NEA. The Electricity Generation Incentive Payment represents incentive payment to be

paid to the Senoko Trustee and the Tuas DBOO Trustee for electricity that is exported to the NEMS, and is calculated as 2% of the revenue from electricity exported.

(iii) *Other Income*

Other Income comprises proceeds from the sale of scrap metal (from Senoko Plant and Tuas DBOO Plant) and rental income (from Senoko Plant and Ulu Pandan Plant).

(c) *Finance Income from service concession arrangements*

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Senoko Plant	4,618	9,197
Tuas DBOO Plant	3,599	6,908
Ulu Pandan Plant	1,266	2,374
Total.	9,483	18,479

Fixed Capital Cost and Recovery Components are recognised in accordance with INT FRS 112 — *Service Concession Arrangements*.

When the Sub-Trustees receive the above during the concession period, each of them will apportion such payments between (i) interest income which will be recognised as finance income in its income statement, and (ii) a repayment of the receivable which will be used to reduce the carrying amount of the receivable relating to the acquisition of the relevant Plant on its balance sheet.

Finance Income from service concession arrangements represents the accretion on the service concession receivables recognised in respect of the Fixed Capital Cost and Recovery Components in accordance with INT FRS 112 — *Service Concession Arrangements*. It is recognised on the income statement and is projected to be S\$9.5 million and S\$18.5 million for the Forecast Period 2010 and Projection Year 2011, respectively.

Fixed Capital Cost and Recovery Component apportionment is set out below:

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Revenue attributable to Fixed Capital Cost and Recovery Component		
Finance Income from service concession arrangements (Income Statement)	9,483	18,479
Repayment of Receivables (Balance Sheet)	18,532	36,476

Under the Senoko ISA and the Tuas DBOO ISA, the Senoko Trustee and the Tuas DBOO Trustee will receive fixed capital cost components for the available incineration

capacity of Senoko Plant and Tuas DBOO Plant (available incineration capacity shall not exceed the contracted incineration capacity of 2,100 tonnes/day for Senoko Plant and 800 tonnes/day for Tuas DBOO Plant). Capital cost components are fixed and payable monthly regardless of whether Senoko Plant or Tuas DBOO Plant incinerates any waste, subject to payment deductions if available incineration capacity falls below the contracted incineration capacity. For the Forecast Period 2010 and Projection Year 2011, it has been assumed that Senoko Plant and Tuas DBOO Plant will achieve the contracted incineration capacity and will not be subject to payment deductions.

Under the NEWater Agreement, the Ulu Pandan Trustee will receive fixed capital cost recovery payment component for the available production capacity of Ulu Pandan Plant (available production capacity is greater or equal to 148,000m³/day). Capital cost recovery payment component is fixed and payable regardless of whether Ulu Pandan Plant produces any NEWater and do not vary with the volume of effluent supplied by PUB from Ulu Pandan Water Reclamation Plant (located next to Ulu Pandan Plant) treated by Ulu Pandan Plant. For the Forecast Period 2010 and Projection Year 2011, it has been assumed that Ulu Pandan Plant will achieve the contracted production capacity and will not be subject to payment deductions.

2. Operating Expenses

The breakdown of Operating Expense is set out below:

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Operating Expenses		
Construction Expense		
— Senoko Plant	30,624	15,084
— Tuas DBOO Plant	—	—
— Ulu Pandan Plant	—	—
O&M Costs		
— Senoko Plant	11,384	21,480
— Tuas DBOO Plant	6,091	12,321
— Ulu Pandan Plant	4,951	10,086
Other Operating Expenses		
— Senoko Plant	1,552	3,057
— Tuas DBOO Plant	1,218	1,638
— Ulu Pandan Plant	240	480
Total.	56,060	64,146

(a) Construction Expense

This relates to the entire amount of capital expenditure required to complete the Flue Gas Treatment Upgrade, and is projected to be S\$30.6 million and S\$15.1 million for the Forecast Period 2010 and Projection Year 2011, respectively.

(b) O&M Costs

The Sub-Trustees has appointed Keppel Seghers as O&M operator in respect of the Plants under the O&M Agreements. Under the O&M Agreements, which will be

effective for the same duration as the respective Senoko ISA, Tuas DBOO ISA and NEWater Agreement, the Keppel O&M Operator will operate and maintain the Plants in return for O&M fees, which comprises a monthly fixed O&M fee for maintenance of the Plants and a variable O&M fee computed based on the quantity of waste delivered or volume of NEWater produced. The O&M fees are intended to cover cost components such as regular maintenance and major overhaul expenses, manpower costs, consumables etc, excluding electricity costs. Electricity consumed by Ulu Pandan Plant is procured from KEPL, a wholly-owned subsidiary of KCL, pursuant to a deed of assignment and novation with Ulu Pandan SPC and KEPL in relation to the Ulu Pandan-KEPL Electricity Retail Agreement. (For further details, see “Interested Person Transactions and Potential Conflict of Interest — Present and Ongoing Interested Person Transactions — Assignment and novation of the Ulu Pandan KEPL–Electricity Retail Agreement to the Ulu Pandan Trustee”.)

The O&M fees will also be adjusted annually to account for changes in the CPIS.

The Keppel O&M Operator is responsible for meeting the Plants’ operating obligations within the parameters set out in the respective Senoko ISA, Tuas DBOO ISA and NEWater Agreement, in particular, the available incineration capacity for Senoko Plant and Tuas DBOO Plant and capacity of feedwater treated and output quality of feedwater treated for Ulu Pandan Plant. In the event of non-performance of its responsibilities, the Keppel O&M Operator will bear the related penalties incurred by the Sub-Trustees such as payment deductions (subject to certain limits as agreed in the O&M Agreements).

Key components of the O&M fees are as follows:

(i) Fixed O&M Fees

Fixed O&M fees payable to the Keppel O&M Operator are computed based on a fixed fee payment charge rate multiplied by the available incineration capacity for Senoko Plant and Tuas DBOO Plant. It is assumed that for the Forecast Period 2010 and Projection Year 2011, available incineration capacity will be the contracted incineration capacity. The fixed O&M fees for Ulu Pandan Plant is computed as a fixed monthly charge which comprises mainly of the staff costs of operating and maintaining Ulu Pandan Plant, and the security and cleaning services and office administrative expenses.

(ii) Variable O&M Fees

Variable O&M fees payable to the Keppel O&M Operator are computed based on a variable O&M cost payment charge rate multiplied by the quantity of waste delivered. Variable O&M fees are offset by an equivalent variable O&M cost components revenue recognised and thus has no impact on residual cash flows.

For Ulu Pandan Plant, it is assumed that NEWater product volume will not be less than 116,000 m³/day where the variable O&M fee to the Keppel O&M Operator will consist of chemicals and laboratory costs and equipment which is computed based on a charge rate multiplied by the quantity of NEWater produced. In addition, the Keppel O&M Operator will bill the Ulu Pandan Trustee a further component proportional to the cumulative output of NEWater produced for projected membrane and equipment replacement cost. Projected Equipment and membrane replacement cost is billed on an annual basis.

(iii) *Remittance of revenue on sale of electricity to NEA*

Gross revenues from the sale of electricity to the NEMS are to be paid to NEA.

(c) *Other Operating Expenses*

Other operating expenses includes insurance costs, property tax and license fees and is projected to be S\$3.0 million and S\$5.2 million for the Forecast Period 2010 and the Projection Year 2011, respectively.

3. Net Interest Expense

Net interest expense comprises interest income less interest expense and financing expense.

(a) *Interest Income*

Cash balances are assumed to earn interest at 0.5% per annum during the Forecast Period 2010 and the Projection Year 2011.

(b) *Interest Expense*

	Forecast Period 2010	Projection Year 2011
	S\$'000	S\$'000
Senoko Plant	4,660	8,173
Tuas DBOO Plant	2,796	5,368
Ulu Pandan Plant	1,415	2,686
Total.	8,871	16,227

Interest expense refer to payments on the Notes made by the Sub-Trusts to KGT which is equals to interest income to KGT.

In the consolidated income statements, both interest income and interest expense are eliminated.

KGT and the Sub-Trusts will not incur external borrowing costs for the Forecast Period 2010 and Projection Year 2011 as they are not expected to undertake any external debt funding.

(c) *Financing Expense*

Financing Expense refer to fees on performance security bonds.

4. Income Tax Expense

Singapore corporate tax has been factored into the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection.

KGT Level Assumptions

1. *Trustee-Manager's fees*

Pursuant to the Trust Deed, the Trustee-Manager is entitled to a Management Fee comprising a fixed fee of S\$2.0 million per annum, which is subject to increase each year by such percentage representing the percentage increase (if any) in the average of the monthly CPIS for the 12 calendar months immediately preceding the beginning of each FY over the average of the monthly CPIS for FY2010. The Trustee-Manager is also entitled to receive a Performance Fee which is calculated at 4.5% per annum of the sum of all cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments.

The Trustee-Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine), subject to the Trust Deed.

The Trustee-Manager has assumed no further acquisitions in the Forecast Period 2010 and the Projection Year 2011, as such, no Acquisition Fees will be paid. Total Management Fees and Performance Fees are projected to be S\$2.3 million and S\$4.5 million for the Forecast Period 2010 and Projection Year 2011, respectively and are assumed to be paid in cash.

2. *Other trust expenses*

Administrative expenses incurred at the KGT and Sub-Trusts levels are utilised for the operation and management of the entity and include costs such as corporate services fees, audit fees, annual filing fees, and other miscellaneous expenses which are projected to be S\$1.0 million and S\$1.0 million for the Forecast Period 2010 and the Projection Year 2011, respectively.

3. *Income tax expense*

The receipts of KGT will comprise substantially distributions from the Sub-Trusts and the principal repayments and interest payments on the Notes issued by the Sub-Trusts. KGT's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0% (after deducting the applicable tax exemption on the first S\$300,000 of chargeable income).

Based on Sections 35(15) and 35(16)(c) of the Income Tax Act, distributions made by the Sub-Trusts out of their income from trade or business carried on by the respective Sub-Trustees would not be subject to tax in the hands of KGT as a unitholder of the Sub-Trusts.

Principal repayments on the Notes received from the Sub-Trusts are not taxable since they are capital in nature.

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is the exemption from tax of interest income from qualifying project debt securities. The Notes issued by the Sub-Trusts qualify as qualifying project debt securities assuming certain conditions are met and the appropriate approvals have been obtained from the MAS, and the interest income from the Notes is tax exempt assuming it is onward-declared for distribution to the Unitholders of KGT within six months from the end of the financial year in which the interest income was actually received by KGT.

The income of the Sub-Trusts will be derived mainly from the operations of the Plants. The Sub-Trusts' chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0%. In this respect, the IRAS has confirmed, on the basis that the Sub-Trusts are required to account for the acquisition cost of the Plants as service concession receivables under INT FRS 112 — *Service Concession Arrangements*, that the portion of the Fixed Capital Cost and Recovery Components received by the Sub-Trusts under the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement during the concession period which is recognised as finance income from service concession arrangements under INT FRS 112 will be taxable under Section 10(1)(a) of the Income Tax Act at the prevailing corporate tax rate, currently 17.0%, and the remaining portion of the Fixed Capital Cost and Recovery Components which is recognised as a repayment of the service concession receivables under INT FRS 112 will not be taxable.

Other Assumptions

1. Accounting Standards

The Trustee-Manager has assumed that there will be no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the Profit and Cash Flow Forecast or the Profit and Cash Flow Projection. Significant accounting policies adopted by the Trustee-Manager in the preparation of the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection are set out in Appendix C — "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date".

2. Other Assumptions

The Trustee-Manager has made the following additional assumptions in preparing the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection:

- (a) The asset portfolio of KGT remains unchanged.
- (b) No further capital will be raised during the Forecast Period 2010 and the Projection Year 2011.
- (c) There will be no change in taxation legislation or other applicable legislation.
- (d) The qualifying project debt security scheme announced by the MAS as described in a circular issued on 1 November 2006 will be in effect on Listing and the Notes will qualify for the concessionary tax treatment under the proposed scheme.
- (e) The Sub-Trustees will not be required to incur additional material capital expenditure, other than the Flue Gas Treatment Upgrade.
- (f) There will be no material changes in the general economic and business conditions that would impact on the operating and financing environment of the Sub-Trusts, which include, *inter alia*, the levels of interest rates and exchange rates, and regulating policies.
- (g) There will be no material amendments to any material agreements relating to Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant (such as the Senoko ISA, the Tuas DBOO ISA, the NEWater Agreement, the Senoko EPC Contract and O&M Agreements).
- (h) The Listing Date is 29 June 2010.

Cash Flow Assumptions

The assets and business undertakings of the SPCs shall be acquired at a purchase price of S\$719.38 million, which includes the cost of the Flue Gas Treatment Upgrade, upfront insurance costs, project development costs, start up costs and working capital for the Plants.

The acquisition shall be fully funded from the proceeds of the subscription of the Units, which includes listing expenses of S\$6.0 million in addition to the purchase price of the SPCs.

The projected distribution to Unitholders is projected to be S\$25.0 million and S\$50.0 million for the Forecast Period 2010 and the Projection Year 2011, respectively.

SENSITIVITY ANALYSIS

This sensitivity analysis does not form part of the Profit and Cash Flow Forecast or the Profit and Cash Flow Projection, and is intended only for the purposes as set out below.

The projected distributions included in this Document are based on a number of assumptions that have been outlined above. The projected distributions are also subject to a number of risks as set out in "Risk Factors".

Investors should be aware that future events cannot be predicted with any certainty and deviations from the figures projected in this Document are to be expected. To assist investors in assessing the impact of these assumptions on the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection, a series of tables demonstrating the sensitivity of the net profit and cash flow from operations are set out below.

The sensitivity analysis is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movement in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

For the purposes of the sensitivities set out below, where the Management Fee and the Performance Fee are paid in Units, it is assumed that such Units are issued at the issue price of S\$1.13.

Available incineration capacity achieved at Senoko Plant and Tuas DBOO Plant and available production capacity achieved at Ulu Pandan Plant

The available incineration capacities achieved at Senoko Plant and Tuas DBOO Plant and the available production capacity achieved at Ulu Pandan Plant may potentially impact the revenue and, consequently, the distribution yield. The assumptions for the expected available incineration capacities and available production capacity of the Plants have been set out earlier in this section.

Revenues from fixed capital cost components and fixed O&M cost components are based on the actual available incineration capacity or the actual available production capacity achieved by each Plant. Subject to the terms in the O&M Agreements, the Keppel O&M Operator will pay the Senoko Trustee and the Tuas DBOO Trustee as liquidated damages, the deductions imposed by NEA if actual available incineration capacity is less than the contracted incineration capacity, and the Ulu Pandan Trustee as liquidated damages, the deductions imposed by PUB if actual available production capacity is less than the contracted available capacity. However, the liability of Keppel O&M Operator as the O&M operator for each Plant will be capped generally at 30% of the fixed O&M fees payable under the Senoko O&M Agreement, the Tuas DBOO O&M Agreement or the Ulu Pandan O&M Agreement, as the case may be, for that contract year (subject to certain exceptions).

Based on the deduction formulae in the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement, the capacity deduction equivalent to this 30% capped amount will be reached when:

- (a) Senoko Plant available incineration capacity falls to 66.04%;
- (b) Tuas DBOO Plant available incineration capacity falls to 74.46%; and
- (c) Ulu Pandan Plant available production capacity falls to 70.00%.

The effect on operating profit, if the actual available incineration capacity or the actual available production capacity achieved by the relevant Plant falls below the levels indicated in the foregoing paragraph, is set out below:

Senoko Plant

Available Incineration Capacity		Drop in monthly operating profit	Drop as a percentage of operating profit (%)	
%	Drop in tonnes/day ⁽¹⁾	S\$'000	2010	2011
65.04	(28)	(47)	-0.83	-0.45
64.04	(57)	(95)	-1.65	-0.90
63.04	(85)	(142)	-2.48	-1.36

Tuas DBOO Plant

Available Incineration Capacity		Drop in monthly operating profit	Drop as a percentage of operating profit (%)	
%	Drop in tonnes/day ⁽¹⁾	S\$'000	2010	2011
73.46	(10)	(9)	-0.27	-0.13
72.46	(19)	(19)	-0.54	-0.26
71.46	(29)	(28)	-0.82	-0.40

Ulu Pandan Plant

Available Production Capacity		Drop in monthly operating profit	Drop as a percentage of operating profit (%)	
%	Drop in m ³ /day ⁽¹⁾	S\$'000	2010	2011
69.00	(1,480)	(7)	-0.43	-0.30
68.00	(2,960)	(14)	-0.86	-0.60
67.00	(4,440)	(21)	-1.30	-0.90

Note:

1. The drop in tonnes/day or m³/day (as the case may be) is calculated from the levels indicated in the foregoing paragraph

Other Payment Deductions under the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement

Revenue may also be impacted by payment deductions if performance standards are not met as defined in the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement. For Senoko Plant and Tuas DBOO Plant, payment deductions are made for the following events:

- (a) Reduced quality of incineration bottom ash;

- (b) Non-achievement of turnaround times; and
- (c) Reduced electricity exported.

For NEWater Plant, payment deductions are made for the following events:

- (a) Reduced NEWater storage;
- (b) Excessive residual waste (that is, excessive by-product in the process of treating and converting feedwater into NEWater); and
- (c) Deviation in quality of NEWater supplied.

If, due to any of the abovementioned events, the Plants are unable to meet the requirements as set out in the Senoko ISA, the Tuas DBOO ISA or the NEWater Agreement, as the case may be, payment deductions will be imposed. This may potentially impact revenues and the distribution yield.

Subject to the terms in the O&M Agreements, the Sub-Trustees may deduct and withhold from the fees payable to the Keppel O&M Operator, the amount of the payment deductions.

However, the liability of Keppel O&M Operator as the O&M operator for each Plant will be capped generally at 30% of the fixed O&M fee payable under the Senoko O&M Agreement, the Tuas DBOO O&M Agreement or the Ulu Pandan O&M Agreement, as the case may be, for that contract year (subject to certain exceptions).

Management Fees and Performance Fees

The method in which the Management Fees and the Performance Fees are being paid will impact cash available for distributions and consequently the distribution yield. The assumptions for the method in which the Management Fees and the Performance Fees will be paid out have been set out earlier in this section. The effect of variations in the payment method is set out below:

	Impact on DPU pursuant to changes in payment method of the Management Fees and the Performance Fees	
	Forecast Period 2010	Projection Year 2011
	DPU (Singapore cents)	DPU (Singapore cents)
Fees 100% payable in cash	3.91	7.82
Fees 100% payable in Units	4.26	8.48

FACTORS AFFECTING RESULTS OF OPERATIONS AND DISCUSSION OF LIQUIDITY AND MARKET RISK

You should read the following discussion and analysis together with the Unaudited Pro Forma Consolidated Balance Sheet and related notes included elsewhere in this Document. This discussion includes forward-looking statements which, although based on assumptions that the Trustee-Manager considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those currently anticipated and expressed or implied by such forward-looking statements. For a discussion of some of those risks and uncertainties, see the sections entitled "Forward-looking Statements" and "Risk Factors".

OVERVIEW

The investment objective of KGT is to invest in "green" infrastructure assets in Singapore and globally with a focus on Asia, Europe and the Middle East and KGT aims to provide Unitholders with long-term, regular and predictable distributions from its portfolio of "green" infrastructure assets. KGT has a limited history of operations as it acquired Senoko Plant on 31 August 2009 and will acquire Tuas DBOO Plant and Ulu Pandan Plant only on the Completion Date.

KGT intends to apply part of the proceeds of the Units issued to KCL and the Sponsor to subscribe for new units in the Sub-Trusts and the Notes. The portfolio of KGT immediately upon the Listing will comprise the Plants. The Senoko Trustee will fund the repayment of the Senoko-Sponsor Loan and the Senoko-KIPL Loan by issuing to the Trustee-Manager the Senoko Notes pursuant to the Senoko Subscription Deed and new units in Senoko Trust pursuant to the Senoko Restructuring Agreement. (For further details of these loans, see "Interested Person Transactions and Potential Conflict of Interests — Past Interested Person Transactions — Provision of loans by subsidiaries of KCL to the Trustee-Manager and the Senoko Trustee".) The Tuas DBOO Trustee will fund the acquisition of the assets and business undertakings relating to Tuas DBOO Plant by issuing to the Trustee-Manager the Tuas DBOO Notes pursuant to the Tuas DBOO Subscription Deed and new units in Tuas DBOO Trust pursuant to the Tuas DBOO Restructuring Agreement. The Ulu Pandan Trustee will fund the acquisition of the assets and business undertakings relating to Ulu Pandan Plant by issuing to the Trustee-Manager the Ulu Pandan Notes pursuant to the Ulu Pandan Subscription Deed and new units in Ulu Pandan Trust pursuant to the Ulu Pandan Restructuring Agreement.

KGT aims to provide Unitholders with long-term, regular and predictable distributions through a combination of growth strategy and risk and capital management strategy:

The revenues of KGT will comprise mainly tariff payments from the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement. Residual cash flows of KGT will be distributed semi-annually to Unitholders in accordance with the distribution policy set out in "Distributions".

As a business trust, KGT is able to declare and pay distributions to Unitholders out of its cash flows. KGT is not required to limit its distributions to its accounting profits as required of Singapore limited companies in respect of dividend payments.

As KGT and its investments will be managed by the Trustee-Manager, KGT will pay the Trustee-Manager various fees and expenses which will affect its results of operations from period to period. In particular, the Trustee-Manager will receive a Management Fee comprising a fixed fee of S\$2.0 million per annum, which is subject to increase each year by such percentage representing the percentage increase (if any) in the average of the monthly CPIS for the 12 calendar months immediately preceding the beginning of each FY over the average of the monthly CPIS for FY2010, and a Performance Fee which is calculated at 4.5% per annum of the sum of all cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments.

(See “The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT” for further details of all fees payable to the Trustee-Manager.)

KEY FACTORS AFFECTING RESULTS OF OPERATIONS OF KGT

KGT’s financial results are largely driven by the following factors:

Payments by NEA and PUB

The main revenue streams of KGT will be derived from the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement. KGT is dependent on the due and timely performance by NEA and PUB of their payments under these agreements, and a default or delay by NEA or PUB in the payment of its fixed capacity payments and variable payments could result in a loss of income or additional costs incurred by KGT. Such defaults will reduce the cash income received by KGT and consequently reduce cash available for distribution to Unitholders.

For further details, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko ISA”, “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO ISA” and “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — NEWater Agreement”.

Tariff Payment Rates

The main revenue streams to be received by KGT through the Sub-Trusts will be determined by tariff payment rates as stated in the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement respectively.

The tariff payment rates are fixed throughout the term of the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement with the exception of an annual adjustment for operating costs for general price inflation via the CPIS, which applies to the Fixed and Variable O&M Cost Payment Charge Rates only.

Operating Expenses

The main operating expenses of the Sub-Trusts will be:

- (a) Fixed and variable O&M costs;
- (b) Management fees;
- (c) Energy Market Charges;
- (d) Insurance; and
- (e) Property tax.

To a certain extent, the risk that some of the O&M expenses relating to the Plants may increase will be passed on to the Keppel O&M Operator. KGT may experience loss of income or additional costs if other operating expenses increase significantly which may consequently reduce cash available for distribution to Unitholders.

Number of Plants in the portfolio

The level of revenues generated by KGT is determined primarily by the number of plants in its portfolio and the available capacity of such plants.

The Trustee-Manager intends to grow the size of KGT's portfolio through selective acquisitions from the Sponsor under the ROFR Deed or otherwise and acquisitions from third parties. The Trustee-Manager's ability to add plants to KGT's portfolio will have a direct impact on its revenue growth. Its aggregate expenses will also increase as the number of plants increases.

As at the Listing Date, KGT will have zero gearing. As such, it will possess the capacity to undertake debt funding to finance future acquisitions. KGT may seek to acquire more plants by raising capital from the private or public debt and equity markets depending on economic and market conditions at that time.

Interest Rate Environment

KGT currently does not have any exposure to interest rate risk. However, KGT may be exposed to interest rate risks on the loans drawn under the working capital facility or additional loans that KGT may undertake. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. The management of the Trustee-Manager will monitor the interest rate exposure of KGT and will consider restructuring KGT's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arises.

Foreign Exchange Rate Environment

KGT currently does not have any exposure to foreign exchange risk. However, KGT might be exposed to foreign exchange fluctuations if it acquires assets in the future with cash flows denominated in foreign currencies. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Trustee-Manager may utilise foreign currency hedging instruments to hedge KGT's exposure to specific currency risks relating to future investments, receivables, payables and other commitments.

Liquidity and Capital Resources

KGT's short-term liquidity needs are primarily to fund its operating expenses, including payments to the Trustee-Manager.

KGT's medium-term and long-term liquidity needs are primarily to fund the Flue Gas Treatment Upgrade and the purchase of any new assets, either those it identifies on its own or those which may be made available to KGT by the Sponsor under the ROFR Deed granted, as its strategy is to grow its portfolio through acquisitions.

KGT's primary source of funds for distributions to Unitholders and payment of expenses will be derived primarily from tariff payments under the long-term Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement. (See "Distributions" for further information on the distribution policy.)

In the opinion of the Directors, after taking into account the expected cash to be generated from its operations, together with cash and cash equivalents, KGT has sufficient working capital for its present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this Document.

Inflation

The operating costs of the Plants will be impacted by general inflation. This cost increase, however, may be mitigated by the various tariff adjustment formulae contained in the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement which relate to changes in CPIS.

Contractual Obligations

At Listing, the key contractual payment obligations to which KGT will be subject, through the Trustee-Manager, will be those under the Subscription Deeds. The key contractual payment obligations to which the Sub-Trusts, will be subject, through the Sub-Trustees, will be those under the Senoko EPC Contract and the O&M Agreements entered into with the Keppel EPC Contractor and the Keppel O&M Operator respectively as well as the Ulu Pandan-KEPL Electricity Retail Agreement entered into with KEPL. (See "Certain Agreements Relating to KGT" and "The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT".)

RESTRUCTURING EXERCISE

OVERVIEW

The Trustee-Manager, the Sub-Trustees, the SPCs, the Sponsor and KCL have put in place arrangements for a restructuring exercise ("**Restructuring Exercise**") in preparation for, and which will be effected on the Completion Date.

SENOKO RESTRUCTURING AGREEMENT AND SENOKO SUBSCRIPTION DEED

As at the date of this Document, Senoko SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Senoko Plant on trust ("**Senoko Trust**") in its capacity as trustee ("**Senoko Trustee**") for the Trustee-Manager.

On the Completion Date, the Senoko Trustee will repay the Senoko-Sponsor Loan and the Senoko-KIPL Loan. (See "Interested Person Transactions and Potential Conflict of Interests — Past Interested Person Transactions — Provision of loans by subsidiaries of KCL to the Trustee-Manager and the Senoko Trustee" for further details of these loans.) The Senoko Trustee will fund the repayment of the loans by issuing to the Trustee-Manager the Senoko Notes pursuant to the Senoko Subscription Deed and new units in Senoko Trust pursuant to the Senoko Restructuring Agreement. The Trustee-Manager will fund the subscription of the Senoko Notes and new units in Senoko Trust by issuing Units to KCL and the Sponsor pursuant to the Senoko Restructuring Agreement. In addition, the Trustee-Manager will acquire the shares in Senoko SPC from the Sponsor pursuant to the Senoko Restructuring Agreement, whereupon Senoko SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Senoko Trustee will continue to be the legal owner of the assets and business undertakings relating to Senoko Plant and the contracting party to the material agreements for carrying on the business relating to Senoko Plant.

TUAS DBOO RESTRUCTURING AGREEMENT AND TUAS DBOO SUBSCRIPTION DEED

As at the date of this Document, Tuas DBOO SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Tuas DBOO Plant in its personal capacity. Tuas DBOO SPC has constituted Tuas DBOO Trust and allotted and issued one unit in Tuas DBOO Trust to KGT at an issue price of S\$1.00.

On the Completion Date, Tuas DBOO SPC, in its capacity as trustee ("**Tuas DBOO Trustee**"), will acquire and hold the assets and business undertakings relating to Tuas DBOO Plant on trust ("**Tuas DBOO Trust**") for the Trustee-Manager. The Tuas DBOO Trustee will fund the acquisition by issuing to the Trustee-Manager the Tuas DBOO Notes pursuant to the Tuas DBOO Subscription Deed and new units in Tuas DBOO Trust pursuant to the Tuas DBOO Restructuring Agreement. The Trustee-Manager will fund the subscription of the Tuas DBOO Notes and new units in Tuas DBOO Trust by issuing Units to KCL and the Sponsor pursuant to the Tuas DBOO Restructuring Agreement. In addition, the Trustee-Manager will acquire the shares in Tuas DBOO SPC from the Sponsor pursuant to the Tuas DBOO Restructuring Agreement, whereupon Tuas DBOO SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Tuas DBOO Trustee will continue to be the legal owner of the assets and business undertakings relating to Tuas DBOO Plant and the contracting party to the material agreements for carrying on the business relating to Tuas DBOO Plant.

ULU PANDAN RESTRUCTURING AGREEMENT AND ULU PANDAN SUBSCRIPTION DEED

As at the date of this Document, Ulu Pandan SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Ulu Pandan Plant in its personal capacity. Ulu Pandan SPC has constituted Ulu Pandan Trust and allotted and issued one unit in Ulu Pandan Trust to KGT at an issue price of S\$1.00.

On the Completion Date, Ulu Pandan SPC, in its capacity as trustee ("**Ulu Pandan Trustee**"), will acquire and hold the assets and business undertakings relating to Ulu Pandan Plant on trust ("**Ulu Pandan Trust**") for the Trustee-Manager. The Ulu Pandan Trustee will fund the acquisition by issuing to the Trustee-Manager the Ulu Pandan Notes pursuant to the Ulu Pandan Subscription Deed and new units in Ulu Pandan Trust pursuant to the Ulu Pandan Restructuring Agreement. The Trustee-Manager will fund the subscription of the Ulu Pandan Notes and new units in Ulu Pandan Trust by issuing Units to KCL and the Sponsor pursuant to the Ulu Pandan Restructuring Agreement. In addition, the Trustee-Manager will acquire the shares in Ulu Pandan SPC from the Sponsor pursuant to the Ulu Pandan Restructuring Agreement, whereupon Ulu Pandan SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Ulu Pandan Trustee will continue to be the legal owner of the assets and business undertakings relating to Ulu Pandan Plant and the contracting party to the material agreements for carrying on the business relating to Ulu Pandan Plant.

ISSUE OF NOTES

On the Completion Date, the Trustee-Manager will apply part of the issue proceeds of the Units issued to KCL and the Sponsor to subscribe for S\$152.4 million notes due 31 August 2024 ("**Senoko Notes**") to be issued by the Senoko Trustee, S\$91.5 million notes due 31 December 2028 ("**Tuas DBOO Notes**") to be issued by the Tuas DBOO Trustee and S\$46.3 million notes due 31 December 2023 ("**Ulu Pandan Notes**", and together with the Senoko Notes and the Tuas DBOO Notes, "**Notes**") to be issued by the Ulu Pandan Trustee. The Senoko Trustee will apply the issue proceeds of the Senoko Notes to repay the Senoko-Sponsor Loan and the Senoko-KIPL Loan. (See "Interested Person Transactions and Potential Conflict of Interests — Past Interested Person Transactions — Provision of loans by subsidiaries of KCL to the Trustee-Manager and the Senoko Trustee" for further details of these loans.) The Tuas DBOO Trustee and the Ulu Pandan Trustee will apply the issue proceeds of the Tuas DBOO Notes and the Ulu Pandan Notes to pay part of the purchase price of the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, respectively.

Set forth below is a summary of the key terms of the Notes.

The Senoko Notes, the Tuas DBOO Notes and the Ulu Pandan Notes will mature in 31 August 2024, 31 December 2028 and 31 December 2023, respectively, but may be fully or partially redeemed at any time prior to maturity by the relevant issuer. Interest on the Notes will be payable semi-annually in arrears at a fixed rate.

No amount under the Notes shall be due or payable on any date if the relevant issuer is not able to meet its liabilities after payment of such amount ("**solvency condition**"). Such non-payment will not constitute a default under the Notes. However, any interest not paid due to the solvency condition not being met will continue to accrue and will bear interest at the rate applicable to the Notes. In addition, if the Notes cannot be redeemed in full upon maturity due to the solvency condition not being met, the Notes and other obligations ranking *pari passu* with them will be redeemed or repaid in equal proportion out of and to the extent of surplus assets available after paying all obligations ranking senior to the Notes.

The Notes will be direct, unsecured, senior and unsubordinated obligations of the relevant issuer. On winding-up, holders of the respective Notes rank senior to the holders of units in the respective Sub-Trusts.

All payments in respect of the Notes will be made without deduction or withholding of any taxes, unless such deduction or withholding is required by law. In that event (and subject to the solvency condition being met), such payments shall be grossed-up so as to ensure that holders of the Notes will receive the same amount had such deduction or withholding not been required, subject to customary exceptions.

The Notes are intended to qualify for concessionary tax treatment under the proposed qualifying project debt security scheme by the MAS as described in a circular issued on 1 November 2006. (See "Risk Factors — Risks related to KGT's Tax Position".)

PURCHASE PRICE OF TUAS DBOO PLANT AND ULU PANDAN PLANT

In connection with the Restructuring Exercise, Tuas DBOO SPC and Ulu Pandan SPC have each agreed that the purchase price of the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, respectively, to be acquired by the Tuas DBOO Trustee and the Ulu Pandan Trustee, respectively, will be determined by the net book value (being the net asset value) of Tuas DBOO SPC and Ulu Pandan SPC, respectively.

ACCOUNTING FOR RESTRUCTURING EXERCISE

Pursuant to the Restructuring Exercise, the beneficial interests in the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, as well as Tuas DBOO SPC and Ulu Pandan SPC, will be transferred from the Sponsor to KGT. As these transactions are considered transfers of equity interests between entities under common control, the transfers are accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of Tuas DBOO Plant, Ulu Pandan Plant, Tuas DBOO SPC and Ulu Pandan SPC have been included in the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date at their carrying value.

INDEPENDENT VALUATION BY THE INDEPENDENT VALUER

The Board has appointed the Independent Valuer to undertake an independent valuation of the future operating cash flows in entirety of the three Sub-Trusts. The Independent Valuer has issued a valuation report setting out its opinion as to the valuation range of the Sub-Trusts, a summary of which is set out in their letter in Appendix F — "Independent Valuation Summary Letter" and which Unitholders are encouraged to read in its entirety.

The Independent Valuer has conducted the valuation of the three Sub-Trusts in entirety on a stand alone going concern under the following pro forma basis as instructed: (a) disregarding any cash out flows towards construction and development costs that have or are to be incurred for the Plants; and (b) assuming that all the cash flows as generated from the Sub-Trusts are free for and will not be restricted from distribution or otherwise being returned to the investors. The pro forma valuation range represents the present value as at 31 March 2010 of the expected cash flow streams from the Senoko Trust, the Tuas DBOO Trust and the Ulu Pandan Trust till the end of their respective concession periods on the basis stated above.

In summary, the Independent Valuer has arrived at a Pro Forma Valuation range of S\$674 million to S\$731 million for the Sub-Trusts on an aggregate basis as at 31 March 2010.

The Independent Valuer's Valuation Report is not an opinion on the commercial merits and structure of the Introduction, nor is it an opinion, express or implied, as to the future trading price of Units in or the financial condition of KGT upon the Listing. The Valuation Report is also not intended to be and is not included in this Document, and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Introduction or an investment in KGT and the Sub-Trusts. The Independent Valuer did not conduct a comprehensive review of the business, operational or financial condition of any of KGT or the Sub-Trusts and accordingly makes no representation or warranty, express or implied, in this regard. (See Appendix F — "Independent Valuation Summary Letter" for further details.)

REMISSION OF STAMP DUTY

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is that the stamp duty chargeable on any contract, agreement or instrument relating to the conveyance (including by the sale or declaration of trust), assignment or transfer on sale of qualifying infrastructure projects/assets (which includes shares of a company which is predominantly carrying on qualifying infrastructure projects/assets in Singapore) or any interest thereof shall be waived. This is conditional upon the qualifying infrastructure project/asset being transferred into an entity which is listed or will be listed on the SGX-ST within six months from the execution of such conveyance, assignment or transfer. Further in cases where the assets are not transferred into an entity which is listed or will be listed on the SGX-ST within six months, the remission will still apply provided 100% of the beneficial ownership of the qualifying infrastructure project/asset is held via an entity that is listed or will be listed within six months from the execution of such conveyance, assignment or transfer.

The remission was to apply to such instruments executed during the period from 1 November 2006 to 31 December 2008. On 12 May 2008, the MAS issued a further circular renewing the remission so that it now also applies to such instruments executed during the period from 1 January 2009 to 31 December 2011. The Sponsor has applied on behalf of KGT for the remission on any such instruments executed for the transfer of the Plants in connection with the restructuring of the SPCs as described above. In the event that stamp duty remission is not granted for any or all of such instruments, the Sponsor has agreed to pay the applicable stamp duty in full on behalf of KGT and/or the Sub-Trusts.

SUBSIDIARIES AND SUBSIDIARY ENTITIES OF KGT

The details of each subsidiary and subsidiary entity of KGT on the Listing Date will be as follows:

Name	Date and country of incorporation or constitution	Principal business	Principal place of business	Type of securities/ percentage owned/ voting rights
Senoko SPC	31 December 2007, Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager
Senoko Trust	23 July 2009, Singapore	Waste incineration and electricity generation	Singapore	Units and Senoko Notes — 100% held by the Trustee-Manager
Tuas DBOO SPC	14 October 2005, Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager

Name	Date and country of incorporation or constitution	Principal business	Principal place of business	Type of securities/ percentage owned/ voting rights
Tuas DBOO Trust	16 April 2010, Singapore	Waste incineration and electricity generation	Singapore	Units and Tuas DBOO Notes — 100% held by the Trustee-Manager
Ulu Pandan SPC	1 July 2003, Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager
Ulu Pandan Trust	27 May 2010, Singapore	Production of NEWater	Singapore	Units and Ulu Pandan Notes — 100% held by the Trustee-Manager

K-GREEN TRUST

OVERVIEW

KGT will provide investors with an opportunity to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East. Its sponsor is KIE, which is a wholly-owned subsidiary and the environmental engineering arm of KCL. The Trustee-Manager believes that the long-term, regular and predictable cash flows which the assets in KGT’s portfolio will receive from reputable and creditworthy off-takers, the potential for long-term capital growth of KGT and the tax-efficient and conservative capital structure of KGT, are several key highlights for an investment in KGT. In addition, the Trustee-Manager plans to capitalise on the synergistic business models of KGT and the Sponsor, the continuing commitment of the Sponsor to KGT and the extensive “green” infrastructure expertise and wide networking contacts of the Sponsor to acquire “green” infrastructure assets from the Sponsor through the ROFR granted by the Sponsor and from third parties.

KGT was constituted as a business trust on 23 July 2009 by the Trust Deed under the laws of Singapore and was registered under the BTA with the MAS on 27 May 2010. On 31 August 2009, KGT completed the acquisition of Senoko Plant. On the Completion Date, KGT will acquire Tuas DBOO Plant and Ulu Pandan Plant. All of the Plants have commenced commercial operations as at the date of this Document.

The Plants have long-term concession agreements with Singapore statutory bodies of between 15 years to 25 years. The terms of the incineration services agreements with NEA for Senoko Plant is 15 years and for Tuas DBOO Plant is 25 years. The term of the NEWater agreement with PUB for Ulu Pandan Plant is 20 years.

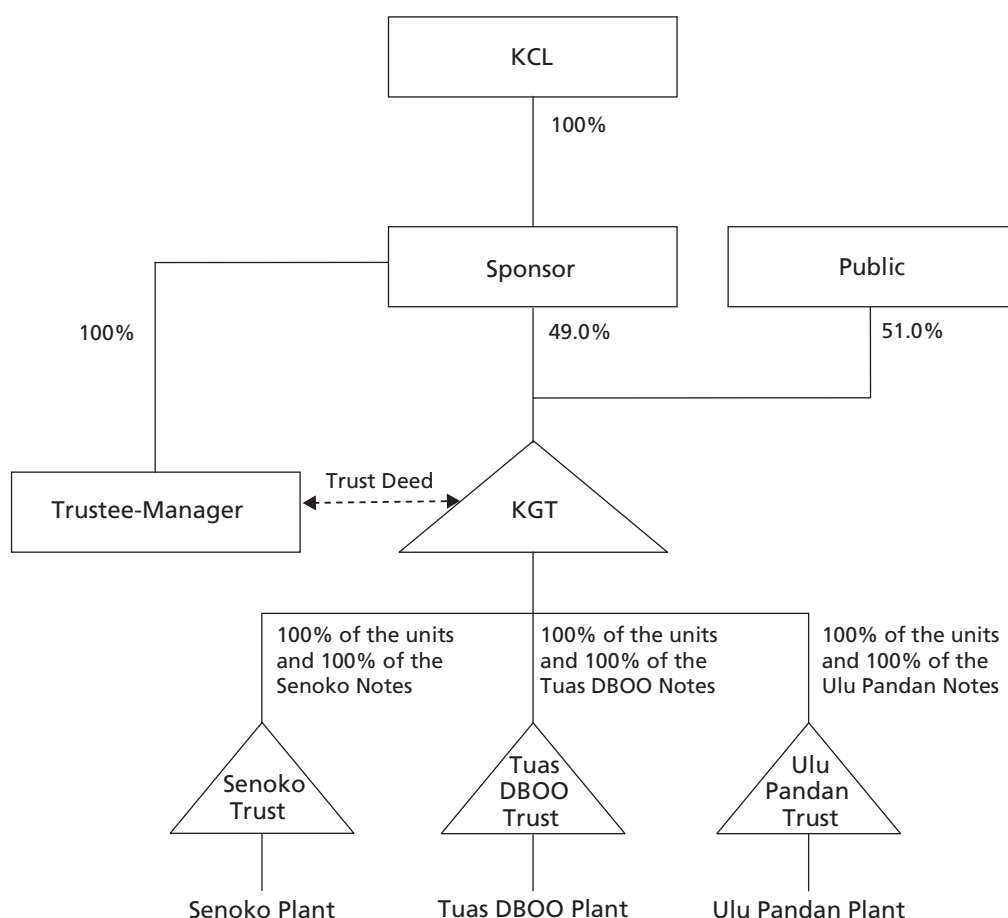
KGT’s business will be managed by the Trustee-Manager, which is a wholly-owned subsidiary of the Sponsor. The Board of Directors and the management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets. They also have experience working in senior management positions in or serving on the boards of public-listed companies. (See “The Trustee-Manager of KGT — Directors” and “The Trustee-Manager of KGT — Executive Officers”.)

In addition, the Trustee-Manager expects to leverage on the ROFR and the strengths of the Sponsor to help generate deal flow, assess opportunities and to maximise the value of KGT’s investments.

STRUCTURE OF KGT

KGT was constituted as a business trust by the Trust Deed.

A graphical representation of the structure of KGT as at the Listing Date is set out on the next page.



Notes:

- (1) The Trustee-Manager will hold: (i) 100% of the issued share capital in Senoko SPC, 100% of the units in the Senoko Trust and 100% of the Senoko Notes; (ii) 100% of the issued share capital in Tuas DBOO SPC, 100% of the units in the Tuas DBOO Trust and 100% of the Tuas DBOO Notes; and (iii) 100% of the issued share capital in Ulu Pandan SPC, 100% of the units in the Ulu Pandan Trust and 100% of the Ulu Pandan Notes, in each case on trust for the Unitholders.
- (2) The Senoko Trustee, Tuas DBOO Trustee and the Ulu Pandan Trustee will hold the assets and business undertakings relating to Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant respectively, on trust for the respective unitholders of the Sub-Trusts.

KEY INVESTMENT HIGHLIGHTS

The Trustee-Manager believes that KGT offers Unitholders the following key investment benefits:

1. A listed “green” infrastructure business trust with potential for long-term capital growth

KGT will invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

A “green” focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure sector as waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies.

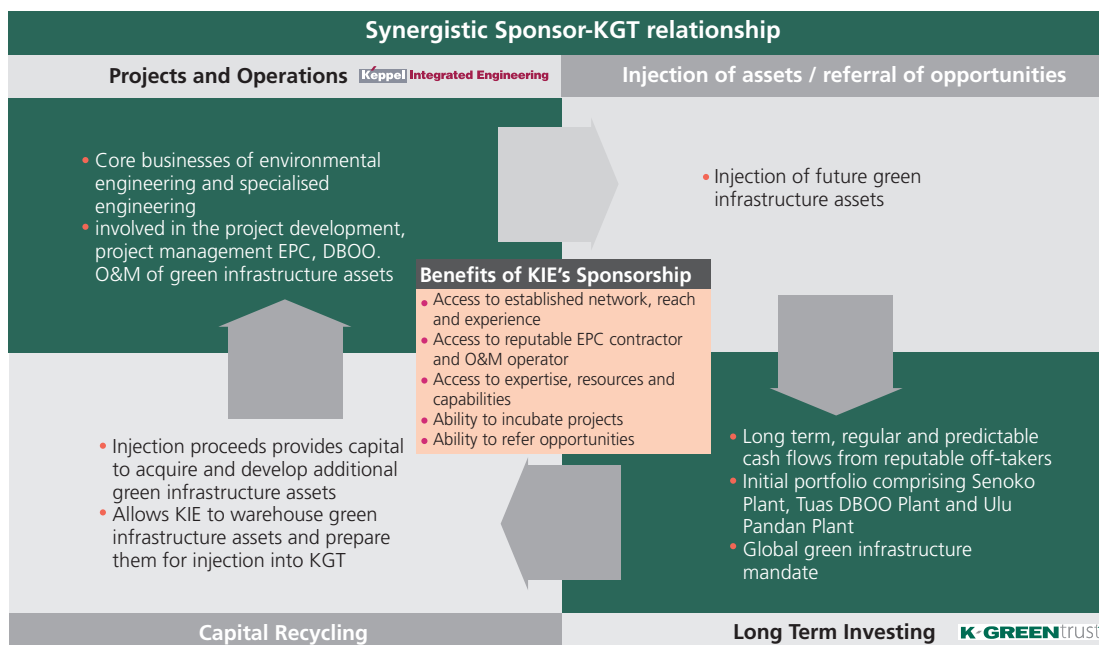
The Trustee-Manager believes that “green” infrastructure assets are attractive as an investment class because they typically display characteristics with some or all the attributes listed below and as a result, may provide Unitholders with long-term, regular and predictable cash flows:

- (i) long term investment profile — infrastructure assets generally operate under concessions and agreements that provide for long-term payments;
- (ii) strategic competitive advantage — infrastructure assets are usually difficult to replicate due to their size, construction cost, scarcity of land for construction and other restrictions; and
- (iii) relatively inelastic demand — infrastructure assets generally grow in tandem with economic or demographic growth with modest exposure to changes in the business cycle resulting in stable operating cash flows and may reduce the overall volatility of investor returns.

2. Long-term, regular and predictable cash flows from the Plants

The Plants are expected to generate cash flows which will provide long-term, regular and predictable distributions to Unitholders. The Plants have long-term concession agreements with Singapore statutory bodies (namely, NEA and PUB) of between 15 years to 25 years. The Singapore Government holds an “AAA” credit rating from Standard & Poor’s. The term of the incineration services agreements with NEA for Senoko Plant is for 15 years commencing from the Senoko ISA Conditions Satisfaction Date and for Tuas DBOO Plant is for 25 years commencing from the Tuas DBOO PCOD. The term of the NEWater agreement with PUB is for 20 years commencing from the Ulu Pandan PCOD. NEA is a body corporate established pursuant to the National Environment Agency Act (Chapter 195) and is responsible for improving and sustaining a clean and green environment in Singapore. PUB is a body corporate established pursuant to the Public Utilities Act (Chapter 261) and is responsible for the collection, distribution and reclamation of water in Singapore. The payments received from NEA and PUB are expected to provide long-term, regular and predictable cash flows to KGT.

3. Synergistic relationship with and support from an established Sponsor



The Sponsor owns the entire issued share capital of the Trustee-Manager and intends to position KGT as its primary platform for investing in developed “green” infrastructure assets. The Sponsor is a wholly-owned subsidiary of KCL, a Singapore-incorporated company listed on the Main Board of the SGX-ST. As at the Latest Practicable Date, the Sponsor, through its wholly-owned subsidiary, Keppel Seghers, operates in 11 countries with about 3,000 employees and has been involved in more than 350 water and wastewater treatment projects and more than 100 thermal waste treatment solutions projects (including WTE projects) worldwide.

The Sponsor will demonstrate its commitment to KGT by owning the Sponsor Units (such Units representing approximately 49.0% of the total number of Units in issue as at the Listing Date), making it the single largest Unitholder as at the Listing Date.

The Sponsor and its subsidiaries are able to support KGT through strong technical, O&M and EPC expertise to ensure that asset operations run smoothly. Keppel Seghers is a leading provider of comprehensive environmental solutions, ranging from consultancy, design and engineering, technology and construction to operation and maintenance of facilities. It actively engages in all fields of environmental engineering (for example, water, air, solid waste, sludge, and alternative energy). For more details of its recent and on-going projects, see “The Sponsor”.

Keppel Seghers has been appointed as O&M operator for all aspects of the O&M of Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant. The Plants are able to benefit from Keppel Seghers’ extensive technical expertise in managing O&M operations.

To demonstrate its commitment to KGT, the Sponsor has granted KGT certain rights of first refusal pursuant to the ROFR Deed executed by the Sponsor in favour of the Trustee-Manager. The ROFR Deed, which will come into effect on the Listing Date, applies to any ROFR Asset as well as certain assets which are identified in the ROFR Deed.

The table below sets out a list of assets which are subject to the ROFR as at the date of the ROFR Deed.

Name of Plant	Location	Description	Design Capacity
Biopolis DCS Plant	Biopolis@one-north, Singapore	A district cooling system wholly-owned by Keppel DHCS.	25,750 RT
Changi DCS Plant	Changi Business Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	13,000 RT
Woodlands DCS Plant	Woodlands Wafer Fab Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	10,100 RT
Amotfors Energi WTE Plant	Sweden	A combined heat and power WTE plant which is 22% owned by Keppel Seghers.	190 tonnes/day

KIE intends to support KGT by potentially warehousing attractive greenfield projects until such projects achieve a more stable cash flow generation capability and become suitable investments for KGT. This will facilitate the creation of a pipeline of high quality income-generating “green” infrastructure projects for potential investment by KGT. The Sponsor may also consider co-investing in assets with KGT.

4. Experienced management team and Board of Directors

The Board of Directors and the management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets. They also have experience working in senior management positions in or serving on the boards of public-listed companies. (See “The Trustee-Manager of KGT — Directors” and “The Trustee-Manager of KGT — Executive Officers”.)

5. Tax-efficient and conservative capital structure

Each of the Sub-Trustees intends to utilise the qualifying project debt security incentive introduced by the MAS and issue Notes, respectively, to the Trustee-Manager in amounts which take into account the capital needs of each Plant while seeking to optimise the tax efficiency of the capital structure as a whole. (For further details, see “Restructuring Exercise — Issue of Notes”.) Under the incentive, interest income received by KGT from the Sub-Trusts is exempt from Singapore income tax and is also not subject to Singapore withholding tax.

KGT will not have any debt as at the Listing Date which will provide it with an optimal debt financing capacity for future investment opportunities. The Trustee-Manager intends to fund future acquisitions using a financing structure that allows KGT to achieve its investment strategy of distributing long-term, regular and predictable cash flows to its Unitholders.

The Trustee-Manager plans to structure any future debt of KGT to ensure that all of its assets and businesses have sufficient financial flexibility to meet its capital expenditure and operational needs, and at the same time, service its debt obligations promptly and reliably. It intends to maintain its optimal capital structure to provide it with the flexibility to execute its growth strategies.

6. Performance Fee, Acquisition Fee and Divestment Fee are structured to align the interest of the Trustee-Manager with those of Unitholders

The Trustee-Manager is entitled under the Trust Deed to a Management Fee and a Performance Fee for its provision of services to KGT. To incentivise and align the interests of the Trustee-Manager with those of the Unitholders, the Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments. (See “The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Management Fee and Performance Fee”.)

In addition, the Trustee-Manager is also entitled to receive an Acquisition Fee in respect of any investment (other than the Plants) acquired by KGT or a KGT Entity and a Divestment Fee in respect of any investment sold or divested by KGT or a KGT Entity.

The Acquisition Fee will be calculated (a) at the rate of up to 0.5% of the Enterprise Value of any investment acquired, where such investment is acquired (i) from any one or more Sponsor Group Entities or (ii) partly from one or more Sponsor Group Entities and partly from one or more third parties and the Sponsor Group Entity(ies) had in aggregate direct or indirect interests of more than 50% in such investment prior to the acquisition, and (b) in all other cases, at a rate of up to 1.0% of the Enterprise Value of such investment.

The Divestment Fee will be calculated at a rate of up to 0.5% of the Enterprise Value of any investment sold or divested by KGT or a KGT Entity. Enterprise Value is calculated in accordance with the formula set out in “The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT — Acquisition Fee and Divestment Fee”.

BUSINESS STRATEGY

The investment objective of KGT is to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East (“**Investment Mandate**”).

Such “green” infrastructure assets include:

- (a) Waste management infrastructure assets including but not limited to waste pre-treatment plants, WTE plants and bio-solids/sludge treatment plants;
- (b) Water and wastewater treatment plants including but not limited to wastewater treatment plants, process water treatment plants, drinking water treatment plants, water reclamation plants, desalination plants and water re-use plants;
- (c) Renewable energy infrastructure assets including but not limited to wind and solar farms; and
- (d) Energy efficient infrastructure assets including but not limited to district heating and cooling systems.

The Trustee-Manager intends to pursue investments which exhibit one or more of the following characteristics set out below:

- (a) Operational projects that generally provide long-term, regular and/or predictable cash flows;
- (b) Assets that operate on the basis of long-term contracts or concessions; and

- (c) Assets that have creditworthy or reputable off-takers.

KGT aims to provide Unitholders with long-term, regular and predictable distributions through a combination of the following strategies:

- (a) **Growth strategy** — to provide growth in distributions to Unitholders through future investments in “green” infrastructure assets; and
- (b) **Risk and capital management strategy** — to manage and mitigate KGT’s overall risks and enhance financial flexibility by maintaining an optimal capital structure.

Growth Strategy for KGT

KGT’s future distribution growth will be derived mainly from its growth strategy. The Trustee-Manager believes that KGT’s growth strategy is enhanced and strengthened by the following factors:

- (a) **Sponsor’s commitment and track record** — The Sponsor holds all the shares in the issued share capital of the Trustee-Manager as at the Latest Practicable Date and will hold the Sponsor Units immediately prior to the Listing. To demonstrate its commitment to KGT, the Sponsor has given an undertaking to the Trustee-Manager that it will not sell, transfer or otherwise dispose of the Sponsor Units, or any part thereof, during the Lock-Up Period.

The Sponsor has also given undertakings to NEA and PUB that it will, at any and all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances. In addition, the Sponsor has given:

- (i) an undertaking to NEA that it will not sell, agree to sell or otherwise dispose or encumber any of the Units comprised in the Minimum Unitholding without the prior written consent of NEA; and
- (ii) an undertaking to PUB that it will not sell, agree to sell or otherwise dispose of or encumber the Sponsor Units or any of the Units which may be acquired by it for the purpose of funding the Trustee-Manager’s subscription for additional units in Ulu Pandan Trust without the prior written consent of PUB (such consent not to be unreasonably withheld).

The Trustee-Manager believes that the sponsorship of KIE will benefit KGT in the following ways:

- (i) KGT will be able to draw on KIE’s international reach and business network in sourcing for acquisition opportunities.
- (ii) The right of first refusal to acquire ROFR Assets granted by KIE increases the pipeline of acquisition opportunities available to KGT e.g. greenfield and other “green” infrastructure assets.
- (iii) The sponsorship will give KGT access to “green” infrastructure expertise to assist it in identifying and assessing potential acquisition opportunities.

KIE plans for KGT to be its key platform for its investments in operating “green” infrastructure assets.

- (b) **ROFR Assets pipeline** — KGT will have certain rights of first refusal in respect of the ROFR Assets.

- (c) **Experienced Board and management team** — The Board and management team of the Trustee-Manager comprise individuals with relevant credentials, expertise and experience in various fields and in the regional markets.
- (d) **Opportunities in the “green” infrastructure industry** — The Trustee-Manager believes there are significant investment opportunities in the “green” infrastructure industry due to greater demand for (i) cleaner and more efficient methods of disposing waste due to limited landfill space and the environmental problems associated with it, (ii) alternative energy sources such as WTE plants, wind and solar farms, and (iii) improved water quality through wastewater treatment.

A growing awareness for environmental issues will also help drive demand for “green” infrastructure assets. There is also a growing trend for governments to support the private sector investing in both new and existing “green” infrastructure assets through further deregulation and the privatisation of public sector “green” infrastructure assets.

The Trustee-Manager has obtained a confirmation from the SGX-ST that any acquisition of “green” infrastructure asset that is in the same class and geographical location as the Plants and subsequently, in KGT’s portfolio on a continuing basis, will not be subject to Chapter 10 of the Listing Manual. However, any acquisition of asset that is beyond the business and geographical segments of the KGT’s portfolio at the time of the acquisition and any disposal of assets by KGT will be subject to Chapter 10 of the Listing Manual.

Risk and Capital Management Strategy

The objectives of the Trustee-Manager in relation to portfolio management include:

- (a) **Prudent financial leverage** — The Trustee-Manager aims to maintain a prudent financial leverage. For future assets, acquisitions and operating units, the Trustee-Manager would seek to utilise non-recourse project financing that is specifically structured to match the long-term, regular and predictable cash flows from the customers of KGT. Generally, Trustee-Manager’s philosophy towards KGT’s overall debt structure is to ensure that all of its assets and businesses have sufficient financial flexibility to meet their capital expenditure and operational needs and, at the same time, to service their debt obligations promptly. The Trustee-Manager intends to maintain an efficient capital structure for KGT so as to provide it with flexibility to execute its growth strategies.

As at the Listing Date, KGT will not have any gearing. This will facilitate the ability of the Trustee-Manager to utilise debt financing in the future.

- (b) **Diversification of asset class and geographic risks** — The Trustee-Manager aims to manage and mitigate risks by diversifying the asset class and geographic region in which KGT will invest. Although waste management, water and wastewater treatment, renewable energy and energy efficiency fall under the broad category of “green” infrastructure assets, it is unlikely that these sub-sectors will be affected by the same sector specific events save for general macro-economic events that affect all sectors.

Although the Plants are located in Singapore, the Investment Mandate of the Trustee-Manager includes investments in different geographic regions such as Asia, Europe and the Middle East in the future so as to mitigate country specific risks.

COMPETITION

Subsequent to the Listing, KGT will compete generally in the “green” infrastructure industry primarily in Asia, Europe and the Middle East. The Trustee-Manager expects to compete with a range of infrastructure companies, public and private equity funds for the acquisition of “green” infrastructure businesses and/or assets. The Trustee-Manager believes that KGT will benefit from the Sponsor’s local and international business network in sourcing for “green” infrastructure acquisitions.

HEDGING POLICY

The Audit Committee will review and recommend to the Board all hedging policies and instruments before implementation by KGT. The trading of such financial and foreign exchange instruments will require the specific approval of the Board.

Foreign exchange risk management

KGT currently does not have any exposure to foreign exchange risk. However, KGT might be exposed to foreign exchange fluctuations if it acquires assets in the future with cash flows denominated in foreign currencies. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Trustee-Manager may utilise foreign currency hedging instruments to hedge KGT’s exposure to specific currency risks relating to future investments, receivables, payables and other commitments.

The Trustee-Manager will seek Board approval on the policy for entering into any foreign exchange hedging transactions and put in place adequate procedures which are reviewed and approved by the Audit Committee. The Audit Committee will monitor the implementation of the policy, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board.

Interest rate risk management

KGT may be exposed to interest rate risks on the loans drawn under the working capital facility or additional loans that KGT may undertake. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. However, the Trustee-Manager will monitor the interest rate exposure of KGT and will consider restructuring KGT’s credit facilities or use derivative financial instruments to hedge interest rate risks should the need arises.

The Trustee-Manager presently does not have any intention to invest in options, warrants, commodities, futures contracts, unlisted securities or precious metals.

THE PORTFOLIO OF KGT

OVERVIEW

As at the date of this Document, the Trustee-Manager holds the entire issued unit capital of the Sub-Trusts on trust for the Unitholders and Senoko Trustee holds Senoko Plant on trust for the Unitholder of Senoko Trust. On the Completion Date, Tuas DBOO Trustee will acquire and hold Tuas DBOO Plant and Ulu Pandan Trustee will acquire and hold Ulu Pandan Plant on trust for the respective Unitholders of Tuas DBOO Trust and Ulu Pandan Trust.

Waste Incineration Plants in Singapore

In recent years, the development of low-emission incinerators and the recognition that land disposal of solid waste leads to long-term pollution problems have resulted in combustion methods becoming the preferred mechanism for waste management, particularly where hazardous waste is involved. Prior to 1978, substantially all the solid waste generated in Singapore was disposed by landfills. As at the Latest Practicable Date, approximately 90% of Singapore's solid waste is incinerated with energy recovery while the remaining non-incinerable waste is disposed of at the Pulau Semakau landfill.

As at the Latest Practicable Date, there are four waste incineration plants operating in Singapore, namely, Tuas Incineration Plant, Tuas South Incineration Plant, Senoko Plant and Tuas DBOO Plant. After the decommissioning of Ulu Pandan Refuse Incineration Plant in August 2009, Senoko Plant is the only waste incineration plant located outside of the western area of Singapore, allowing it to serve the eastern, northern and central areas of Singapore.

The waste collectors are free to go to any waste incineration plant and as an industry practice, they will typically go to the waste incineration plant which is nearest to them and/or which charges lower gate fees.

NEWater Plants in Singapore

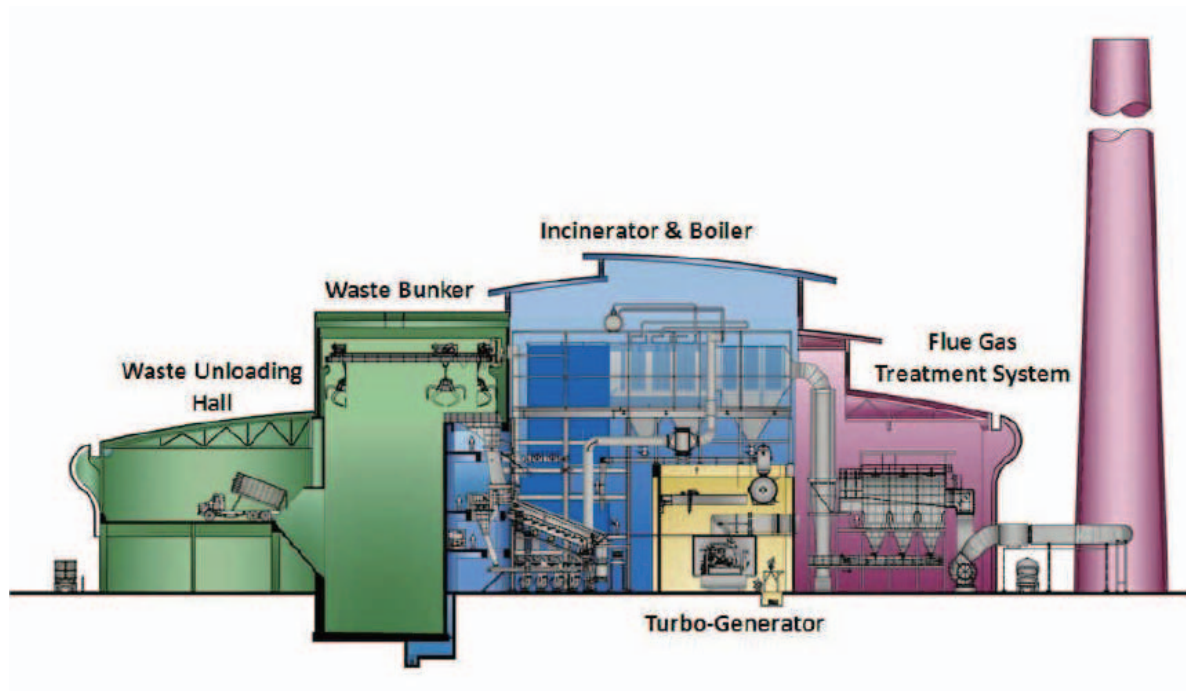
In its bid to achieve diversity and sustainability of water supply, Singapore has, through PUB, embarked on the "Four National Taps" water supply strategy, namely catchment water, imported water, NEWater and desalinated water.

NEWater is high-grade reclaimed water produced from treated used water that is purified further using advanced membrane and ultraviolet technologies, making the water ultra-clean and safe to drink.

NEWater has passed more than 65,000 scientific tests and surpasses World Health Organisation requirements. Since it is ultra-clean, NEWater is ideal for industrial uses such as wafer fabrication processes which require high-quality water. NEWater is supplied to wafer fabrication, electronics and power generation industries for process use as well as commercial and institutional complexes for air-con cooling purposes. NEWater is also mixed and blended with reservoir water and then undergoes conventional water treatment to produce drinking water.

As at the Latest Practicable Date, there are five NEWater plants in Singapore, namely Bedok, Kranji, Seletar, Ulu Pandan and Changi.

GENERAL PROCESSES OF A WASTE INCINERATION PLANT



Incineration is a waste treatment technology that involves the combustion of organic materials and/or substances. It is described as “thermal treatment” technology. Incineration of waste materials converts the waste into incinerator bottom ash, flue gases, particulates, and heat, which can in turn be used to generate electric power. The flue gases are cleaned of pollutants before they are dispersed into the atmosphere.

Receiving and Waste Handling (Waste Unloading Hall and Waste Bunker)

Refuse trucks entering the plant will pass through the plant gate and drive onto a weighbridge platform where their waste load will be determined. Weighbridges installed in the plant cater for all the incoming and outgoing trucks transporting refuse, ash, scrap, residue, lime powder and activated carbon.

A refuse storage bunker of adequate capacity is provided to cater for the difference between the refuse delivery and plant operation hours as well as to allow for an interruption of the refuse delivery. The bunker’s capacity is designed to store enough waste to feed the waste incineration plant for a few days.

In the waste bunker, waste is mixed and then fed by crane into the incinerator-boiler unit.

Combustion Process and Heat Recovery (Incinerator and Boiler)

An overhead refuse crane is used to feed the waste from the waste bunker into the furnace by dropping it into the charging hopper. The hopper guides the waste into the furnace through a feeding chute. A feeding grate ensures a smooth feeding of the waste onto the incineration grate.

Waste is burned into inert ashes on top of the incineration grate. The hot flue gas from the burning is used to convert water in the boiler into high pressure superheated steam.

Heat generated from the combustion process is recovered by boiler which consists of many tube bundles and tube membrane walls. The boiler absorbs heat from the flue gas to turn water into high pressure and high temperature steam.

The incineration grate is the heart of the combustion system and functions as support for the horizontal combustion processes. The grate enables the movement of waste through the combustion chamber to be optimised to allow for efficient and complete combustion. An incinerator-boiler unit can be designed and built to handle different amounts of waste throughput.

Steam and Electricity Generation (Turbo-Generator)

Each incinerator-boiler unit heats water to produce high-pressure superheated steam and is directed into a turbo-generator for electricity generation. Steam turbine generators are designed to receive steam output from the combined output of the incinerator-boiler units.

The generator generates electrical power for both internal plant consumption and for export of surplus to any electrical power grid. The number of generators installed and the electrical output of the generators varies according to the incineration capacity of each plant.

Flue Gas Treatment

A waste incineration plant's flue gas treatment system reduces harmful emissions in order to meet environmental standards. The quantity of pollutants in the flue gas from waste incineration plants is reduced by several processes.

Flue gases leave the boiler and enter into the dry venturi reactor, where the flue gases are brought in close contact with chemicals such as lime and activated carbon, and removal of harmful gaseous components takes place.

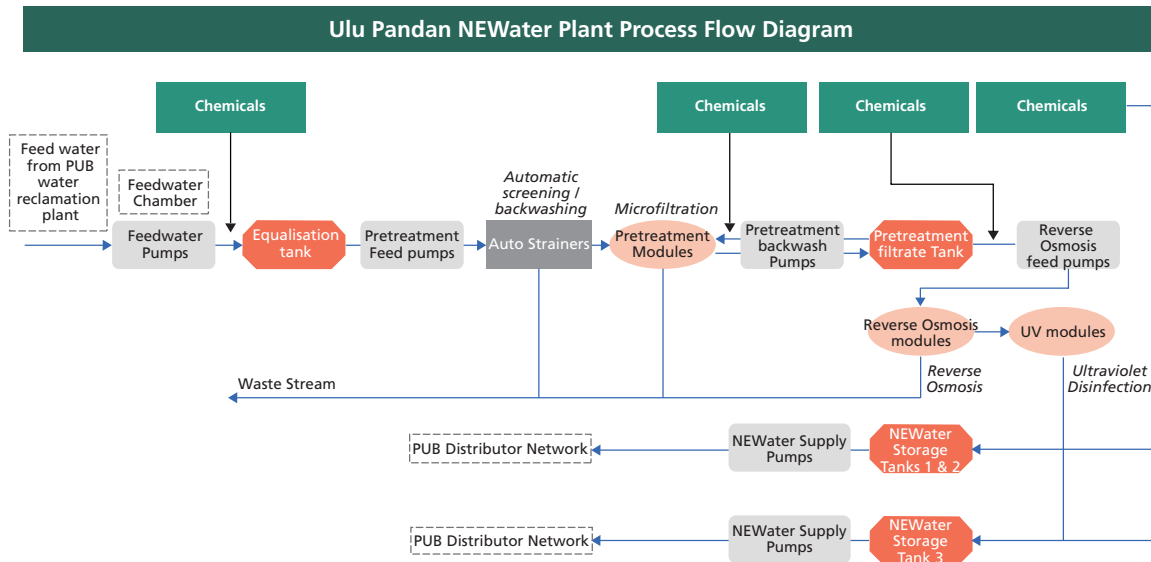
Particulate is collected by particle filters, such as baghouse filters.

Clean flue gases exit the bag filter and are discharged via an induced draft fan and through a stack.

GENERAL PROCESSES OF A NEWATER PLANT

Under the NEWater Agreement, PUB will supply Feedwater to Ulu Pandan Plant.

NEWater is reverse osmosis water that is free from viruses and bacteria and contains very low levels of salts and organic matter. This reverse osmosis process is carried out in two stages. The general treatment process of the Feedwater received from PUB in Ulu Pandan Plant is as follows:



Microfiltration

Treated secondary effluent from the water reclamation plant is piped into a NEWater plant and goes through auto strainers to filter out larger particulates. It is then passed through membranes to filter out suspended solids, disease-causing bacteria and some viruses. These are retained on the membrane. The filtered water contains mainly dissolved salts and organic molecules.

Reverse Osmosis

A semi-permeable membrane with tiny pores allows only very small molecules like water molecules to pass through. Any remaining undesirable contaminants such as bacteria, viruses, heavy metals, nitrates chloride, sulphate, disinfection by-products, aromatic hydrocarbons and pesticides cannot penetrate the membrane.

Ultraviolet Disinfection

At this stage, ultraviolet light is used to ensure that any remaining organism is inactivated.

Alkaline chemicals are then added to restore the pH balance, following which the NEWater is ready to use.

SENOKO PLANT

Overview

Senoko Plant is located in the northern part of Singapore, at 30 Attap Valley Road, Singapore 759907. It is the third waste incineration plant built in Singapore and is one of the four waste incineration plants currently operating in Singapore. Since August 2009, it is also the only waste incineration plant located outside of the Tuas area (which is in the western part of Singapore) and this positions it to serve the eastern, northern and central areas of Singapore. Senoko Plant was

commissioned in 1992 on a land area of 7.5 hectares. It is equipped with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2 x 28 MW.

On 14 September 2008, the Sponsor's proposal to divest Senoko Plant to an infrastructure business trust was selected by the Singapore Government in a tender process. Senoko Plant was acquired by Senoko Trust on 31 August 2009 for S\$454 million on a willing-buyer, willing-seller basis and it commenced commercial operations under Senoko Trust on the Senoko ISA Conditions Satisfaction Date.

Key Information

Senoko ISA

The Senoko Trustee has entered into the Senoko ISA with NEA pursuant to which the Senoko Trustee will own and operate Senoko Plant in accordance with the terms of the Senoko ISA. The term of the Senoko ISA is for 15 years commencing from the Senoko ISA Conditions Satisfaction Date. Under the Senoko ISA, the contracted incineration capacity of Senoko Plant is 2,100 tonnes per day (based on a Net Calorific Value of 9,000 kJ/kg).

Under the Senoko ISA, the Senoko Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) fixed payments ("**Fixed Capacity Payments**"), for the provision of incineration capacity; and
- (b) variable payments ("**Variable Payments**"), comprising a variable O&M cost component ("**variable O&M cost component**") (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges which are paid by the Senoko Trustee to the NEMS).

Fixed Capacity Payments are payable for making available the contracted incineration capacity of Senoko Plant. They are payable throughout the term of the Senoko ISA, regardless of whether Senoko Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Senoko Plant, thus ensuring a long-term and predictable cash flow for Senoko Trust. Fixed Capacity Payments are payable in full if the available incineration capacity of Senoko Plant is greater than or equal to 2,100 tonnes per day. If the available incineration capacity is less than 2,100 tonnes per day, the Fixed Capacity Payments will be reduced accordingly. Fixed Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component ("**fixed O&M cost component**"), which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Senoko Plant (which shall not exceed the contracted incineration capacity of 2,100 tonnes per day) and subject to deductions if certain performance standards are not met.

The available incineration capacity (tonnes/day) of Senoko Plant is calculated by multiplying the tested incineration capacity ("**TIC**") by the availability factor for incineration capacity ("**availability factor**"). The Senoko Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Based on the incineration capacity test conducted on 25 August 2009, the tested incineration capacity of Senoko Plant for the first contract year is 2,836.44 tonnes/day.

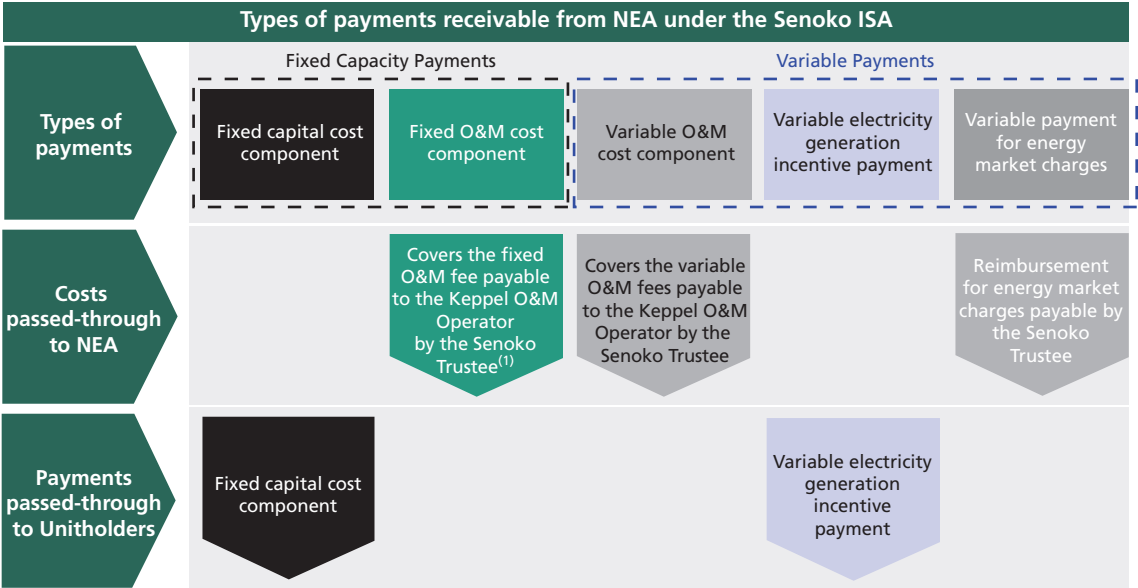
The availability factor for incineration capacity in the billing period is the moving average of the actual time availability factor for the past 12 months. The actual time availability factor for incineration capacity in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

The fixed O&M cost component of the Fixed Capacity Payments covers the fixed O&M fees payable to the Keppel O&M Operator as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Senoko Trust. The variable O&M cost component covers the variable O&M fees payable to the Keppel O&M Operator. This mechanism allows the O&M fees payable to Keppel O&M Operator to be passed through to NEA with the effect that the effective income of Senoko Trust is derived from the fixed capital cost components of the Fixed Capacity Payments.

Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS. Variable Payments comprise:

- (a) a variable O&M cost component, which is computed based on the actual quantity of waste delivered to Senoko Plant and a variable O&M charge rate that is adjustable for inflation;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Senoko Plant to the NEMS; and
- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by Senoko Trustee as a participant in the NEMS.

The following diagram illustrates the types of payments receivable from NEA under the Senoko ISA:



Note:

1. Also covers the property tax, trustee management fees, licensing fees and insurance costs incurred by the Senoko Trustee. Any additional property tax paid by the Senoko Trustee will be reimbursed by NEA and any cost savings in property tax realised by the Senoko Trustee will be deducted from payments receivable from NEA.

A breakdown of the types of payments receivable from NEA for Senoko Plant for FY2010 and FY2011 is set out in the table below:

Types of payments receivable from NEA under the Senoko ISA	Percentage of total payments based on Forecast Period 2010	Percentage of total payments based on Projection Year 2011
Fixed Capacity Payment		
• fixed capital cost component	61.2%	60.7%
• fixed O&M cost component	32.9%	33.1%
Variable Payments	5.9%	6.2%
Total	100.0%	100.0%

The payments in the table above are derived from and subject to the assumptions contained in the section "Profit and Cash Flow Forecast and Profit and Cash Flow Projection".

For more details of the Senoko ISA, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko ISA".

Senoko O&M Agreement

The Senoko Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Senoko Plant pursuant to the Senoko O&M Agreement, whereby Keppel Seghers ("**Keppel O&M Operator**") will operate, maintain and repair Senoko Plant in return for fixed O&M fees and variable O&M fees payable by Senoko Trust. The Senoko O&M Agreement and the Senoko ISA will run concurrently for the same 15-year term.

The fixed O&M fees payable to the Keppel O&M Operator will be covered by the fixed O&M cost component of the Fixed Capacity Payments. The variable O&M fees payable to the Keppel O&M Operator will be covered by the variable O&M cost component of the Variable Payments. Adjustments for inflation to the fixed O&M cost component of the Fixed Capacity Payments and variable O&M cost component of the Variable Payments under the Senoko ISA will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Senoko O&M Agreement.

For more details of the Senoko O&M Agreement, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko O&M Agreement".

Senoko EPC Contract

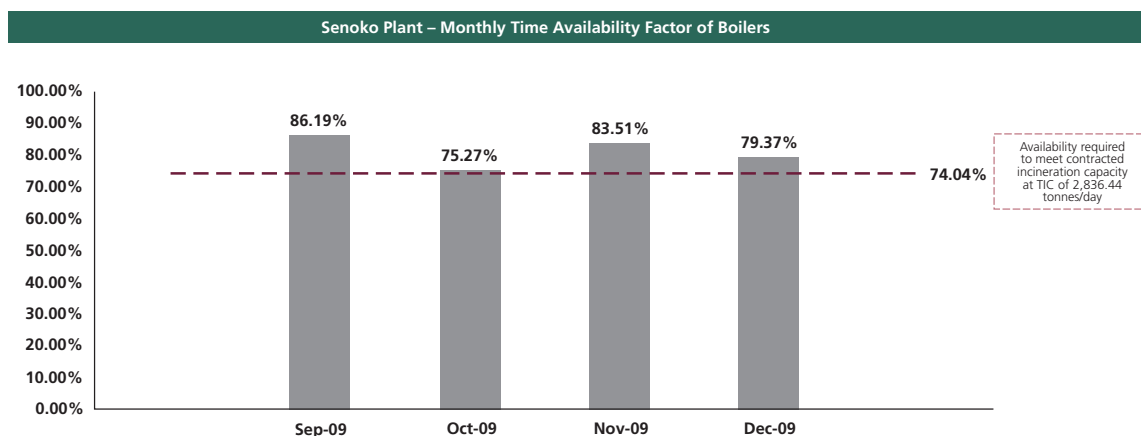
Under the Senoko ISA, the Senoko Trustee is required to carry out the Flue Gas Treatment Upgrade to the requisite specifications set out in the Senoko ISA within three years from the Senoko ISA Conditions Satisfaction Date. The Senoko Trustee has agreed to appoint Keppel Seghers as the EPC contractor ("**Keppel EPC Contractor**") for the Flue Gas Treatment Upgrade pursuant to the Senoko EPC Contract.

The Flue Gas Treatment Upgrade is independent of and would not have any impact on the monthly payments received from NEA. For more details of the Senoko EPC Contract, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko EPC Contract".

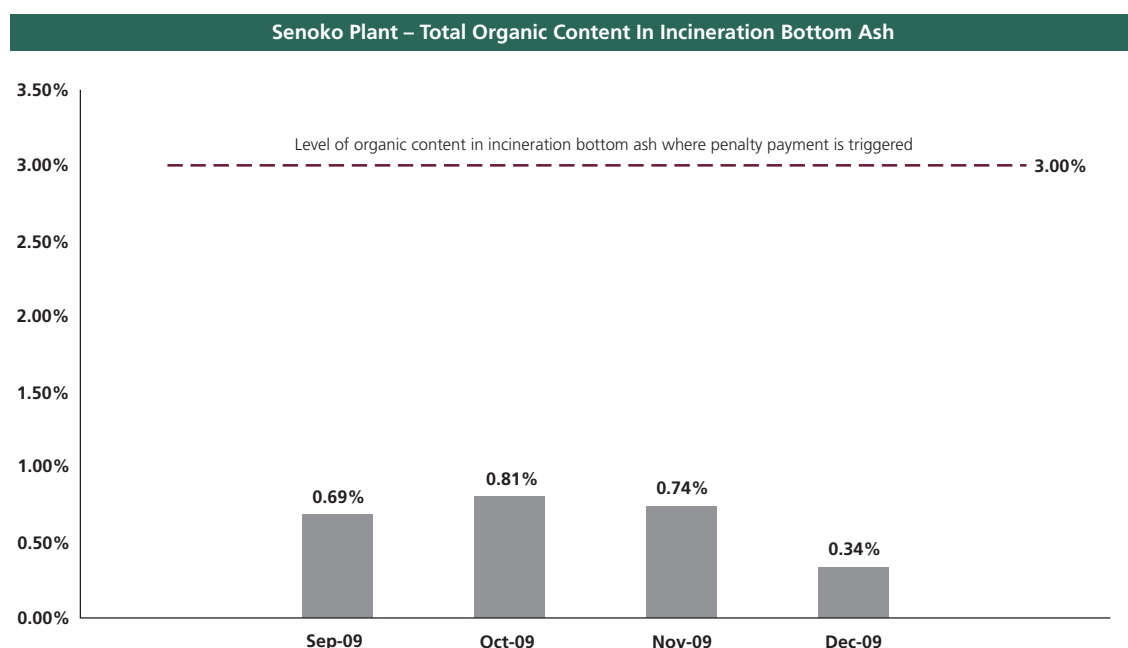
Historical performance of Senoko Plant

Since the Senoko ISA Conditions Satisfaction Date till the end of FY2009 (being a duration of 4 months):

- (a) Senoko Plant incinerator-boiler units achieved an average monthly time availability factor for incineration capacity of 81.09%, which is above the 74.04% threshold required to receive from NEA in FY2009 the maximum Fixed Capacity Payments under the Senoko ISA at the TIC established on 25 August 2009;



- (b) the average total organic content of the incineration bottom ash produced by Senoko Plant was 0.65%, which is below the 3% threshold that will result in a payment deduction by NEA under the Senoko ISA for reduced quality of incineration bottom ash;



- (c) Senoko Plant achieved the turnaround time required under the Senoko ISA; and
- (d) Senoko Plant met its electricity generation obligations under the Senoko ISA.

Restructuring of Senoko SPC

As at the date of this Document, Senoko SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Senoko Plant in its capacity as the Senoko Trustee for the Trustee-Manager. The Senoko Trustee is the legal owner of Senoko Plant and the contracting party to the material agreements for carrying on the business relating to Senoko Plant. On the Completion Date, the Senoko Trustee will repay the Senoko-Sponsor Loan and the Senoko-KIPL Loan by issuing the Senoko Notes and new units in Senoko Trust to the Trustee-Manager. In addition, the Trustee-Manager will acquire all the shares in Senoko SPC from the Sponsor such that Senoko SPC becomes a wholly-owned subsidiary of the Trustee-Manager.

Regulatory

Regulatory Regime for the Waste Management Industry

The applicable statutory provisions in relation to the licensing and regulatory regime of the waste management industry are found in the Environmental Public Health Act (Chapter 95) ("**EPHA**") and the Environmental Protection and Management Act (Chapter 94A) ("**EPMA**"). NEA regulates the waste management industry in Singapore.

Environmental and Safety Matters

The operations of Senoko Plant are subject to a number of laws and regulations relating to environmental protection and safety.

For air emissions, Senoko Plant is required to comply with the EPMA and the Environmental Protection and Management (Air Impurities) Regulations. Flue gas produced from the plant processes of Senoko Plant is also treated to remove its acidic and dust contents before it is dispersed through one of the two chimneys of Senoko Plant.

The EPMA and the Environmental Protection and Management (Boundary Noise Limits for Factory Premises) Regulation specify the noise levels at Senoko Plant's boundaries and the Workplace Safety and Health Act (Chapter 354A) ("**WSHA**"), and the Factories (Noise) Regulations stipulate the permissible indoor noise levels for Senoko Plant.

The EPMA and the Environmental Protection and Management (Hazardous Substances) Regulations regulate the purchase, storage and use of hazardous substances by Senoko Plant. The permit from NEA to store and use hazardous substances at Senoko Plant has been obtained.

The Fire Safety Act (Chapter 109A) ("**FSA**") and the Fire Safety (Petroleum & Flammable Materials) Regulations regulate the purchase, storage and use of petroleum and flammable materials by Senoko Plant. The licence from the Singapore Civil Defence Force ("**SCDF**") to store petroleum at Senoko Plant has been obtained.

The Sewerage and Drainage Act (Chapter 294) ("**SDA**") and the Sewerage and Drainage (Trade Effluent) Regulations regulate the treatment and discharge of wastewater into the public sewer system. Wastewater produced from the incineration and electricity generation processes at Senoko Plant is treated to meet the final effluent quality prescribed by PUB before it is discharged to the public sewer system. The licence from PUB to discharge trade effluent into the public sewer system has been obtained.

There are policies and procedures to ensure that the operations of Senoko Plant conform to existing environmental regulatory standards. There are also procedures for the safe management and disposal of waste products and pollutants.

EPHA Licence

The Senoko Trustee has obtained a licence from NEA under the EPHA ("**Senoko EPHA Licence**") authorising it to maintain and operate the waste disposal facility at Senoko Plant. The capacity of waste to be treated at Senoko Plant is 2,100 tonnes/day, such being the Contracted Incineration Capacity (as defined in the Senoko ISA) under the Senoko ISA. The Senoko EPHA Licence is valid until 31 August 2024, subject to the conditions set out in the Senoko EPHA Licence.

Electricity Licence

The Senoko Trustee has been obtained an electricity licence ("**Senoko Electricity Licence**") from the Energy Market Authority of Singapore ("**EMA**") under the Electricity Act (Chapter 89A) ("**Electricity Act**") to (a) generate electricity and (b) trade in any wholesale electricity market operated by Energy Market Company Pte Ltd ("**EMC**"), subject to the conditions set out in the Senoko Electricity Licence.

The Senoko Electricity Licence authorises Senoko Trustee to generate electricity and is valid for a period of 30 years from 24 August 2009 to 23 August 2039.

TUAS DBOO PLANT

Overview

Tuas DBOO Plant is located at 96 Tuas South Avenue 3, Singapore 637366, in the western part of Singapore. It is the fifth waste incineration plant to be built in Singapore and the newest of the four waste incineration plants currently operating in Singapore. Tuas DBOO Plant is also the first waste incineration plant in Singapore to be built under the public-private-partnership initiative. It was built with Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas cleaning system and is the first waste incineration plant in Singapore to showcase WTE technology from a Singapore company.

Tuas DBOO Plant commenced commercial operations on the Tuas DBOO PCOD. It is equipped with two incinerator-boiler units with one condensing turbine-generator offering a power generation capacity of 22 MW.

Key Information

Tuas DBOO ISA

The Tuas DBOO Trustee has entered into the Tuas DBOO ISA with NEA pursuant to which the Tuas DBOO Trustee will own and operate Tuas DBOO Plant in accordance with the terms of the Tuas DBOO ISA. The term of the Tuas DBOO ISA is 25 years commencing from the Tuas DBOO PCOD. Under the Tuas DBOO ISA, the Contracted Incineration Capacity of Tuas DBOO Plant is 800 tonnes per day (based on a Net Calorific Value of 9,000 kJ/kg).

Under the Tuas DBOO ISA, the Tuas DBOO Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) fixed payments ("**Fixed Capacity Payments**"), comprising an incineration capacity payment ("**Incineration Capacity Payment**") for the provision of incineration capacity and electricity generation payment ("**Electricity Generation Payment**") for the provision of electricity generation services; and
- (b) variable payments ("**Variable Payments**"), comprising a variable O&M cost component ("**variable O&M cost component**") (for the provision of incineration services), electricity

generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges that Tuas DBOO Trustee has to pay the NEMS).

Incineration capacity payments are payable for making available the contracted incineration capacity of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Tuas DBOO Plant, thus ensuring a long-term and predictable cash flow for Tuas DBOO Trust. Incineration Capacity Payments are payable in full if the available incineration capacity of Tuas DBOO Plant is greater than or equal to 800 tonnes per day. If the available incineration capacity is less than 800 tonnes per day, the Incineration Capacity Payments will be reduced accordingly. Incineration Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component ("**fixed O&M cost component**"), which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Tuas DBOO Plant (which shall not exceed the contracted incineration capacity of 800 tonnes per day) subject to deductions if certain performance standards are not met.

The available incineration capacity (tonnes/day) of Tuas DBOO Plant is calculated by multiplying the tested incineration capacity ("**TIC**") by the availability factor for incineration capacity ("**availability factor**"). The Tuas DBOO Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Based on the test completed on 27 October 2009, the TIC of Tuas DBOO Plant for the first contract year is 960.15 tonnes/day.

The availability factor for incineration capacity in the billing period is the moving average of the actual time availability factor for the past 12 months. The actual time availability factor for incineration capacity in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

Electricity Generation Payments are payable for making available the electricity generation services of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant exports any electricity to the NEMS and do not vary with the volume of electricity exported by Tuas DBOO Plant or its available capacity, thus adding to a long-term and predictable cash flow for Tuas DBOO Trust. Electricity Generation Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component, which is adjustable for inflation.

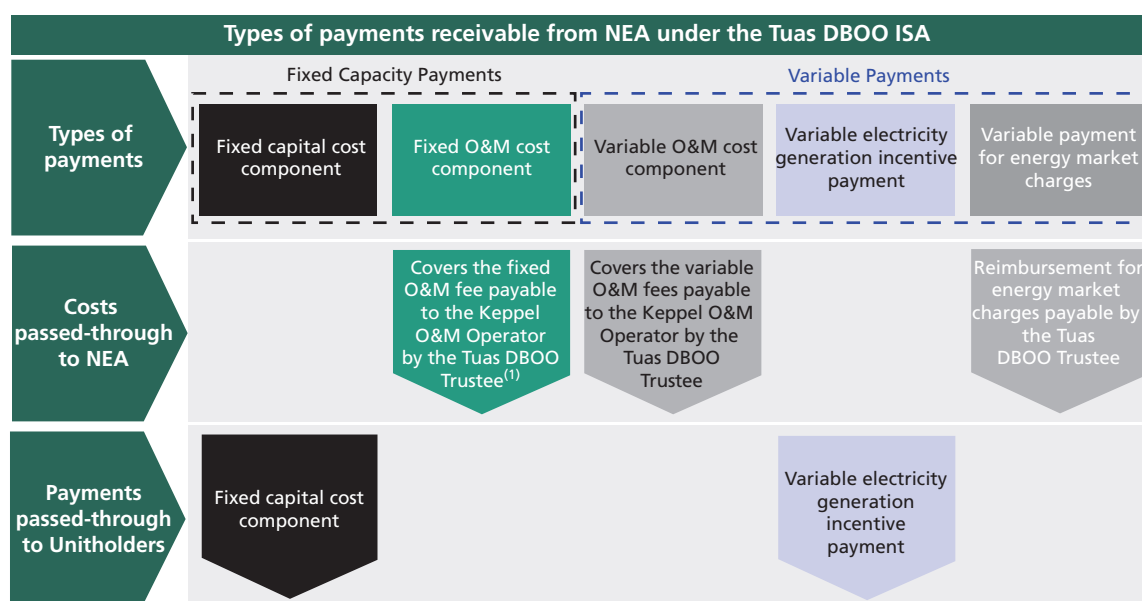
Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS. Variable Payments comprise:

- (a) a variable O&M cost component, which is adjustable for inflation and which is computed based on the actual quantity of waste delivered to Tuas DBOO Plant;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Tuas DBOO Plant to the NEMS; and

- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by the Tuas DBOO Trustee as a participant in the NEMS.

The fixed O&M cost components of both the Incineration Capacity Payments and Electricity Generation Payments cover the fixed O&M fees payable to the Keppel O&M Operator as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Tuas DBOO Trust. The variable O&M cost component covers the variable O&M fees payable to the Keppel O&M Operator. This mechanism allows the O&M fees payable to the Keppel O&M Operator to be passed through to NEA with the effect that the effective income of the Tuas DBOO Trustee is derived from the fixed capital cost components of the Fixed Capacity Payments, and the Electricity Generation Incentive Payment.

The following diagram illustrates the types of payments receivable from NEA under the Tuas DBOO ISA:



Note:

- Also covers the property tax, trustee management fees, licensing fees and insurance costs incurred by the Tuas DBOO Trustee.

A breakdown of the types of payments receivable from NEA for Tuas DBOO Plant for FY2010 and FY2011 is set out in the table below:

Types of payments receivable from NEA under Tuas DBOO ISA	Percentage of total payments based on Forecast Period 2010	Percentage of total payments based on Projection Year 2011
Fixed Capacity Payment		
• fixed capital cost components	58.0%	58.0%
• fixed O&M cost components	36.2%	36.2%
Variable Payments	5.8%	5.8%
Total	100.0%	100.0%

The payments in the table above are derived from, and subject to the assumptions contained in, the section “Profit and Cash Flow Forecast and Profit and Cash Flow Projection”.

For more details of the Tuas DBOO ISA, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO ISA”.

Tuas DBOO O&M Agreement

The Tuas DBOO Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Tuas DBOO Plant pursuant to the Tuas DBOO O&M Agreement, whereby the Keppel O&M Operator will operate, maintain and repair Tuas DBOO Plant in return for fixed O&M fees and variable O&M fees payable by Tuas DBOO Trust. The Tuas DBOO O&M Agreement and the Tuas DBOO ISA will run concurrently for the same 25-year term.

The fixed O&M fees payable to the Keppel O&M Operator will be covered by the fixed O&M cost components of the Fixed Capacity Payments. The variable O&M fees payable to the Keppel O&M Operator will be covered by the variable O&M cost component of the Variable Payments. Adjustments for inflation to the fixed O&M cost components of the Fixed Capacity Payments and variable O&M cost component of the Variable Payments under the Tuas DBOO ISA will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Tuas DBOO O&M Agreement.

For more details of the Tuas DBOO O&M Agreement, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO O&M Agreement”.

Tuas DBOO EPC Contract

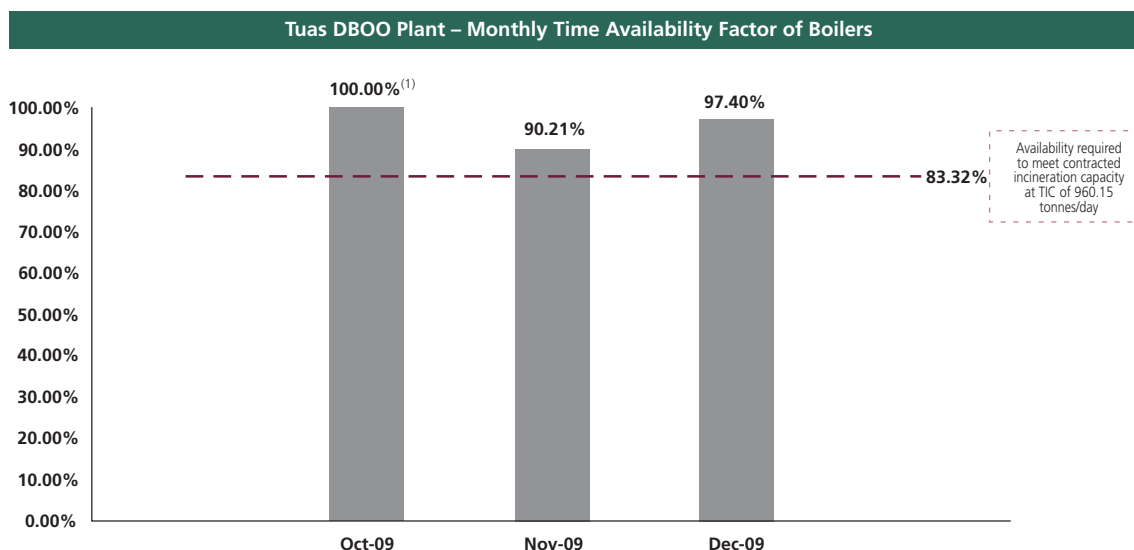
Tuas DBOO SPC appointed Keppel Seghers as the EPC contractor of Tuas DBOO Plant pursuant to the Tuas DBOO EPC Contract, whereby Keppel Seghers designed, engineered, procured and constructed Tuas DBOO Plant. Construction of Tuas DBOO Plant was completed in October 2009 and commercial operations commenced on 30 October 2009.

For more details of the Tuas DBOO Agreement, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO EPC Contract”.

Historical performance of Tuas DBOO Plant

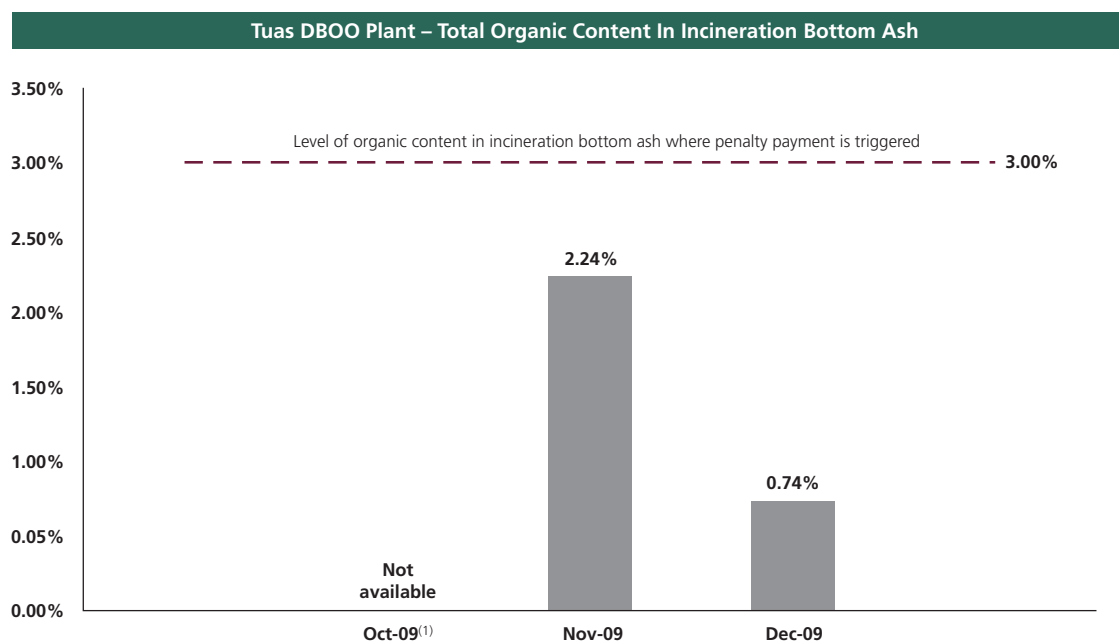
Since the Tuas DBOO PCOD till the end of FY2009 (being a duration slightly over two months):

- (a) Tuas DBOO Plant incinerator-boiler units achieved an average monthly time availability factor for incineration capacity of 95.87%, which is above the 83.32% threshold required to receive from NEA in FY2009 the maximum Incineration Capacity Payments under the Tuas DBOO ISA at the TIC established on 27 October 2009;



Note:

1. There were only 2 days of operation in October 2009
- (b) the average total organic content of the incineration bottom ash produced by Tuas DBOO Plant was 1.49%, which is below the 3% threshold that will result in a payment deduction by NEA under the Tuas DBOO ISA for reduced quality of incineration bottom ash;



Note:

1. No sample was taken as there were only two days of operation in October 2009
- (c) Tuas DBOO Plant achieved the turnaround time required under the Tuas DBOO ISA; and
- (d) Tuas DBOO Plant has generally met its electricity generation obligations under the Tuas DBOO ISA (save for its first two days of commercial operations where the turbine-generator underwent fine-tuning and the payment deduction amounted to S\$51,361.58).

Restructuring of Tuas DBOO SPC

As at the date of this Document, Tuas DBOO SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings of Tuas DBOO Plant in its personal capacity.

On the Completion Date, Tuas DBOO SPC, in its capacity as the Tuas DBOO Trustee, will acquire and hold the assets and business undertakings relating to Tuas DBOO Plant on trust for the Trustee-Manager. The Tuas DBOO Trustee will fund the acquisition by issuing the Tuas DBOO Notes and new units in Tuas DBOO Trust to the Trustee-Manager. The Tuas DBOO Trustee will be the legal owner of Tuas DBOO Plant and the contracting party to the material agreements for carrying on the business relating to Tuas DBOO Plant. The Trustee-Manager will also acquire all the shares in Tuas DBOO SPC from the Sponsor such that Tuas DBOO SPC becomes a wholly-owned subsidiary of the Trustee-Manager.

Regulatory

Regulatory Regime for the Waste Management Industry

The applicable statutory provisions in relation to the licensing and regulatory regime of the waste management industry are found in the EPHA and the EPMA. NEA regulates the waste management industry in Singapore.

Environmental and Safety Matters

The operations of Tuas DBOO Plant are subject to a number of laws and regulations relating to environmental protection and safety.

For air emissions, Tuas DBOO Plant is required to comply with the EPMA and the Environmental Protection and Management (Air Impurities) Regulations. Flue gas produced from the plant process of Tuas DBOO Plant is treated to remove its acidic and dust contents before it is dispersed through the chimney of Tuas DBOO Plant.

The EPMA and the Environmental Protection and Management (Boundary Noise Limits for Factory Premises) Regulation specify the noise levels at Tuas DBOO Plant's boundaries and the WSHA and the Factories (Noise) Regulations stipulate the permissible indoor noise levels for Tuas DBOO Plant.

The EPMA and the Environmental Protection and Management (Hazardous Substances) Regulations regulate the purchase, storage and use of hazardous substances by Tuas DBOO Plant. The permit from NEA to store certain hazardous substances at Tuas DBOO Plant has been obtained.

The FSA and the Fire Safety (Petroleum & Flammable Materials) Regulations regulate the purchase, storage and use of petroleum and flammable materials by Tuas DBOO Plant. The licence from the SCDF to store petroleum at Tuas DBOO Plant has been obtained.

The SDA and the Sewerage and Drainage (Trade Effluent) Regulations regulate the treatment and discharge of wastewater into the public sewer system. Wastewater produced from the incineration and electricity generation processes at Tuas DBOO Plant is treated to meet the final effluent quality prescribed by PUB before it is discharged to the public sewer system. The licence from PUB to discharge trade effluent into the public sewer system has been obtained.

There are policies and procedures to ensure that the operations of Tuas DBOO Plant conform to existing environmental, health and safety regulatory standards. There are also procedures for the safe management and disposal of the waste products and pollutants.

EPHA Licence

A licence has been obtained under the EPHA from NEA authorising the construction, establishment, maintenance and operation of the disposal facility at Tuas DBOO Plant ("**Tuas DBOO EPHA Licence**"). The capacity of waste to be treated at Tuas DBOO Plant is 800 tonnes/day, such being the Contracted Incineration Capacity under the Tuas DBOO ISA. The Tuas DBOO EPHA Licence will be valid until 30 June 2034, subject to the conditions set out in the Tuas DBOO EPHA Licence.

Electricity Licence

On the Completion Date, the Tuas DBOO Trustee will obtain an electricity licence ("**Tuas DBOO Electricity Licence**") from EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the Tuas DBOO Electricity Licence.

The Tuas DBOO Electricity Licence will authorise Tuas DBOO SPC to generate electricity and will be valid until 18 July 2036.

ULU PANDAN PLANT

Overview

Ulu Pandan Plant is located at 61 Old Toh Tuck Road, Singapore 597656, in the central part of Singapore.

In early 2005, PUB awarded the contract to Ulu Pandan SPC to design, build, own and operate Ulu Pandan Plant under a public-private-partnership initiative, so as to meet the demand from the industrial and commercial sectors in the western and central regions of Singapore. Ulu Pandan Plant commenced commercial operations on the Ulu Pandan PCOD.

As at the Latest Practicable Date, Ulu Pandan Plant is the fourth operational NEWater plant in Singapore and one of the largest wastewater recycling plants operational in East Asia. It features modular design, space saving measures and energy saving features which lowers operating costs and has the capacity to produce 148,000 m³ of NEWater daily.

Key Information

NEWater Agreement

The Ulu Pandan Trustee has entered into the NEWater Agreement with PUB pursuant to which the Ulu Pandan Trustee will own and operate Ulu Pandan Plant in accordance with the terms of the NEWater Agreement. The term of the NEWater Agreement is 20 years commencing from the Ulu Pandan PCOD. Under the NEWater Agreement, the contracted warranted capacity of Ulu Pandan Plant is 148,000 m³/day.

Under the NEWater Agreement, the Ulu Pandan Trustee is entitled to receive the following monthly payments from PUB:

- (a) fixed payment ("**Availability Payments**") for the provision of production capacity; and
- (b) variable payment ("**Output Payments**") for the volume of Feedwater treated.

Availability Payments are payable for making available the warranted production capacity of Ulu Pandan Plant. They are payable throughout the term of the NEWater Agreement, regardless of whether Ulu Pandan Plant produces any NEWater and do not vary with the volume of Feedwater treated by Ulu Pandan Plant, thus ensuring a long-term, predictable and high-quality cash flow for Ulu Pandan Plant. Availability Payments are payable in full if the available production capacity of Ulu Pandan Plant is greater or equal to 148,000 m³/day. If the available production capacity is less than 148,000 m³/day, the Availability Payments will be reduced accordingly. Availability Payments comprise:

- (a) a fixed capital cost recovery payment component, which is not adjustable for inflation and which covers amounts for debt service, return on shareholders' equity and taxes payable by the Ulu Pandan Trustee;
- (b) a fixed O&M payment component ("**fixed O&M cost component**"), which is adjustable for inflation and which covers all fixed O&M costs of Ulu Pandan Plant; and
- (c) a fixed power payment component, which is not adjustable for inflation and which covers all fixed power costs of Ulu Pandan Plant.

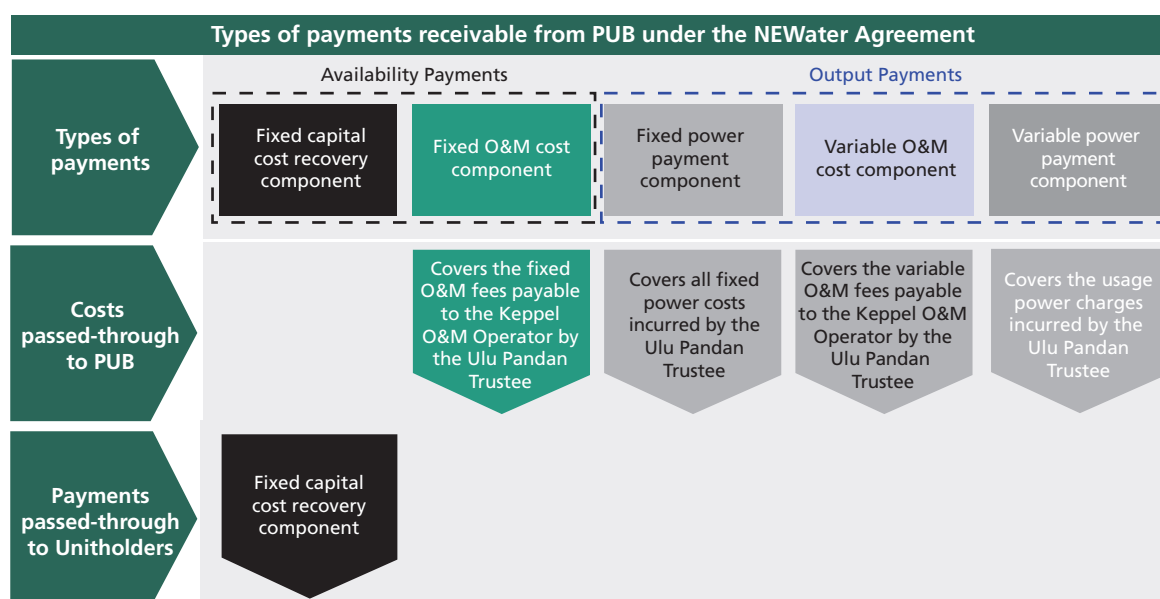
subject to deductions if certain performance standards are not met.

Output Payments are payable based on the net amount of NEWater delivered by Ulu Pandan Plant to PUB at delivery points. Output Payments comprise:

- (a) a variable O&M payment component ("**variable O&M cost component**"), which is adjustable for inflation and computed based on the quantity of NEWater delivered to PUB; and
- (b) a variable power payment component, which is adjustable based on the fuel price index and computed based on the usage power charges incurred by Ulu Pandan Plant.

The Availability Payments and the Output Payments will cover the O&M fees payable by the Ulu Pandan Trustee to Keppel Seghers as the O&M operator of Ulu Pandan Plant as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Ulu Pandan Trust. The effective income of Ulu Pandan Trust is derived primarily from the fixed capital cost recovery payment component of the Availability Payment and potentially from the variable power payment component of the Output Payment. However, it is possible that the variable power payment component in the Output Payments may not sufficiently cover the actual usage power charges incurred by Ulu Pandan Plant, as the actual charges incurred vary with the cost of fuel and may be higher or lower than the reference cost of fuel (which is based on the monthly average 180cST HSFO for the previous 12 months) used in calculating the variable power payment component. (For more details, please see "Risk Factors — Risk Relating to the Plants — Energy costs are a significant component of the total operating costs for Ulu Pandan Plant and any significant changes in energy costs beyond those projected and/or hedged may have an adverse effect on its business, financial condition and results of operations".)

The following diagram illustrates the types of payments receivable from PUB under the NEWater Agreement:



A breakdown of the types of payments receivable from PUB for Ulu Pandan Plant for FY2010 and FY2011 is set out in the table below:

Types of payments receivable from PUB under NEWater Agreement	Percentage of total payments based on Forecast Period 2010	Percentage of total payments based on Projection Year 2011
Availability Payment		
• Fixed capital cost recovery payment component.	35.6%	36.4%
• Fixed O&M cost component.	15.3%	15.6%
• Fixed power payment component.	2.7%	2.8%
Output Payment		
• Variable O&M cost component.	21.9%	21.3%
• Variable power payment component	24.5%	23.9%
Total	100.0%	100.0%

The payments in the table above are derived from, and subject to the assumptions contained in, the section "Profit and Cash Flow Forecast and Profit and Cash Flow Projection".

For more details of the NEWater Agreement, see "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — NEWater Agreement".

Ulu Pandan O&M Agreement

The Ulu Pandan Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Ulu Pandan Plant pursuant to the Ulu Pandan O&M Agreement, whereby Keppel Seghers will operate, maintain and repair Ulu Pandan Plant in return for fixed O&M fees and variable O&M fees payable by the Ulu Pandan Trustee. The term of the Ulu Pandan O&M Agreement will expire on the 20th anniversary of the Ulu Pandan PCOD.

The O&M fees payable to Keppel O&M Operator will be covered by the fixed O&M cost component of the Availability Payments and the variable O&M cost component of the Output

Payments. Adjustments for inflation at the end of every year to the fixed O&M cost component of the Availability Payments and variable O&M cost component of the Output Payments under the NEWater Agreement will lead to corresponding adjustments to the fixed and variable O&M fees payable under the Ulu Pandan O&M Agreement.

For more details of the Ulu Pandan O&M Agreement, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — Ulu Pandan O&M Agreement”.

Ulu Pandan EPC Contract

Ulu Pandan SPC appointed Keppel Seghers as the EPC contractor of Ulu Pandan Plant pursuant to the Ulu Pandan EPC Contract, whereby Keppel Seghers designed and built Ulu Pandan Plant and designed, constructed and commissioned the PUB interfaces and dispatch telemetry equipment. Construction of Ulu Pandan Plant completed in October 2006 and the PCOD of Ulu Pandan Plant was 28 March 2007.

For more details of the Ulu Pandan EPC Contract, see “Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — Ulu Pandan EPC Contract”.

Ulu Pandan Plant Historical Performance

From the Ulu Pandan PCOD to FY2009, save for one incident of NEWater reduced storage that resulted in a payment deduction by PUB (this occurred in February 2009 for a few hours and the payment deducted amounted to approximately S\$4,000), Ulu Pandan Plant has met all the performance requirements for NEWater warranted capacity, NEWater quality specifications and residual waste volume under the NEWater Agreement.

Restructuring of Ulu Pandan SPC

As at the date of this Document, Ulu Pandan SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings of Ulu Pandan Plant in its personal capacity.

On the Completion Date, Ulu Pandan SPC, in its capacity as the Ulu Pandan Trustee, will acquire and hold the assets and business undertakings relating to Ulu Pandan Plant on trust for the Trustee-Manager. The Ulu Pandan Trustee will fund the acquisition by issuing the Ulu Pandan Notes and new units in Ulu Pandan Trust to the Trustee-Manager. The Ulu Pandan Trustee will be the legal owner of Ulu Pandan Plant and the contracting party to the material agreements for carrying on the business relating to Ulu Pandan Plant. The Trustee-Manager will also acquire all the shares in Ulu Pandan SPC from the Sponsor such that Ulu Pandan SPC becomes a wholly-owned subsidiary of the Trustee-Manager.

Regulatory

Regulatory Regime for the Water Treatment Industry

The applicable statutory provisions in relation to the licensing and regulatory regime of the water treatment industry are found in the EPMA. PUB regulates the water treatment industry in Singapore.

Environmental and Safety Matters

The operations of Ulu Pandan Plant are subject to a number of laws and regulations relating to environmental protection and safety.

The FSA and the Fire Safety (Petroleum & Flammable Materials) Regulations control the storage of petroleum and flammable substances by Ulu Pandan Plant. Ulu Pandan SPC has obtained a licence from the SCDF to store petroleum and flammable substances used in water treatment and NEWater production at Ulu Pandan Plant. This licence is valid for 2 years from 1 June 2008 to 31 May 2010 and renewal of the licence is in progress.

The EPMA and the Environmental Protection and Management (Hazardous Substances) Regulations regulates the storage of hazardous substances by Ulu Pandan Plant. A permit by NEA authorising the storage and use of specified quantities of certain hazardous substances for water treatment and NEWater production at Ulu Pandan Plant has been obtained. This permit is valid for two years from 15 November 2009 to 14 November 2011.

The WSHA and the regulations promulgated thereunder stipulate requirements relating to workplace safety and health. The procedures that the Keppel O&M Operator has adopted to ensure its plant operations conform to these workplace safety standards include risk assessment, emergency response, first aid, incident-reporting and noise control.

ENVIRONMENTAL, HEALTH AND SAFETY PROCEDURES

The Keppel O&M Operator has, in line with its environmental, occupational health and safety (“EHS”) policies, established a centralised Environmental, Health, Safety Team (“EHS Team”) whose responsibilities include the development of the Keppel O&M Operator’s EHS management system. Each Plant’s operations management is responsible for the implementation of the EHS management system.

In particular, each Plant has its own EHS Committee which has an EHS supervisor who works with the Plant’s operations management team to identify and evaluate environmental aspects and impacts for key work activities.

The EHS Committee’s aspect identification will include the following considerations:

- (a) air emissions;
- (b) discharges to water courses;
- (c) generation of wastes;
- (d) disposals onto land;
- (e) use of raw materials, energy, water and other natural resources;
- (f) energy emitted (e.g. heat, radiation, vibration) and physical attributes (e.g. size, shape, colour, appearance); and
- (g) other local environmental and community issues such as noise, odour, etc.

The EHS Committee’s impact identification for each Plant will include the following considerations:

- (a) air pollution (e.g., ozone depletion, global warming, acid rain);
- (b) water pollution (e.g., discharge of silt into open drains, ground water contamination);

- (c) land pollution (e.g., soil contamination, loading landfills);
- (d) resource depletion (e.g., depletion of water, fuel, forests); and
- (e) environmental public health (e.g dengue fever from mosquito breeding).

Any environmental aspects or impacts identified in respect of each Plant will be evaluated by the Plant's EHS Committee who will propose the appropriate controls and measures to mitigate the identified risks and oversee the implementation and supervision of the proposed controls and measures to ensure that the Plant complies with the relevant environmental laws and regulations.

INSURANCE

The policies and deductibles for the Plants are maintained at levels that the Trustee-Manager believes are adequate and consistent with industry standards. Such policies include industrial all risks insurance, business interruption insurance and comprehensive general liability insurance.

PROPERTIES

General details of the real properties which the Senoko Trustee, Tuas DBOO SPC and Ulu Pandan SPC own are as follows. The information is as at the Latest Practicable Date.

Lessee	Property	Leasehold Term	Gross Area (sq m)	Use of Property	Annual Rental	Lessor	Major Encumbrances
Senoko Trustee	State Land Lot 5631C of Mukim 13 (at 30 Attap Valley Road, Singapore 759907)	15 years 3 months from 31 August 2009	75,124.7	Provision of incineration services to NEA	Not applicable	The President of Singapore and his successors in office	Nil
Senoko Trustee	Foreshore and Seabed Lot 5626X of Mukim 13 (off Attap Valley Road)	15 years 3 months from 31 August 2009	78.6	Sea-water intake structure	Not applicable	The President of Singapore and his successors in office	Nil
Tuas DBOO SPC	State Land Lot 3927A of Mukim 7 (at 96 Tuas South Avenue 3, Singapore 637366)	30 years from 9 June 2006	15,670.1	Incinerator plant development	Not applicable	The President of Singapore and his successors in office	Nil
Tuas DBOO SPC	State Land Lot 4125P of Mukim 7 (at 96 Tuas South Avenue 3, Singapore 637366)	30 years from 9 June 2006	479.3	Incinerator plant development	Not applicable	The President of Singapore and his successors in office	Nil
Ulu Pandan SPC	Lot 8157A of Mukim 5 (at 61 Old Toh Tuck Road, Singapore 597656)	22 years 6 months 18 days from 10 March 2005	26,000.0	Production and supply of NEWater to PUB	S\$12	PUB	Nil

Properties Owned By Tuas DBOO SPC

As the real properties held by Tuas DBOO SPC are held under State leases granted by the President of Singapore (as head lessor), the consent of the head lessor has been obtained for the transfer of the properties from Tuas DBOO SPC to Tuas DBOO Trustee.

Property Owned By Ulu Pandan SPC

As the real property held by Ulu Pandan SPC is held under a lease granted by PUB, the consent of PUB has been obtained for the transfer of this real property from Ulu Pandan SPC to Ulu Pandan Trustee.

CERTAIN AGREEMENTS RELATING TO KGT

The agreements discussed in this section are complex documents and the following is a summary only. Investors should refer to the agreements themselves to confirm specific information or for a detailed understanding of KGT. Save for the Senoko ISA, the Tuas DBOO ISA, the NEWater Agreement, the O&M Agreements, the Senoko EPC Contract, the Tuas DBOO EPC Contract and the Ulu Pandan EPC Contract, the agreements are available for inspection at the principal place of business of the Trustee-Manager at 2 Corporation Road, #02-07, Corporation Place, Singapore 618494, for a period of six months from the date of this Document.

ROFR DEED

Under the ROFR Deed, the Sponsor will grant the Trustee-Manager certain rights of first refusal in respect of the ROFR Assets. The ROFR Deed will come into effect on the Listing Date.

Scope of ROFR Rights

The ROFR Deed applies to any ROFR Asset, which is described as any asset:

- (a) in which one or more Sponsor Group Entities hold, in aggregate, a voting interest of more than 50%; and
- (b) which is of such type, carries out such activities or provides such services, and is located within such geographical area, as to fall within the Investment Mandate,

as well as the Initial ROFR Assets, which are identified in the ROFR Deed. Please refer to “Certain Agreements Relating to KGT — ROFR Deed — Initial ROFR Assets” below for further details.

If one or more Sponsor Group Entity holds, in aggregate, a voting interest of less than 100% of a ROFR Asset, the Sponsor shall use its best endeavours to procure that the Trustee-Manager be granted rights to acquire such ROFR Asset which are substantially similar to the rights set out in the ROFR Deed.

If the sale, transfer or otherwise disposal of any ROFR Asset is subject to any contractual arrangement entered into between the relevant Sponsor Group Entity and any third party (such as a joint venture agreement), the sale, transfer or otherwise disposal of the ROFR Asset to the Trustee-Manager is subject to the rights and obligations of such third party, and the Sponsor shall use its best endeavours to obtain the approval or consent of such third party to the disposal of the ROFR Asset.

The ROFR Deed does not apply to any transfer of any ROFR Asset from one Sponsor Group Entity to another Sponsor Group Entity.

Summary of Rights of First Refusal

The ROFR Deed provides that the Sponsor may not enter into any binding agreement to sell, transfer or otherwise dispose of, directly or indirectly, any ROFR Asset except as permitted under the ROFR Deed.

Specifically:

- (a) if the Sponsor receives and intends to accept a binding offer from a third party to purchase, transfer or otherwise dispose of a ROFR Asset to the third party offeror:
 - (i) the Sponsor shall not accept the third party offer before first giving a written notice to the Trustee-Manager of the third party offer, stating the identity of the third party offeror and the terms and conditions of the third party offer;
 - (ii) the Sponsor shall set out in such notice a binding and irrevocable offer from the Sponsor to sell, transfer or otherwise dispose of that ROFR Asset to the Trustee-Manager on the terms and conditions set out in the third party offer; and
 - (iii) the Trustee-Manager shall have up to a specified period to accept the Sponsor's offer and enter into a binding sale and purchase agreement, failing which the Sponsor shall be entitled to sell, transfer or otherwise dispose of that ROFR Asset to the third party offeror pursuant to and on the terms and conditions set out in the third party offer.

If the Sponsor fails to sell, transfer or otherwise dispose of that ROFR Asset to that third party offeror within a specified period, the ROFR in relation to that ROFR Asset shall be fully reinstated.

- (b) if the Sponsor wishes to sell, transfer or otherwise dispose of a ROFR Asset, notwithstanding that it has not received any third party offer:
 - (i) the Sponsor shall first, by written notice, offer that ROFR Asset to the Trustee-Manager, giving the terms and conditions at which it is prepared to sell, transfer or otherwise dispose of that ROFR Asset, or invite the Trustee-Manager to make an offer to purchase the ROFR Asset on such terms and conditions to be specified by the Trustee-Manager; and
 - (ii) the Trustee-Manager shall have up to a specified period to accept the Sponsor's offer or make an offer to the Sponsor to purchase that ROFR Asset, as the case may be, and enter into a binding sale and purchase agreement, failing which the Sponsor shall be entitled to sell, transfer or otherwise dispose of that ROFR Asset to any person on such terms and conditions as are not less favourable, in the reasonable opinion of the Sponsor, than those offered to or by the Trustee-Manager, as the case may be.

If the Sponsor fails to sell, transfer or otherwise dispose of that ROFR Asset to another person within a specified period, the ROFR in relation to that ROFR Asset shall be fully reinstated.

If the Sponsor holds a voting interest of 100% of a ROFR Asset through one or more layers of wholly-owned Sponsor Group Entities and the ROFR Asset is to be sold, transferred or disposed of by a wholly-owned Sponsor Group Entity, the Sponsor shall procure such wholly-owned Sponsor Group Entity to give written notice to the Trustee-Manager as if it were subject to the same obligations under the ROFR Deed as the Sponsor.

Other Provisions

The Sponsor must act reasonably and in good faith in determining whether the terms and conditions of any offer made by the Trustee-Manager are not less favourable to the Sponsor, and may appoint an independent third party adviser to advise it in connection with such evaluation.

The Trustee-Manager may engage such independent adviser as it may consider appropriate in respect of any proposed acquisition of any ROFR Asset.

The Sponsor shall, and shall procure that the relevant Sponsor Group Entity shall, provide such information as the Trustee-Manager may reasonably require for the purpose of conducting due diligence on a ROFR Asset which is the subject of a sale and purchase discussion.

Conditions

The sale, transfer or otherwise disposal of any ROFR Asset by a Sponsor Group Entity to KGT will be conditional upon all necessary approvals of governmental or regulatory authorities and/or other third parties being obtained on terms reasonably acceptable to the Sponsor and the Trustee-Manager.

Termination

The Sponsor may terminate the ROFR Deed on the occurrence of any of the following:

- (a) the Listing not having occurred on or prior to 30 June 2010;
- (b) a change in the Investment Mandate without prior approval or consent of the Sponsor;
- (c) the Sponsor Group Entities ceasing to hold, in aggregate, more than 15% of the issued shares in the capital of the Trustee-Manager;
- (d) the Trustee-Manager ceasing to act as the trustee-manager for KGT;
- (e) the Sponsor Group Entities ceasing to hold, in aggregate, 15% or more of the issued Units;
- (f) KGT ceasing to be listed on the SGX-ST;
- (g) the insolvency of the Trustee-Manager or KGT; or
- (h) any material breach by the Trustee-Manager of its obligations to the Sponsor.

Initial ROFR Assets

The table below sets out a list of assets which are subject to the ROFR as at the date of the ROFR Deed.

Name of Asset	Location	Description	Design Capacity
Biopolis DCS Plant	Biopolis@one-north, Singapore	A district cooling system wholly-owned by Keppel DHCS.	25,750 RT
Changi DCS Plant	Changi Business Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	13,000 RT
Woodlands DCS Plant	Woodlands Wafer Fab Park, Singapore	A district cooling system wholly-owned by Keppel DHCS.	10,100 RT
Amotfors Energi WTE Plant	Sweden	A combined heat and power WTE plant which is 22% owned by Keppel Seghers.	190 tonnes/day

The list of assets falling under the ROFR may increase over time as the Sponsor acquires additional “green” infrastructure assets. Conversely, an asset falling within the ROFR may be removed from the list if the relevant project is terminated due to, for example, material changes which may make it no longer commercial for the relevant Sponsor Group Entity to complete such construction and/or operate such asset.

CONTRACTUAL ARRANGEMENTS RELATING TO THE RESTRUCTURING EXERCISE

Restructuring Agreements

See “Restructuring Exercise — Senoko SPC Restructuring”, “Restructuring Exercise — Tuas DBOO SPC Restructuring” and “Restructuring Exercise — Ulu Pandan SPC Restructuring” for a summary of the terms of the Restructuring Agreements.

Subscription Deeds

See “Restructuring Exercise — Issue of Notes” for a summary of the terms of the Subscription Deeds.

Undertakings to NEA

In connection with the restructuring of Senoko Trust and Tuas DBOO SPC, certain undertakings have been executed by the Senoko Trustee, the Tuas DBOO Trustee, the Trustee-Manager and the Sponsor in favour of NEA including (but not limited to) undertakings to the effect that, except with NEA’s prior written consent:

(a) the Senoko Trustee and Tuas DBOO Trustee:

- (i) will not conduct or be directly or indirectly engaged or interested in or undertake, in whatever capacity, any trade, business, office or work whatsoever other than the conduct of the business of incinerating waste, generating and selling electricity and all activities necessary or incidental in relation to or in connection with the Senoko ISA, Tuas DBOO ISA and the project agreements (“**Senoko and Tuas DBOO Permitted Activities**”);
- (ii) will ensure that the Senoko Trust and Tuas DBOO Trust respectively will not directly or indirectly commence, undertake, carry on or continue, or otherwise commit any assets or resources to or for, or incur any obligation or liability in connection with, any trade, business or other activities, other than in the ordinary course of carrying out the Senoko and Tuas DBOO Permitted Activities respectively;
- (iii) will be the sole trustee of the Senoko Trust and Tuas DBOO Trust respectively and will not agree to make any amendments, modifications or supplements to, or consent to any change to any provision of the trust deeds of Senoko Trust and Tuas DBOO Trust respectively;
- (iv) will be the sole legal owner of all the assets of Senoko Trust and Tuas DBOO Trust respectively, will hold the beneficial interest in Senoko Trust and in Tuas DBOO Trust in their entirety respectively on trust for the Trustee-Manager and will not sell, or agree to sell, or otherwise dispose of, or create or permit to be created any encumbrances over the assets of Senoko Trust and Tuas DBOO Trust respectively, whether pursuant to the Senoko Notes, Tuas DBOO Notes or otherwise. All units in Senoko Trust and Tuas DBOO Trust will only be issued to and held by the Trustee-Manager and no additional units will be issued to any person;

- (v) will ensure that the Senoko Notes and Tuas DBOO Notes respectively are only issued to and held by the Trustee-Manager, will not issue any additional Senoko Notes and Tuas DBOO Notes respectively to any person, and will not take any step to list the Senoko Notes and Tuas DBOO Notes (or any part thereof) respectively on any stock exchange;
- (vi) will ensure that the Senoko Trust and Tuas DBOO Trust respectively will not incur any external debt obligation to any person, save for the Senoko Notes and Tuas DBOO Notes;
- (vii) will not take any step or exercise any right to voluntarily dissolve or wind up the Senoko Trust or Tuas DBOO Trust respectively;
- (viii) will not take any step or exercise any right to terminate the Senoko O&M Agreement and the Tuas DBOO O&M Agreement respectively, or terminate or suspend the appointment and/or services of the Keppel O&M Contractor as the O&M operator of the Senoko Plant and Tuas DBOO Plant respectively, save in accordance with the respective Senoko ISA and Tuas DBOO ISA;
- (ix) will observe and comply with a prescribed distributions policy in all respects and will not make or pay, or cause or permit to be made or paid, any distributions on account or in respect of the units of Senoko Trust and Tuas DBOO Trust respectively except out of residual cash flows, and will ensure that any distributions made to their respective unitholders may only be made in cash and/or units only.

In this context, “residual cash flows” means, in relation to a period, the aggregate of:

- (A) the cash and/or cash equivalents available to Senoko Trust or Tuas DBOO Trust (as the case may be) at the beginning of the period; and
- (B) the cash inflows to Senoko Trust or Tuas DBOO Trust (as the case may be) during the period from any source,

after the following payments and provisions for the period: (1) payment of all taxes, duties and any other imposts as may be levied or imposed pursuant to applicable laws; (2) payment of all interest or any other financing expense on any debt or financing arrangement of Senoko Trust or Tuas DBOO Trust (including the Senoko Notes and the Tuas DBOO Notes) (as the case may be); (3) repayment of all principal amounts under any debt or financing arrangement of Senoko Trust or Tuas DBOO Trust (including the Senoko Notes or the Tuas DBOO Notes) (as the case may be); (4) payment of all expenses of Senoko Trust or Tuas DBOO Trust (as the case may be); (5) reasonable provision for such capital and other expenditures (if any) as are or may be required for the Senoko Trustee or the Tuas DBOO Trustee to comply with its obligations under the Senoko ISA or the Tuas DBOO ISA (as the case may be); and (6) reasonable provision for investment plans (if any) as are or may be required for the Senoko Trustee or the Tuas DBOO Trustee to comply with its obligations under the Senoko ISA or the Tuas DBOO ISA (as the case may be).

Further, the Senoko Trustee or the Tuas DBOO Trustee respectively will not make any distributions from residual cash flows unless it is satisfied, on reasonable grounds, that (i) immediately after making such distributions, it will be able to fulfill, from the respective assets of Senoko Trust or Tuas DBOO Trust the respective liabilities of Senoko Trust or Tuas DBOO Trust as they fall due and (ii) it will continue to be able to comply with its respective obligations under Senoko ISA or the Tuas DBOO ISA;

- (x) will duly observe and comply with and complete all of their respective obligations, duties, covenants, undertakings, warranties and representations under the Senoko ISA, Tuas DBOO ISA and the project agreements; and
 - (xi) will take prescribed actions to ensure that NEA's interests are not prejudiced by the Restructuring Exercise and that NEA is no worse off than if the Restructuring Exercise had not taken place;
- (b) the Trustee-Manager:
- (i) will be the registered legal owner of 100% of the shares in the Senoko SPC and Tuas DBOO SPC free and clear of all encumbrances, will hold the beneficial interest in shares of Senoko SPC and Tuas DBOO SPC in their entirety on trust for the Unitholders, will procure that no shares be issued to or held by any person other than the Trustee-Manager and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the shares in Senoko SPC and Tuas DBOO SPC;
 - (ii) will be the registered legal owner of 100% of units in Senoko Trust and Tuas DBOO Trust free and clear of all encumbrances, will hold the beneficial interest of the units in Senoko Trust and Tuas DBOO Trust in their entirety on trust for KGT, will procure that no units be issued to or held by any person other than the Trustee-Manager and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the units in Senoko Trust and Tuas DBOO Trust held by the Trustee-Manager;
 - (iii) will be the registered legal owner of 100% of the Senoko Notes and Tuas DBOO Notes free and clear of all encumbrances, will hold the beneficial interest in the Senoko Notes and Tuas DBOO Notes in their entirety on trust for the Unitholders, will procure that no Senoko Notes and Tuas DBOO Notes be issued to or held by any person other than the Trustee-Manager and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the Senoko Notes and Tuas DBOO Notes held by the Trustee-Manager;
 - (iv) will take such steps as may be necessary to secure and ensure that the Senoko Trustee and Tuas DBOO Trustee will at all times remain the sole trustee of Senoko Trust and Tuas DBOO Trust respectively, and will not agree to any amendments, modifications or supplements to, or consent to any change to any provision of the trust deeds of Senoko Trust and Tuas DBOO Trust;
 - (v) in the event that the Senoko Trustee or Tuas DBOO Trustee fails to comply with its prescribed distributions policy, or makes or pays, or causes or permits to be made or paid, any distributions out of the assets of the Senoko Trust or Tuas DBOO Trust otherwise than in accordance with the prescribed distributions policy, will pay the Senoko Trustee and Tuas DBOO Trustee (as the case may be) on demand the whole of any share of unauthorised distribution paid to or received by or on behalf of the Trustee-Manager; and
 - (vi) will not enforce against Senoko Trustee and/or Tuas DBOO Trustee any obligation in respect of the Senoko Notes and/or Tuas DBOO Notes;
- (c) the Sponsor:
- (i) will procure that the Trustee-Manager will at all times remain the sole trustee-manager of KGT save to the extent expressly prohibited by applicable law;

- (ii) will be the registered legal owner of 100% of the Trustee-Manager free and clear of all encumbrances, will procure that no shares in the Trustee-Manager be issued to or held by any person other than the Sponsor and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the shares in the Trustee-Manager held by the Sponsor;
- (iii) will at any time and at all times be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances, and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the Units comprised in the Minimum Unitholding; and
- (iv) will take such steps as may be necessary to secure and ensure that all of the directors constituting the board of directors of the Senoko SPC and Tuas DBOO SPC at all times be directors nominated by the Sponsor.

Undertakings to PUB

In connection with the restructuring of Ulu Pandan SPC, certain undertakings have been executed by the Ulu Pandan Trustee, the Trustee-Manager and the Sponsor in favour of PUB including (but not limited to) undertakings to the effect that, except with PUB's prior written consent:

(a) the Ulu Pandan Trustee:

- (i) will not be directly or indirectly engaged or interested in or undertake, in whatever capacity, any trade, business, office or work whatsoever other than as a trustee of the Ulu Pandan Trust and to undertake the conduct of the business of treating and supplying NEWater in accordance with the NEWater Agreement ("**Ulu Pandan Permitted Activities**");
- (ii) will ensure that the Ulu Pandan Trust does not directly or indirectly commence, undertake, carry on or continue, or otherwise commit any assets or resources to or for, or incur any obligation or liability in connection with, any trade, business or other activities, other than the Ulu Pandan Permitted Activities;
- (iii) will not agree to make any amendments, modifications or supplements to, or consent to any change to any provision of the trust deed of Ulu Pandan Trust;
- (iv) will not take any step or exercise any right to voluntarily dissolve or wind up the Ulu Pandan Trust;
- (v) will not create or permit to be created any encumbrances over Ulu Pandan Plant, any of the project agreements or any of the assets comprised in the Ulu Pandan Trust, whether in relation to the Ulu Pandan Notes or otherwise;
- (vi) will ensure that the Ulu Pandan Notes are only issued to and held by the Trustee-Manager and will not take any step to list the Ulu Pandan Notes (or any part thereof) on any stock exchange;
- (vii) will not take any step or exercise any right to terminate the Ulu Pandan O&M Agreement, or terminate or suspend the appointment and/or services of the Keppel O&M Contractor as the O&M operator of Ulu Pandan Plant save in accordance with the NEWater Agreement;
- (viii) will observe and comply with a prescribed distributions policy in respect of the units in Ulu Pandan Trust and make distributions only out of residual cash flows;

In this context, “residual cash flows” means, in relation to a period, the aggregate of:

(A) the cash and/or cash equivalents available to Ulu Pandan Trust at the beginning of the period; and

(B) the cash inflows to Ulu Pandan Trust during the period from any source,

after the following payments and provisions for the period: (1) payment of all taxes, duties and any other imposts as may be levied or imposed pursuant to applicable laws; (2) payment of all interest or any other financing expense on any debt or financing arrangement of Ulu Pandan Trust (including the Ulu Pandan Notes); (3) repayment of all principal amounts under any debt or financing arrangement of Ulu Pandan Trust (including the Ulu Pandan Notes); (4) payment of all expenses of Ulu Pandan Trust; (5) reasonable provision for such capital and other expenditures (if any) as are or may be required in connection with the treatment and supply of NEWater; and (6) reasonable provision for investment plans (if any) as are or may be required in connection with the treatment and supply of NEWater.

Further, the Ulu Pandan Trustee will not make any distributions from residual cash flows unless it is satisfied, on reasonable grounds, that (1) immediately after making such distributions, the Ulu Pandan Trustee will be able to fulfill, from the assets of Ulu Pandan Trust, the liabilities of Ulu Pandan Trust as they fall due and (2) the Ulu Pandan Trustee will continue to be able to comply with its obligations under the NEWater Agreement;

- (ix) will take such steps and put in place such measures as may be appropriate to ensure that the Ulu Pandan Trust has sufficient funds and/or financing resources to meet the short-term liquidity needs of the business of the Ulu Pandan Trust or as may from time to time be required in connection with the Ulu Pandan Permitted Activities;
- (x) will keep such books of accounts and records in relation to its business as a trustee of Ulu Pandan Trust as are prescribed under the Companies Act and keep such books of accounts and records in relation to Ulu Pandan Trust as may be required under the NEWater Agreement and/or, to the extent applicable, the Companies Act as if the Ulu Pandan Trust were a company incorporated under the Companies Act; and
- (xi) will duly observe and comply with and complete all of the Ulu Pandan Trustee’s obligations, duties, covenants, undertakings, warranties and representations under the NEWater Agreement and the project agreements;

(b) the Trustee-Manager:

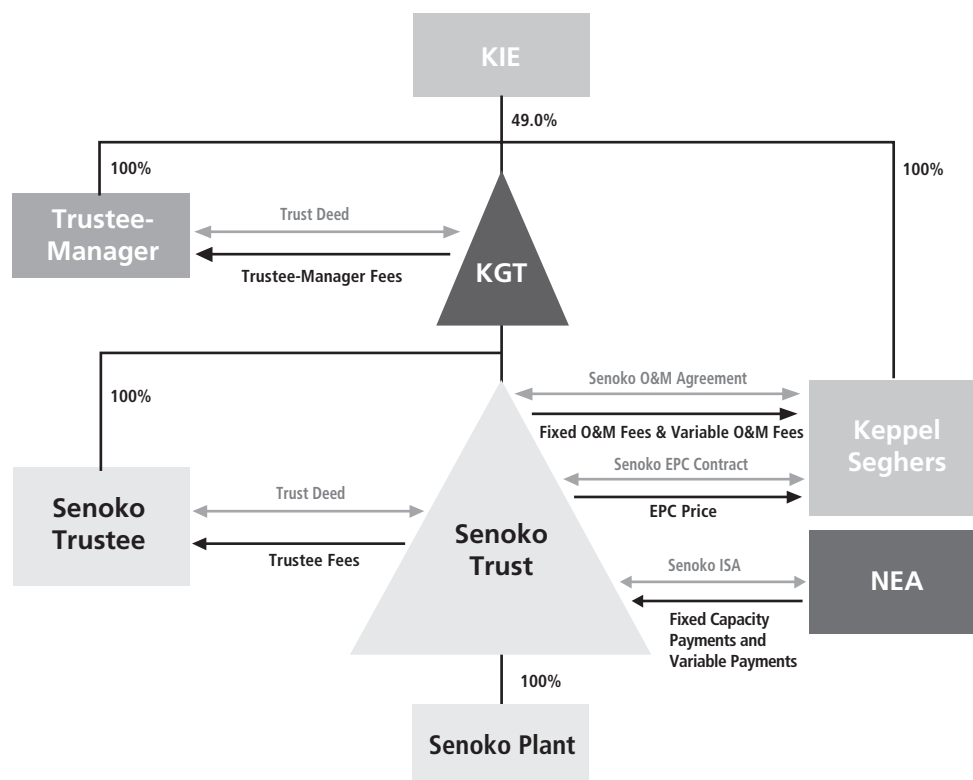
- (i) will be the registered legal owner of 100% of the shares in the Ulu Pandan SPC free and clear of all encumbrances, will hold the beneficial interest in shares of Ulu Pandan SPC in its entirety on trust for the Unitholders and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the shares in Ulu Pandan SPC;
- (ii) will be the registered legal owner of 100% of units in Ulu Pandan Trust free and clear of all encumbrances, will hold the beneficial interest of the units in Ulu Pandan Trust in its entirety on trust for KGT and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the units in Ulu Pandan Trust held by the Trustee-Manager;
- (iii) will be the registered legal owner of 100% of the Ulu Pandan Notes free and clear of all encumbrances and will hold the beneficial interest in the Ulu Pandan Notes in its

entirety on trust for the Unitholders, and will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the Ulu Pandan Notes held by the Trustee-Manager;

- (iv) will ensure that the Ulu Pandan Trust does not directly or indirectly commence, undertake, carry on or continue, or otherwise commit any assets or resources to or for, or incur any obligation or liability in connection with, any trade, business or other activities, other than the Ulu Pandan Permitted Activities; and
 - (v) will take such steps as may be necessary to secure and ensure that the Ulu Pandan Trustee shall at all times remain the sole trustee of the Ulu Pandan Trust;
- (c) the Sponsor:
- (i) will be the registered legal and beneficial owner of 100% the shares in the Trustee-Manager free and clear of all encumbrances, will not sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the shares in the Trustee-Manager held by the Sponsor;
 - (ii) will, at any time and at all times, be the registered legal and beneficial owner of not less than the Minimum Unitholding free and clear of all encumbrances;
 - (iii) will not at any time sell or agree to sell or otherwise dispose of or create or permit to be created any encumbrances over any of the Sponsor Units or any of the Units which may be acquired by it for the purpose of funding the Trustee-Manager's subscription for additional units in Ulu Pandan Trust;
 - (iv) will take such steps as may be necessary to secure and ensure that the Trustee-Manager shall at all times remain the sole trustee-manager of KGT, and that the Ulu Pandan Trustee will at all times remain the sole trustee of Ulu Pandan Trust, save to the extent expressly prohibited by applicable law;
 - (v) will take such steps as may be necessary to secure and ensure that all of the directors constituting the board of directors of the Ulu Pandan Trustee shall at all times be directors nominated by the Sponsor; and
 - (vi) will not take or permit to be taken any action or step which would render the Trustee-Manager or the Ulu Pandan Trustee in breach of any of their respective undertakings.

CONTRACTUAL ARRANGEMENTS RELATING TO SENOKO PLANT

The following diagram illustrates the main contractual arrangements for Senoko Plant immediately upon the Listing:



Senoko ISA

Set out below is a summary of the key provisions of the Senoko ISA:

Scope of Services

The scope of services to be provided by the Senoko Trustee under the Senoko ISA includes:

- (a) to finance, own, operate and maintain Senoko Plant;
- (b) to screen, accept and incinerate acceptable waste delivered to Senoko Plant and other waste as directed by NEA;
- (c) to generate and sell electricity; and
- (d) to deliver all ash produced in the incineration process to NEA.

Term

The initial term of the Senoko ISA is 15 years commencing from 1 September 2009 (being the Senoko ISA Conditions Satisfaction Date). NEA has the option to extend the Senoko ISA beyond the initial term by giving written notice to the Senoko Trustee no later than 11 years from the Senoko ISA Conditions Satisfaction Date. NEA may also at any time after 13 years from the Senoko ISA Conditions Satisfaction Date require the parties to meet and discuss the transition arrangements that will apply upon the expiry of the initial term.

Sole and Exclusive Benefit of NEA

Under the Senoko ISA, NEA is the sole beneficiary of the incineration and electricity generation services provided by the Senoko Trustee. The Senoko Trustee is not permitted to provide incineration capacity, incineration services, make the site of Senoko Plant available or deliver ash to any third party or generate or sell electricity otherwise than in accordance with the Senoko ISA, without the prior written consent of NEA. If NEA consents to the provisions of such services to a third party, it may require the Senoko Trustee to share 50% of any benefit arising from such arrangement.

The Senoko Trustee cannot allow the transfer or encumbrance of any part of its equity without the prior written approval from NEA. It cannot amend or supplement any terms of, or grant any waivers under, any of the project agreements which materially change any of the project agreements without the prior written consent of NEA.

In general, neither NEA nor the Senoko Trustee may sell, assign or transfer its interest under the Senoko ISA or any of the project agreements to any other person without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. NEA shall have the sole discretion to effect any restructuring, reorganisation or divestment of its assets during the term of the Senoko ISA provided that if it results in NEA ceasing to be a statutory board, a material diminution of its creditworthiness or the sale, assignment or transfer to a person whose creditworthiness is materially diminished in comparison to that of NEA, NEA shall take reasonable steps to put in place arrangements for the continuing performance of NEA's payment and other obligations under the Senoko ISA and other project agreements.

Operating Performance

The Senoko Trustee is responsible for meeting the performance and service standards set out in the Senoko ISA, in particular, its provision of incineration services and ensuring that the ash and recovery of scrap from the incineration bottom ash meet the requirements specified in the Senoko ISA. Failure by the Senoko Trustee to meet these performance and service standards may result in either deductions being made from the payments by NEA under the Senoko ISA or termination of the Senoko ISA by NEA.

Revenue Entitled by NEA

Under the Senoko ISA, NEA is entitled to the following fees and revenues received by the Senoko Trustee:

- (a) gate fees received by the Senoko Trustee from persons delivering waste to Senoko Plant; and
- (b) electricity revenues from the sale of surplus electricity (not needed by the Senoko Trustee to operate Senoko Plant) by Senoko Plant to the NEMS. The Senoko Plant has to export at least the contracted amount of electricity specified in the Senoko ISA, failing which a deduction will be made from the payments due to the Senoko Trustee from NEA.

Payments under the Senoko ISA

Under the Senoko ISA, the Senoko Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) fixed payments ("**Fixed Capacity Payments**"), for the provision of incineration capacity; and

- (b) variable payments (“**Variable Payments**”), comprising a variable O&M cost component (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges that the Senoko Trustee has to pay the NEMS).

Fixed Capacity Payments

Fixed Capacity Payments are payable for making available the contracted incineration capacity of Senoko Plant. They are payable throughout the term of the Senoko ISA, regardless of whether Senoko Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Senoko Plant.

Fixed Capacity Payments are payable in full if the available incineration capacity of Senoko Plant is greater than or equal to 2,100 tonnes per day. If the available incineration capacity is less than 2,100 tonnes per day, the Fixed Capacity Payments will be reduced accordingly.

Fixed Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component, which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Senoko Plant (which shall not exceed the contracted incineration capacity of 2,100 tonnes per day) and subject to deductions if certain performance standards are not met.

The available incineration capacity of Senoko Plant is calculated by multiplying the TIC by the availability factor for incineration capacity. The Senoko Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. The availability factor for incineration capacity in the billing period is the moving average of the past 12 months actual time availability factor. The actual time availability factor for incineration capacity in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

Variable Payments

Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS.

Variable Payments comprise:

- (a) a variable O&M cost component, which is computed based on the actual quantity of waste delivered to Senoko Plant and a variable O&M charge rate that is adjustable for inflation;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Senoko Plant to the NEMS; and
- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by the Senoko Trustee as a participant in the NEMS.

The electricity generation obligations under the Senoko ISA involve, among others, the following:

- (a) exporting the electricity generated in excess of Senoko Plant's needs to the NEMS, subject to a minimum contracted amount specified in the Senoko ISA; and
- (b) remitting to NEA all revenues from the sale of electricity exported to the NEMS.

The contracted units of electricity exported ("CUEE") under the Senoko ISA is not a fixed amount, and is dependent on the amount of waste delivered for incineration as well as the Net Calorific Value of the waste that is delivered within a period of time.

In addition to the above, any additional property tax paid by the Senoko Trustee will be reimbursed by NEA and any costs savings on property tax realised by the Senoko Trustee will be deducted from payments receivable from NEA.

Payment Deductions

Deductions will be made if the Senoko Trustee is unable to meet the performance and service standards set out in the Senoko ISA, namely:

- (a) reduced quality of incineration bottom ash (the amount of payment deduction varies depending on the percentage of the total organic content — deductions will be made for each day where the total organic content of the incineration bottom ash exceeds 3%);
- (b) non-achievement of turnaround times (payment deductions will be made for each day that the Senoko Trustee fails to achieve the turnaround time service standard specified in the Senoko ISA, after a grace period of two days in each billing period); and
- (c) reduced electricity exported (payment deductions will be made in the event that the amount of electricity exported falls below the CUEE).

If the grounds for payment deductions are attributable to a breach by the Keppel O&M Operator of the Senoko O&M Agreement, the Senoko Trustee is entitled to withhold and deduct from any fees payable to the Keppel O&M Operator the amount of the payment deductions under the Senoko ISA.

Change in Law

If a discriminatory change in law (as defined in the Senoko ISA) occurs which: (a) prevents the performance by the Senoko Trustee of its obligations under the Senoko ISA; (b) results in net costs or net savings to the Senoko Trustee or any change in the equity return for the project to own and maintain Senoko Plant, incinerate waste and generate electricity, in excess of S\$500,000 (adjusted for inflation) annually or a cumulative figure of S\$2 million (adjusted for inflation) in any period; or (c) would require the Senoko Trustee to yield up the site in a state and condition other than as set out in the initial environmental baseline study, the terms of the Senoko ISA may be amended and the Fixed Capacity Payments and Variable Payments from NEA to the Senoko Trustee may be adjusted to ensure that the Senoko Trustee achieves the same equity return as if such costs had not been incurred or such savings had not been realised. If a general change in law (as defined in the Senoko ISA) occurs which results in the Senoko Trustee having to incur capital expenditure in excess of S\$2 million during the term of the Senoko ISA, NEA will reimburse the additional expenditure to the Senoko Trustee.

Step-change in Technology

If significant technological improvements occur which result in a significant reduction in the fixed or variable O&M costs and/or energy consumption of Senoko Plant, NEA will be entitled to a fair and reasonable proportion of such cost savings by way of an adjustment to the Capacity and Variable Payments payable under the Senoko ISA as may be affected by such cost savings, having regard to all relevant circumstances, including the capital costs and risks incurred by the Senoko Trustee in adopting such technological improvements.

Step-in Rights of NEA

NEA may take possession and control of the whole or part of Senoko Plant for the purpose of operating Senoko Plant as it deems necessary to ensure the continued operation of Senoko Plant ("**NEA Step-in Rights**").

The situations in which NEA is entitled to exercise the NEA Step-in Rights ("**Step-in Event**") include, among others:

- (a) insolvency of the Senoko Trustee;
- (b) there has been a failure by the Senoko Trustee to meet the performance and service standards provided for in the Senoko ISA which has not been rectified within a prescribed period;
- (c) there is a force majeure event which prevents the Senoko Trustee from accepting and incinerating waste in accordance with the Senoko ISA but does not prevent NEA from performing those obligations; and
- (d) the Minister for the Environment and Water Resources considers that it is in the public interest for NEA to step-in.

NEA may continue to exercise the NEA Step-in Rights till the relevant Step-in Event is rectified or NEA is satisfied that the Senoko Trustee will be able to take the necessary steps to cure the Step-in Event immediately upon NEA ceasing its exercise of the NEA Step-in Rights. When exercising its Step-in Rights, NEA will continue to make Fixed Capacity Payments and/or Variable Payments to the Senoko Trustee in accordance with the terms of the Senoko ISA.

Force Majeure

The Senoko ISA contains a detailed force majeure regime for the impact of any circumstance not within the reasonable control, directly or indirectly, of the party affected resulting in or causing a total or partial failure by the affected party of the fulfilment of any of its obligations under the Senoko ISA, subject to certain limitations, exclusions and procedural requirements.

Termination

The Senoko ISA may be terminated under certain events such as:

- (a) upon a prolonged force majeure, which prevents the parties from performing their obligations for a continuous period of 120 days or 365 days depending on the event;
- (b) default by either NEA or the Senoko Trustee (such as material breaches of obligations under the Senoko ISA, breaches of any of the project agreements or any law which has an adverse and material effect on the project to own and maintain Senoko Plant, failure to incinerate waste and generate electricity, failure to produce ash which meets the total organic content

parameter in the Senoko ISA, and insolvency of the Senoko Trustee) that is not cured within applicable notice and cure periods or under certain other circumstances;

- (c) under certain specified circumstances, in the event of damage to Senoko Plant where the cost of repair exceeds the specified threshold figure in the Senoko ISA and both the Senoko Trustee and NEA are not able to agree on changes to the Fixed Capacity Payments, Variable Payments or the term of the Senoko ISA such that the Senoko Trustee does not suffer a reduced equity return for the project for the remainder of the term; and
- (d) at any time by NEA on giving six months' written notice.

In such an event, Senoko Plant may be purchased by NEA at a purchase price to be determined in accordance with the terms of the Senoko ISA, which will vary depending on the event which gives rise to the right of termination and/or the party committing the default.

Performance Security and Indemnities

As security for performance by the Senoko Trustee of its obligations under the Senoko ISA, the Senoko Trustee is required to deliver to NEA a performance security of S\$5 million.

The Senoko Trustee is required to indemnify NEA against various claims, losses, liabilities and expenses, including loss of or damage to real or personal property or death or injury resulting from any act, omission, default or breach by the Senoko Trustee or under any applicable environmental law arising out of the state and condition of the site of Senoko Plant and Senoko Plant itself or arising from a default by the Senoko Trustee. The Senoko Trustee is also required to indemnify NEA for any claim or loss arising from a failure to:

- (a) detect or notify NEA that the ash does not meet the total organic content parameter set out in the Senoko ISA; or
- (b) deliver ash which meets the total organic content parameter set out in the Senoko ISA,

regardless of whether or not the Senoko Trustee is aware of the respective failure.

Subject to certain exceptions laid out in the Senoko ISA, neither NEA nor the Senoko Trustee is liable to each other for special, consequential, or punitive damages or indirect losses or any aggregate liabilities in excess of S\$12 million (adjusted for inflation).

Senoko O&M Agreement

The Senoko Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Senoko Plant pursuant to the Senoko O&M Agreement, whereby Keppel Seghers will operate, maintain and repair Senoko Plant in return for fixed and variable O&M fees payable by Senoko Trustee. The Senoko O&M Agreement and the Senoko ISA will run concurrently for the same 15-year term.

Fee Structure

The O&M fees payable monthly by the Senoko Trustee comprise:

- (a) a fixed O&M fee, which is adjustable for inflation; and
- (b) a variable O&M fee, which is adjustable for inflation and based on the total quantity of waste received at Senoko Plant.

Operating Performance of Senoko Plant

The Keppel O&M Operator is generally responsible for meeting the performance and customer service standards of Senoko Plant as set out in the Senoko ISA.

If the available incineration capacity of Senoko Plant falls below the contracted incineration capacity of 2,100 tonnes/day, the Keppel O&M Operator has to pay the Senoko Trustee liquidated damages calculated in accordance with the formula stipulated in the Senoko O&M Agreement, up to the limit of liability of the Keppel O&M Operator under the Senoko O&M Agreement.

If the Keppel O&M Operator breaches the Senoko O&M Agreement as a result of which NEA is entitled to make a payment deduction or make a claim under the Senoko ISA, the Senoko Trustee may deduct and withhold an amount equal to the payment deduction from the fees it has to pay the Keppel O&M Operator or may be reimbursed by the Keppel O&M Operator on demand the payment incurred by the Senoko Trustee, up to the limit of liability of the Keppel O&M Operator under the Senoko O&M Agreement.

The Keppel O&M Operator's liability to the Senoko Trustee under the Senoko O&M Agreement is capped at 30% of the fixed O&M fee for that contract year unless (a) the liability arises out of the wilful misconduct or gross negligence of the Keppel O&M Operator or (b) if the Keppel O&M Operator has third party liability insurance in respect of that third party and (i) has received insurance proceeds in respect of that liability or (ii) would otherwise have received those proceeds if it had properly and promptly made a claim for such proceeds, and excludes, in general, any special, consequential or punitive damages or indirect losses that the Senoko Trustee has suffered.

As security for due and proper performance by the Keppel O&M Operator of services under the Senoko O&M Agreement, the Keppel O&M Operator is required to provide a banker's guarantee of S\$1 million to the Senoko Trustee.

Spare Parts Inventory

The Keppel O&M Operator is required throughout the term of the Senoko O&M Agreement to supply all materials, equipment, supplies, consumables, spare parts and other items necessary for its due performance of the services under the Senoko O&M Agreement, and bears the risk of any change in value of the stock in the spare parts inventory (including the initial inventory handed over by the Senoko Trustee), whether arising from obsolescence or otherwise. The Keppel O&M Operator shall pay the Senoko Trustee in accordance with the Senoko O&M Agreement if the value of the stock in the spare parts inventory decreases or if the Keppel O&M Operator withdraws and uses any of such stock. The Keppel O&M Operator may (subject to certain restrictions) procure replacement stock for inclusion into the spare parts inventory, following which the Senoko Trustee will reimburse the Keppel O&M Operator in accordance with the Senoko O&M Agreement.

Upon termination of the Senoko O&M Agreement, the Keppel O&M Operator shall:

- (a) where termination is for any reason other than the expiry of the term, hand over the stock in the spare parts inventory to the Senoko Trustee, and, if required under the Senoko O&M Agreement, pay the difference between the prevailing recorded value of the stock in the spare parts inventory at the date of termination and the value of such stocks as assessed by the Senoko Trustee; or
- (b) where termination is upon expiry of the term, forthwith pay to the Senoko Trustee an amount in cash equivalent to the prevailing recorded value of the stock in the spare parts inventory at the date of expiry of the term, upon which title to such stock shall pass to and vest in the Keppel O&M Operator.

Change in Law

The Senoko O&M Agreement has a “Change in Law” provision which is similar to the corresponding “Change in Law” provision under the Senoko ISA.

Step-change in Technology

The Senoko O&M Agreement has a “Step-change in Technology” provision which is similar to the corresponding “Step-change in Technology” provision under the Senoko ISA.

Force Majeure

The Senoko O&M Agreement has a “Force Majeure” provision which is similar to the corresponding “Force Majeure” provision under the Senoko ISA.

Termination

The Senoko O&M Agreement may be terminated in certain events such as:

- (a) the respective party failing to remedy its default (for example, material breaches of obligations, failure to pay the O&M fees, failure to achieve an available incineration capacity equal to or better than the contracted incineration capacity without the consent of NEA, failure to produce ash the total organic content of which is less than 3%, or failure to meet the performance and customer service standards set out in the Senoko ISA) within the default cure period;
- (b) termination of the Senoko ISA;
- (c) insolvency of the Keppel O&M Operator; and
- (d) at any time by either party giving three months’ prior written notice.

The Senoko Trustee has executed certain undertakings in favour of NEA in connection with the restructuring of Senoko Trust. See “Certain Agreements Relating to KGT — Contractual Arrangements Relating to the Restructuring Exercise” for more details.

Senoko EPC Contract

The Senoko Trustee has appointed Keppel Seghers as the EPC contractor (“**Keppel EPC Contractor**”) for the Flue Gas Treatment Upgrade pursuant to the Senoko EPC Contract. Under the Senoko ISA, the Senoko Trustee is required to carry out the Flue Gas Treatment Upgrade to the requisite specifications set out in the Senoko ISA within three years from the Senoko ISA Conditions Satisfaction Date.

The Keppel EPC Contractor will receive a fixed lump sum contract price of approximately S\$48.1 million (“**Senoko EPC Price**”), subject to adjustments in accordance with the Senoko EPC Contract. The Senoko EPC Price will be funded from the proceeds raised from the issue of Senoko Notes and new units in Senoko Trust to KGT pursuant to the Senoko Subscription Deed and the Senoko Restructuring Agreement, respectively.

The Keppel EPC Contractor has to commence the design, procurement, installation, integration, testing and commissioning of the Flue Gas Treatment Upgrade upon receiving a notice in writing from the Senoko Trustee and has to complete the Flue Gas Treatment Upgrade by 30 June 2012. The Flue Gas Treatment Upgrade is independent of and would not have any impact on the

monthly payments received from NEA. However, the failure to complete the Flue Gas Treatment Upgrade would result in a breach of the Senoko ISA upon which NEA would have the right to purchase Senoko Plant from the Senoko Trustee at a price to be determined in accordance with the terms of the Senoko ISA.

The Keppel EPC Contractor shall be entitled, subject to the Senoko EPC Contract, to an extension of the time for completion if and to the extent that completion is or will be delayed by any of the following causes:

- (a) a change to the requirements of the Senoko Trustee or the Flue Gas Treatment Upgrade which is instructed or approved as a variation under the Senoko EPC Contract;
- (b) a cause of delay giving an entitlement to extension of time under the Senoko EPC Contract;
- (c) any default by NEA under the Senoko ISA; or
- (d) any delay, impediment or prevention, determined to be caused by or attributable to the Senoko Trustee, the Senoko Trustee's personnel, or the Senoko Trustee's other contractors on the site.

If the Keppel EPC Contractor fails to (a) complete the Flue Gas Treatment Upgrade within the time for completion or (b) fails to meet certain performance standards, the Keppel EPC Contractor has to pay general damages to the Senoko Trustee for such failure subject to a general limit of 20% of the Senoko EPC Price for each category (a) and (b) above and a combined general limit of 30% of the Senoko EPC Price.

The aggregate liability of the Keppel EPC Contractor to the Senoko Trustee is generally limited to the Senoko EPC Price and does not, in general, include any liability for special, consequential or punitive damages or indirect losses that the Senoko Trustee has suffered.

Defects Liability

The Flue Gas Treatment Upgrade shall be subject to a 24 months defects notification period, save for those which relate to or are necessary for the structural adequacy or stability of the flue gas treatment upgrading system ("**Senoko civil works**") and unless identified in the Senoko EPC Contract. The Senoko civil works shall be subject to a 60 months defects notification period.

In relation to the Senoko civil works, all and any of the Keppel EPC Contractor's liabilities shall expire after the period of ten calendar years after the issuance of the taking-over certificate ("**taking-over certificate**") upon the completion of the work in accordance with the Senoko EPC Contract and the taking over of the work by the Senoko Trustee.

In relation to all other aspects or components of the works that do not form part of the Senoko civil works (including but not limited to the machinery, equipment, apparatus, instruments, control systems and other mechanical and electrical portions of the work undertaken or procured by the Keppel EPC Contractor), all and any of the Keppel EPC Contractor's liabilities shall expire after the period of six calendar years after the issuance of the taking-over certificate.

Termination

The Senoko EPC Contract may be terminated in certain events such as:

- (a) the respective party failing to remedy its default (for example, material breaches of obligations, failure to pay the EPC fees) within the default cure period;

- (b) termination of the Senoko ISA; and
- (c) insolvency of the Keppel EPC Contractor.

As security for due and proper performance of the Keppel EPC Contractor under the Senoko EPC Contract, the Keppel EPC Contractor is required to provide a performance bond of S\$3 million to the Senoko Trustee.

Senoko Lease Agreements

The Senoko Trustee has entered into the Senoko Lease Agreements (comprising the Senoko State Land Lease and the Senoko Foreshore Area Lease) with the President of Singapore in respect of the state land on which Senoko Plant is located, together with the buildings and fixtures currently erected or affixed thereon.

Senoko State Land Lease

Under the Senoko State Land Lease, the Senoko Trustee has leased from the President of Singapore the land occupied by Senoko Plant, together with the buildings and fixtures erected or affixed thereon, including Senoko Plant building and works, boilers and the sewerage installations, for a term of 15 years and three months from 31 August 2009.

In addition to those in the State Lands Act (Chapter 314) the conditions to which the Senoko State Land Lease is subject, includes the following:

- (a) the Senoko Trustee can only use the demised premises to provide incineration services to NEA pursuant to the terms of the Senoko ISA;
- (b) the Senoko Trustee cannot demise, mortgage, charge, assign, sublet, underlet or part with possession of the demised premises in whole or in part without the prior written consent of SLA, except that the consent of SLA is not required for a mortgage or charge of part or whole of the demised premises to any bank licensed under the Banking Act (Chapter 19) or to any finance company licensed under the Finance Companies Act (Chapter 108) save that such demise, mortgage, charge, assign, sublet, underlet or parting with possession shall not restrict SLA's rights under the Senoko State Land Lease and SLA may in its absolute discretion impose such additional restrictions as it deems fit;
- (c) on the expiry or earlier termination of the Senoko State Land Lease, the Senoko Trustee has to yield up to SLA without charge the demised premises together all buildings, structures and appurtenances thereon in good and tenantable condition and state of repair (fair wear and tear excepted) and in clean and sanitary order and condition and all fixtures in good working condition and satisfactory maintenance (fair wear and tear excepted); and
- (d) in the event that the Senoko ISA is terminated, the Senoko Trustee has to surrender without charge the demised premises to SLA and the Senoko State Land Lease shall thereupon cease and terminate.

Senoko Foreshore Area Lease

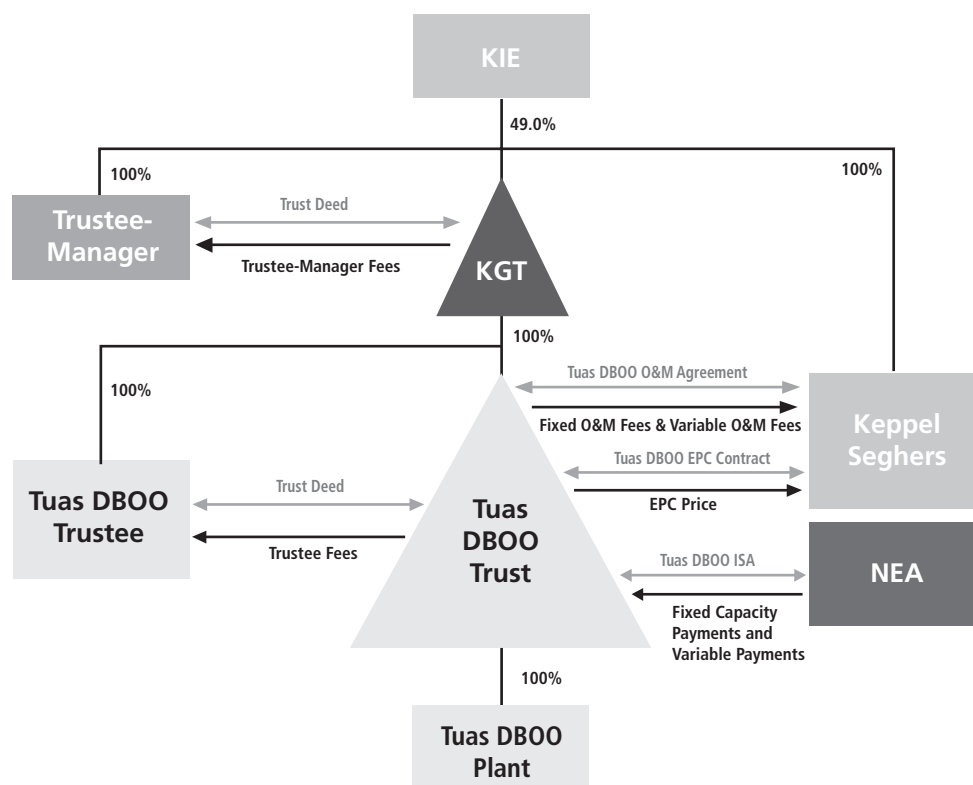
Under the Senoko Foreshore Area Lease, the Senoko Trustee has leased from the President of Singapore a certain portion of the foreshore and seabed off Attap Valley Road, together with the buildings and fixtures erected and affixed thereon for a term of fifteen years and three months from 31 August 2009.

In addition to those contained in or implied by section 9 of the Foreshores Act (Chapter 113) ("**Foreshores Act**"), the conditions to which the Senoko Foreshore Area Lease is subject includes the following:

- (a) the Senoko Trustee can use the demised foreshore for the purpose of sea-water intake structure only in relation to the use of Senoko Plant;
- (b) the Senoko Trustee shall not demise, mortgage, charge, assign, sublet, underlet or part with possession of the demised foreshore in whole or in part without the prior written consent of SLA, except that the consent of SLA is not required for a mortgage or charge of part or whole of the demised foreshore to any bank licensed under the Banking Act (Chapter 19) or to any finance company licensed under the Finance Companies Act (Chapter 108) save that such demise, mortgage, charge, assign, sublet, underlet or parting with possession shall not restrict SLA's rights under the Senoko Foreshore Area Lease and SLA may in its absolute discretion impose such additional restrictions as it deems fit;
- (c) on the expiry or earlier termination of the Senoko Foreshore Area Lease, the Senoko Trustee has to yield up to SLA without charge the demised foreshore together all structures and appurtenances thereon in good and tenantable condition and state of repair (fair wear and tear excepted) and in clean and sanitary order and condition and all fixtures in good working condition and satisfactory maintenance (fair wear and tear excepted); and
- (d) in the event that the Senoko ISA is terminated, the Senoko Trustee has to surrender without charge the demised foreshore to SLA and the Senoko Foreshore Area Lease shall thereupon cease and terminate.

CONTRACTUAL ARRANGEMENTS RELATING TO TUAS DBOO PLANT

The following diagram illustrates the main contractual arrangements for Tuas DBOO Plant immediately upon the Listing:



Tuas DBOO ISA

Set out below is a summary of the key provisions of the Tuas DBOO ISA:

Scope of Services

The scope of services to be provided by the Tuas DBOO Trustee under the Tuas DBOO ISA includes:

- (a) to develop, design, engineer, procure, manufacture, finance, construct, own, operate and maintain Tuas DBOO Plant;
- (b) to screen, accept and incinerate acceptable waste delivered to Tuas DBOO Plant and other waste as directed by NEA;
- (c) to generate and sell electricity for the benefit of NEA; and
- (d) to deliver all ash produced in the incineration process to NEA.

Term

The term of the Tuas DBOO ISA is 25 years commencing from 30 October 2009 (being the Tuas DBOO PCOD). NEA and the Tuas DBOO Trustee have to meet and discuss, no later than 20 years from the Tuas DBOO PCOD, the transition arrangements that will apply upon the expiry of the term. All title and risk in Tuas DBOO Plant lies with the Tuas DBOO Trustee at all times.

Sole and Exclusive Benefit for NEA

NEA is the sole beneficiary of the incineration and electricity generation services provided by the Tuas DBOO Trustee. The Tuas DBOO Trustee is not permitted, among others, to provide incineration capacity, incineration services, make the site of Tuas DBOO Plant available or deliver ash to any third party or generate or sell electricity otherwise than in accordance with the Tuas DBOO ISA, without the prior written consent of NEA. The Tuas DBOO Trustee may be required to share any benefit received by the Tuas DBOO Trustee if NEA consents to such services.

The Tuas DBOO Trustee cannot allow the transfer of any part of its equity or the units of Tuas DBOO Trust without the prior written approval from NEA. It cannot amend, modify or supplement any terms of, or grant any waivers under, any of the project agreements which materially change any of the project agreements without the prior written consent of NEA.

In general, neither NEA nor the Tuas DBOO Trustee may sell, assign or transfer its interest under the Tuas DBOO ISA or any of the project agreements to any other person without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. NEA shall have the sole discretion to effect any restructuring, reorganisation or divestment of its assets during the term of the Tuas DBOO ISA provided that if such restructuring, reorganisation or divestment results in NEA ceasing to be a statutory board or a material diminution of its creditworthiness, NEA shall take reasonable steps to put in place arrangements for the continuing performance of NEA's payment and other obligations under the Tuas DBOO ISA.

Operating Performance

The Tuas DBOO Trustee is responsible for meeting the performance and service standards set out in the Tuas DBOO ISA, in particular, its provision of incineration services and ensuring that the ash and recovery of scrap from the incineration bottom ash meet the requirements specified in the Tuas DBOO ISA. Failure by the Tuas DBOO Trustee to meet these performance and service

standards may result in either deductions being made from the payments by NEA under the Tuas DBOO ISA or termination of the Tuas DBOO ISA by NEA.

Revenue Entitled by NEA

Under the Tuas DBOO ISA, NEA is entitled to the following fees and revenues received by the Tuas DBOO Trustee:

- (a) gate fees received by the Tuas DBOO Trustee from persons delivering waste to Tuas DBOO Plant; and
- (b) electricity revenues from the sale of surplus electricity (not needed by the Tuas DBOO Trustee to operate Tuas DBOO Plant) by Tuas DBOO Plant to the NEMS. The Tuas DBOO Trustee has to export at least the contracted amount of electricity specified in the Tuas DBOO ISA, failing which a deduction will be made from the payments due to it from NEA.

Payments under the Tuas DBOO ISA

Under the Tuas DBOO ISA, the Tuas DBOO Trustee is entitled to receive the following fixed and variable monthly payments from NEA:

- (a) fixed payments ("**Fixed Capacity Payments**"), comprising an incineration capacity payment ("**Incineration Capacity Payment**") for the provision of incineration capacity and electricity generation payment ("**Electricity Generation Payment**") for the provision of electricity generation services; and
- (b) variable payments ("**Variable Payments**"), comprising a variable O&M cost component (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market changes (as reimbursement of the energy market charges that the Tuas DBOO Trustee has to pay the NEMS).

Incineration Capacity Payments

Incineration Capacity Payments are payable for making available the contracted incineration capacity of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Tuas DBOO Plant.

Incineration Capacity Payments are payable in full if the available incineration capacity of Tuas DBOO Plant is greater than or equal to 800 tonnes per day. If the available incineration capacity is less than 800 tonnes per day, the Incineration Capacity Payments will be reduced accordingly. Incineration Capacity Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M cost component, which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Tuas DBOO Plant (which shall not exceed the contracted incineration capacity of 800 tonnes per day) subject to deductions if certain performance standards are not met.

Electricity Generation Payments

Electricity Generation Payments are payable for making available the electricity generation services of Tuas DBOO Plant. They are payable throughout the term of the Tuas DBOO ISA, regardless of whether Tuas DBOO Plant exports any electricity to the NEMS and do not vary with the volume of electricity exported by Tuas DBOO Plant or its available capacity.

Electricity Generation Payments comprise:

- (a) a fixed capital cost component, which is not adjustable for inflation; and
- (b) a fixed O&M component, which is adjustable for inflation.

The electricity generation obligations under the Tuas DBOO ISA involve, among others, the following:

- (a) exporting the electricity generated in excess of Tuas DBOO Plant's needs to the NEMS, subject to a minimum contracted amount specified in the Tuas DBOO ISA; and
- (b) remitting to NEA all revenues from the sale of electricity exported to the NEMS.

The CUEE under the Tuas DBOO ISA is not a fixed amount, and is dependent on the amount of waste delivered for incineration as well as the Net Calorific Value of the waste that is delivered within a period of time.

Variable Payments

Variable Payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS.

Variable Payments comprise the following components:

- (a) a variable O&M cost component, which is adjustable for inflation and which is computed based on the actual quantity of waste delivered to Tuas DBOO Plant;
- (b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Tuas DBOO Plant to the NEMS; and
- (c) a variable payment for energy market charges, which is a reimbursement of energy market charges payable by Tuas DBOO Trustee as a participant in the NEMS.

Payment Deductions

Deductions will be made if the Tuas DBOO Trustee is unable to meet the performance and service standards set out in the Tuas DBOO ISA, namely:

- (a) reduced quality of incineration bottom ash (the amount of payment deduction varies depending on the percentage of the total organic content — deductions will be made for each day where the total organic content of the incineration bottom ash exceeds 3%);
- (b) non-achievement of turnaround times (payment deductions will be made for each day that the Tuas DBOO Trustee fails to achieve the turnaround time service standard specified in the Tuas DBOO ISA, after a grace period of two days in each billing period); and

- (c) reduced electricity exported (payment deductions will be made in the event that the amount of electricity exported falls below the CUEE).

Change in Law

If a change in law (as defined in the Tuas DBOO ISA) occurs which: (a) prevents the performance by the Tuas DBOO Trustee of its obligations under the Tuas DBOO ISA; or (b) results in net costs or net savings to the Tuas DBOO Trustee or a return on equity for the project to own and maintain Tuas DBOO Plant, incinerate waste and generate electricity, in excess of S\$250,000 (adjusted for inflation) annually or a cumulative figure of S\$1 million in any period, provided that the amount of each incremental accrual is a minimum of S\$50,000 (each amount adjusted for inflation), the terms of the Tuas DBOO ISA may be amended and the Fixed Capacity Payments and the Variable Payments payable to the Tuas DBOO Trustee by NEA may be adjusted, by mutual agreement between the parties, to ensure that the Tuas DBOO Trustee achieves the same equity return as if such costs had not been incurred or such savings had not been realised and be retroactive to the date upon which such costs were incurred or such savings were realised.

Step-change in Technology

If significant technological improvements occur which result in a significant reduction in the fixed or variable O&M costs and/or energy consumption of Tuas DBOO Plant, NEA will be entitled to a fair and reasonable proportion of such cost savings by way of an adjustment to the payments payable under the Tuas DBOO ISA as may be affected by such cost savings, to be agreed between the parties in good faith, having regard to all relevant circumstances, including the capital costs and risks incurred by the Tuas DBOO Trustee in adopting such technological improvements.

Step-in Rights of NEA

The Step-in Events include, *inter alia*:

- (a) insolvency of the Tuas DBOO Trustee;
- (b) there has been a failure by the Tuas DBOO Trustee to meet the performance and service standards provided for in the Tuas DBOO ISA which has not been rectified within a prescribed period;
- (c) there is a force majeure event which prevents the Tuas DBOO Trustee from accepting and incinerating waste in accordance with the Tuas DBOO ISA but does not prevent NEA from performing those obligations;
- (d) the Minister for the Environment and Water Resources considers that it is in the public interest for NEA to step-in.

NEA may continue to exercise the NEA Step-in Rights till the relevant Step-in Event is rectified or NEA is satisfied that the Tuas DBOO Trustee will be able to take the necessary steps to cure the Step-in Event immediately upon NEA ceasing its exercise of the NEA Step-in Rights. When exercising its Step-in Rights, NEA will continue to make the Payments to the Tuas DBOO Trustee in accordance with the terms of the Tuas DBOO ISA.

Force Majeure

The Tuas DBOO ISA contains a detailed force majeure regime for the impact of any circumstance not within the reasonable control, directly or indirectly, of the party affected resulting in or

causing a total or partial failure by the affected party of the fulfilment of any of its obligations under the Tuas DBOO ISA, subject to certain limitations, exclusions and procedural requirements.

Termination

The Tuas DBOO ISA may be terminated under certain events such as:

- (a) upon a prolonged force majeure event which prevents parties from performing their obligations for a continuous period of 365 days;
- (b) default by either NEA or the Tuas DBOO Trustee (such as material breaches of obligations under the Tuas DBOO ISA, failure to produce ash which meets the total organic content parameter in the Tuas DBOO ISA, failure to make payments due under the Tuas DBOO ISA, and insolvency of the Tuas DBOO Trustee) that is not cured within applicable notice and cure periods or under certain other circumstances; and
- (c) under certain specified circumstances, in the event of damage to Tuas DBOO Plant where the cost of repair exceeds the specified threshold figure in the ISA and both the Tuas DBOO Trustee and NEA are not able to agree on changes to the Fixed Capacity Payments, Variable Payments or the term of the Tuas DBOO ISA such that the Tuas DBOO Trustee does not suffer a reduced equity return for the project for the remainder of the term.

In such an event, Tuas DBOO Plant may be purchased by NEA at a purchase price to be determined in accordance with the terms of the Tuas DBOO ISA, which will vary depending on the event which gives rise to the right of termination and/or the party committing the default.

Performance Security and Indemnities

As security for performance by the Tuas DBOO Trustee of its obligations under the Tuas DBOO ISA, the Tuas DBOO Trustee is required to deliver to NEA a performance security of S\$5 million.

The Tuas DBOO Trustee is required to indemnify NEA against various claims, losses, liabilities and expenses, including loss of or damage to real or personal property or death or injury resulting from any act, omission, default or breach by the Tuas DBOO Trustee or under every applicable environmental law arising out of the state and condition of the site of Tuas DBOO Plant and the Tuas DBOO Trustee's ownership and operation of Tuas DBOO Plant.

The Tuas DBOO Trustee is also required to indemnify NEA for any claim or loss arising from a failure to:

- (a) detect or notify NEA that the ash does not meet the total organic content parameter set out in the Tuas DBOO ISA; or
- (b) deliver ash which meets the total organic content parameter set out in the Tuas DBOO ISA,

regardless of whether or not the Tuas DBOO Trustee is aware of the respective failure.

Neither NEA nor the Tuas DBOO Trustee is liable to each other for aggregate amounts in excess of S\$12 million (adjustable for inflation) subject to certain exceptions set out in the Tuas DBOO ISA.

Tuas DBOO O&M Agreement

The Tuas DBOO Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Tuas DBOO Plant pursuant to the Tuas DBOO O&M Agreement, whereby

Keppel O&M Operator will operate, maintain and repair Tuas DBOO Plant in return for fixed O&M fees and variable O&M fees payable by the Tuas DBOO Trustee. The Tuas DBOO O&M Agreement and the Tuas DBOO ISA will run concurrently for the same 25-year term.

Fee Structure

The O&M Fees payable monthly by the Tuas DBOO Trustee comprise:

- (a) a fixed O&M fee, which is adjustable for inflation; and
- (b) a variable O&M fee, which is adjustable for inflation and based on the total quantity of waste received at Tuas DBOO Plant.

Operating Performance of Tuas DBOO Plant

The Keppel O&M Operator is generally responsible for meeting the performance and customer service standards of Tuas DBOO Plant as set out in the Tuas DBOO ISA.

If the available incineration capacity of Tuas DBOO Plant falls below the contracted incineration capacity of 800 tonnes/day, the Keppel O&M Operator has to pay the Tuas DBOO Trustee liquidated damages calculated in accordance with the formula stipulated in the Tuas DBOO O&M Agreement, up to the limit of liability of the Keppel O&M Operator under the Tuas DBOO O&M Agreement.

If the Keppel O&M Operator breaches the Tuas DBOO O&M Agreement as a result of which NEA is entitled to make a payment deduction or make a claim under the Tuas DBOO ISA, the Tuas DBOO Trustee may deduct and withhold an amount equal to the payment deduction from the fees it has to pay the Keppel O&M Operator or may be reimbursed by the Keppel O&M Operator on demand the payment incurred by the Tuas DBOO Trustee, up to the limit of liability of the Keppel O&M Operator under the Tuas DBOO O&M Agreement.

The Keppel O&M Operator's liability to the Tuas DBOO Trustee under the Tuas DBOO O&M Agreement is capped at 30% of the fixed O&M fee for that contract year, unless (a) the liability arises out of the wilful misconduct or gross negligence of the Keppel O&M Operator or (b) if the Keppel O&M Operator has third party liability insurance in respect of that third party and (i) has received insurance proceeds in respect of that liability or (ii) would otherwise have received those proceeds if it had properly and promptly made a claim for such proceeds, and excludes, in general, any special, consequential or punitive damages or indirect losses that the Tuas DBOO Trustee has suffered.

The Keppel O&M Operator is required to provide a banker's guarantee of S\$1 million to the Tuas DBOO Trustee as security for due and proper performance by the Keppel O&M Operator of services under the Tuas DBOO O&M Agreement.

Spare Parts Inventory

The Keppel O&M Operator is required throughout the term of the Tuas DBOO O&M Agreement to supply all materials, equipment, supplies, consumables, spare parts and other items necessary for its due performance of the services under the Tuas DBOO O&M Agreement, and bears the risk of any change in value of the stock in the spare parts inventory (including the initial inventory handed over by the Tuas DBOO Trustee), whether arising from obsolescence or otherwise. The Keppel O&M Operator shall pay the Tuas DBOO Trustee in accordance with the Tuas DBOO O&M Agreement if the value of the stock in the spare parts inventory decreases or if the Keppel O&M Operator withdraws and uses any of such stock. The Keppel O&M Operator may (subject to

certain restrictions) procure replacement stock for inclusion into the spare parts inventory, following which the Tuas DBOO Trustee will reimburse the Keppel O&M Operator in accordance with the Tuas DBOO O&M Agreement.

Upon termination of the Tuas DBOO O&M Agreement, the Keppel O&M Operator shall:

- (a) where termination is for any reason other than the expiry of the term, hand over the stock in the spare parts inventory to the Tuas DBOO Trustee, and, if required under the Tuas DBOO O&M Agreement, pay the difference between the prevailing recorded value of the stock in the spare parts inventory at the date of termination and the value of such stocks as assessed by the Tuas DBOO Trustee; or
- (b) where termination is upon expiry of the term, forthwith pay to the Tuas DBOO Trustee an amount in cash equivalent to the prevailing recorded value of the stock in the spare parts inventory at the date of expiry of the term, upon which title to such stock shall pass to and vest in the Keppel O&M Operator.

Change in Law

The Tuas DBOO O&M Agreement has a “Change in Law” provision which is similar to the corresponding “Change in Law” provision under the Tuas DBOO ISA.

Step-change in Technology

The Tuas DBOO O&M Agreement has a “Step-change in Technology” provision which is similar to the “Step-change in Technology” provision under the Tuas DBOO ISA.

Force Majeure

The Tuas DBOO O&M Agreement has a “Force Majeure” provision which is similar to the corresponding “Force Majeure” provision under the Tuas DBOO ISA.

Termination

The Tuas DBOO O&M Agreement may be terminated in certain events such as:

- (a) the respective party failing to remedy its default (for example, material breaches of obligations, failure to pay the O&M fees, failure to achieve an available incineration capacity equal to or better than the contracted incineration capacity without the consent of NEA, failure to produce ash the total organic content of which is less than 3%, or failure to meet the performance and customer service standards set out in the Tuas DBOO ISA) within the default cure period;
- (b) termination of the Tuas DBOO ISA; and
- (c) insolvency of the Keppel O&M Operator.

The Tuas DBOO Trustee has executed certain undertakings in favour of NEA in connection with the restructuring of Tuas DBOO SPC. See “Certain Agreements Relating to KGT — Contractual Arrangements Relating to the Restructuring Exercise” for more details.

Tuas DBOO EPC Contract

Tuas DBOO SPC appointed Keppel Seghers as the EPC contractor of Tuas DBOO Plant pursuant to the Tuas DBOO EPC Contract, whereby Keppel Seghers designed, engineered, procured and constructed Tuas DBOO Plant. Construction of Tuas DBOO Plant was completed in October 2009 and the Tuas DBOO PCOD was 30 October 2009.

The total contract price under the Tuas DBOO EPC Contract was approximately S\$125.5 million, which has been fully paid by Tuas DBOO SPC.

Defects Liability

The works under the Tuas DBOO EPC Contract shall be subject to a 24 months defects notification period, save for those which relate to or are necessary for the structural adequacy or stability of Tuas DBOO Plant ("**Tuas DBOO civil works**") and otherwise identified in the Tuas DBOO EPC Contract. The Tuas DBOO civil works shall be subject to a 60 months defects notification period.

In relation to the Tuas DBOO civil works, all and any of the Keppel EPC Contractor's liabilities shall expire after the period of 10 calendar years after the issuance of the taking-over certificate upon the completion of the work in accordance with the Tuas DBOO EPC Contract and the taking over of the work by Tuas DBOO SPC.

In relation to all other aspects or components of the works that do not form part of the Tuas DBOO civil works (such as the machinery, equipment, apparatus, instruments, control systems and other mechanical and electrical portions of the work undertaken or procured by the Keppel EPC Contractor), all and any of the Keppel EPC Contractor's liabilities shall expire after the period of six calendar years after the issuance of the taking-over certificate.

The aggregate liability of the Keppel EPC Contractor to Tuas DBOO SPC is generally limited to the Tuas DBOO EPC Price and does not, in general, include any liability for special, consequential or punitive damages or indirect losses that Tuas DBOO SPC has suffered.

Tuas DBOO Lease Agreements

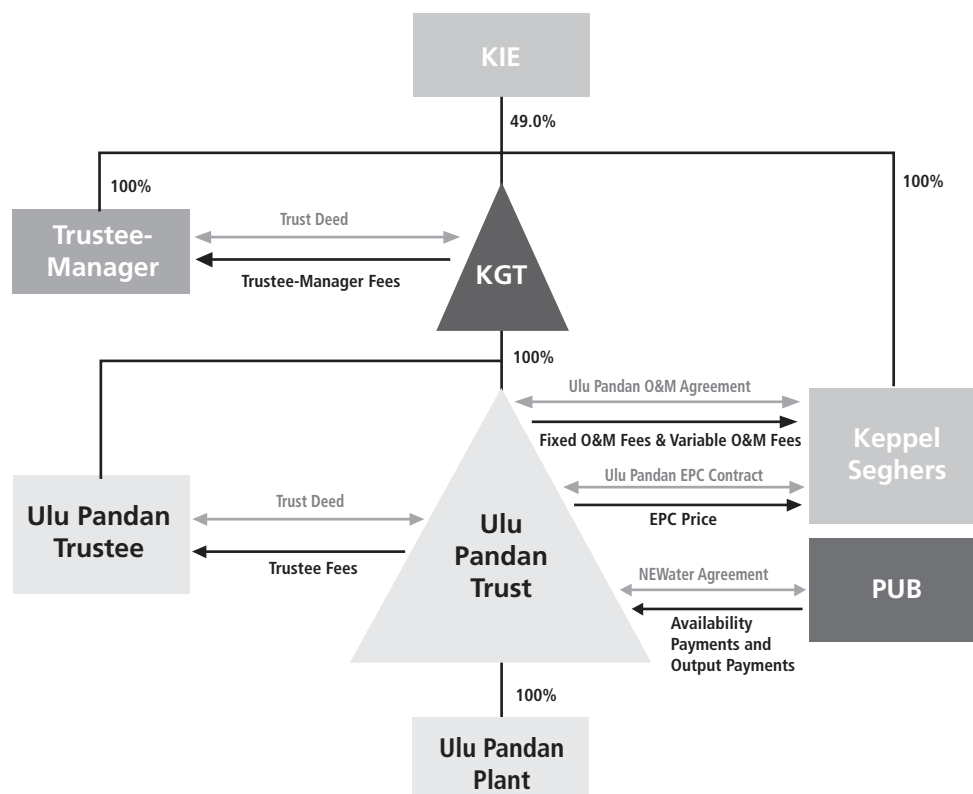
Tuas DBOO SPC entered into the Tuas DBOO Lease Agreements with the President of Singapore and his successors in office in respect of the state land occupied by Tuas DBOO Plant for a term of 30 years from 9 June 2006 for a consideration of S\$3.7 million.

In addition to those conditions in the State Lands Act (Chapter 314) the conditions to which Tuas DBOO Lease Agreements are subject includes the following:

- (a) Tuas DBOO SPC can only use the demised premises for the purpose of incinerator plant development;
- (b) Tuas DBOO SPC cannot demise, mortgage, charge, assign, sublet, underlet or part with possession of the demised premises in whole or in part without the prior written consent of the lessor, except that the consent of the lessor is not required for a mortgage or charge of part or whole of the demised premises to any bank licensed under the Banking Act Chapter 19) or to any finance company licensed under the Finance Companies Act Chapter 108); and
- (c) on the expiry or earlier termination of the Tuas DBOO Lease Agreements, Tuas DBOO SPC has to yield up to the lessor without charge the demised premises together with all buildings, structures and appurtenances thereon in good and tenantable condition and state of repair and in clean and sanitary order and condition.

CONTRACTUAL ARRANGEMENTS RELATING TO ULU PANDAN PLANT

The following diagram illustrates the main contractual arrangements for Ulu Pandan Plant immediately upon the Listing:



NEWater Agreement

Set out below is a summary of the key provisions of the NEWater Agreement:

Scope of Services

The Ulu Pandan Trustee has to, among others:

- design, build, own and operate Ulu Pandan Plant;
- make available the capacity to produce and supply NEWater at 148,000 m³/day ("**NEWater warranted capacity**") with an availability (the state in which Ulu Pandan Plant is capable of supplying NEWater at the NEWater warranted capacity upon dispatch by PUB) of 98% measured on a monthly basis with (i) no single cessation of the operation of Ulu Pandan Plant (whether entire or partial) ("**outage**") affecting the entire Ulu Pandan Plant lasting more than 5 hours; and (ii) not more than one outage occurring in any continuous 168-hour period, save as excused by a legitimate circumstance (as defined in the NEWater Agreement);
- treat and convert all Feedwater and deliver NEWater to PUB in the quantities and flow rate required by PUB (for the avoidance of doubt, the Ulu Pandan Trustee is not obliged to supply NEWater to PUB at a quantity exceeding the NEWater warranted capacity); and
- ensure that all NEWater supplied meets the quality specifications of NEWater.

The Ulu Pandan Trustee is granted by PUB the right, licence and authority to convert Feedwater into NEWater for supply to PUB throughout the term of the NEWater Agreement. The Feedwater will be supplied free of charge by PUB to the Ulu Pandan Trustee, at such quantity and flow rate as required by the Ulu Pandan Trustee to enable it to comply with its obligations under the NEWater Agreement.

Term

The term of the NEWater Agreement is 20 years commencing from the Ulu Pandan PCOD. PUB has the right to terminate the NEWater Agreement at any time on or after 31 December 2028 (if the term of the NEWater Agreement has not expired by that time) and any other earlier termination permitted under the NEWater Agreement. All title and risk in Ulu Pandan Plant lies with the Ulu Pandan Trustee at all times.

Sole and exclusive benefit for PUB

PUB is the sole beneficiary of the NEWater production services provided by the Ulu Pandan Trustee. The Ulu Pandan Trustee is not permitted, among others, to make available Ulu Pandan Plant or supply NEWater to any third party.

The Ulu Pandan Trustee cannot allow the transfer of any part of its equity or the units of Ulu Pandan Trust without the prior written approval from PUB. It cannot amend, modify or supplement any terms of, or grant any waivers under, any of the project agreements which materially change any of the project agreements without the prior written consent of PUB.

In general, neither PUB nor the Ulu Pandan Trustee may sell, assign or transfer its interest under the NEWater Agreement to any other person without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. PUB has the sole discretion to effect any restructuring, reorganisation or divestment of its assets during the term of the NEWater Agreement provided that if such restructuring, reorganisation or divestment results in PUB ceasing to be a statutory board or a material diminution of its creditworthiness, PUB shall take reasonable steps to put in place arrangements for the continuing performance of PUB's payment and other obligations under the NEWater Agreement.

Operating Performance

The Ulu Pandan Trustee is responsible for meeting the performance and service standards set out in the NEWater Agreement, in particular, ensuring that the quality of NEWater produced meets the requirements specified in the NEWater Agreement. Failure by the Ulu Pandan Trustee to meet these performance and service standards may result in either deductions being made from the payments by PUB under the NEWater Agreement or termination of the NEWater Agreement by PUB.

Payments under the NEWater Agreement

Under the NEWater Agreement, the Ulu Pandan Trustee is entitled to receive the following monthly payments from PUB:

- (a) fixed payment ("**Availability Payments**") for the provision of production capacity; and
- (b) variable payment ("**Output Payments**") for the volume of Feedwater treated.

Availability Payments

Availability Payments are payable for making available the NEWater warranted capacity of Ulu Pandan Plant. They are payable throughout the term of the NEWater Agreement, regardless of whether Ulu Pandan Plant produces any NEWater and do not vary with the volume of Feedwater treated by Ulu Pandan Plant. Availability Payments are payable in full if the NEWater warranted capacity of Ulu Pandan Plant is greater or equal to 148,000 m³/day. If the NEWater warranted capacity is less than 148,000 m³/day, the Availability Payments will be reduced accordingly. Availability Payments comprise:

- (a) a fixed capital cost recovery payment component, which is not adjustable for inflation and which covers amounts for debt service, return on shareholders' equity and taxes payable by the Ulu Pandan Trustee;
- (b) a fixed O&M payment component, which is adjustable for inflation and which covers all fixed O&M costs of Ulu Pandan Plant; and
- (c) a fixed power payment component, which is not adjustable for inflation and which covers the fixed power costs of Ulu Pandan Plant incurred by the Ulu Pandan Trustee,

subject to deductions if certain performance standards are not met.

Output Payments

Output Payments are payable based on the net amount of NEWater delivered by Ulu Pandan Plant to PUB at delivery points. Output Payments comprise:

- (a) a variable O&M payment component, which is adjustable for inflation and computed based on the quantity of NEWater delivered to PUB; and
- (b) a variable power payment component, which is partially adjustable against the fuel price index and computed based on the usage power charges incurred by the Ulu Pandan Trustee.

Payment Deductions

Deductions will be made from the capital cost recovery payment component of the Availability Payment if the Ulu Pandan Trustee is unable to meet the performance and service standards set out in the NEWater Agreement, namely:

- (a) reduced NEWater availability, where the Ulu Pandan Trustee fails to maintain the NEWater warranted capacity of Ulu Pandan Plant at 148,000 m³ of NEWater for any duration other than permitted under the NEWater Agreement;
- (b) NEWater reduced storage, where the storage quantity of NEWater at Ulu Pandan Plant falls below the required storage capacity for any duration other than permitted under the NEWater Agreement;
- (c) excessive residual waste, where the amount of residual waste discharged (as a result of treating and converting feedwater into NEWater) by Ulu Pandan Plant and delivered to PUB exceeds a pre-determined formula set out in the NEWater Agreement; and
- (d) deviation from NEWater quality, where the Ulu Pandan Trustee fails to supply NEWater that meets one or more of the quality specifications for NEWater ("**NEWater quality specification**") and PUB had supplied Feedwater that met the quality specifications for Feedwater as set out in the NEWater Agreement (regardless of whether PUB accepts or rejects such NEWater that does not meet one or more of the NEWater quality specification).

Change in Law

If a change in law (as defined in the NEWater Agreement) occurs which (a) prevents the performance by the Ulu Pandan Trustee of its obligations under the NEWater Agreement; or (b) results in net costs or net savings to the Ulu Pandan Trustee in excess of S\$100,000 (adjusted for inflation) annually or a cumulative figure of S\$500,000 in any period (adjusted for inflation and excluding any amounts previously claimed), the terms of the NEWater Agreement shall be amended and the Availability Payments and the NEWater Output Payments adjusted so as to ensure that the Ulu Pandan Trustee achieves the same equity return as if such costs had not been incurred or such savings had not been realised and be retroactive to the date upon which such costs were incurred or such savings were realised.

Step-change in Technology

If significant technological improvements occur which result in a significant reduction in the fixed or variable O&M costs and/or energy consumption of Ulu Pandan Plant, PUB will be entitled to a fair and reasonable proportion of such cost savings by way of an adjustment to the Payments as may be affected by such cost savings, to be agreed between the parties in good faith, having regard to all relevant circumstances, including the capital costs and risks incurred by the Ulu Pandan Trustee in adopting the new technology.

Step-in Rights of PUB

PUB may take possession and control of the whole or part of Ulu Pandan Plant for the purpose of operating Ulu Pandan Plant as it deems necessary to ensure the continued supply of NEWater by Ulu Pandan Plant ("**PUB Step-in Rights**").

PUB is entitled to exercise the PUB Step-in Rights ("**Step-in Event**") when in the reasonable opinion of PUB there is a real and immediate risk that the Ulu Pandan Trustee's ability to supply NEWater is affected by it suffering an insolvency event as defined in the NEWater Agreement.

PUB may continue to exercise the PUB Step-in Rights till the relevant Step-in Event is rectified or PUB is satisfied that the Ulu Pandan Trustee will be able to take the necessary steps to cure the Step-in Event immediately upon PUB ceasing its exercise of the PUB Step-in Rights. When exercising its Step-in Rights, PUB will continue to make Availability Payments but not NEWater Output Payments to the Ulu Pandan Trustee in accordance with the terms of the NEWater Agreement, notwithstanding that PUB may take and accept the NEWater delivered by Ulu Pandan Plant, and the Ulu Pandan Trustee is obliged to pay PUB all costs properly and reasonably incurred by PUB in exercising the PUB Step-in Rights or as a result of the circumstances giving rise to the Step-in Event.

Force Majeure

The NEWater Agreement contains a detailed force majeure regime for the impact of any circumstance not within the reasonable control, directly or indirectly, of the party affected resulting in or causing a total or partial failure by the affected party of the fulfilment of any of its obligations under the NEWater Agreement, subject to certain exclusions and procedural requirements.

Termination

The NEWater Agreement may be terminated under certain events, such as:

- (a) upon a prolonged force majeure, which prevents the parties from performing their obligations for a continuous period of 365 days; and
- (b) default by either PUB or the Ulu Pandan Trustee (such as material breaches of obligations under the NEWater Agreement, failure to supply NEWater which meets the NEWater quality specification for a continuous period of 24 hours or more in circumstances where PUB has supplied or is able to supply Feedwater that meets the Feedwater quality specification, and insolvency of the Ulu Pandan Trustee) that is not cured within applicable notice and cure periods or under certain other circumstances.

In such an event, Ulu Pandan Plant may be purchased by PUB at a purchase price determined in accordance with the NEWater Agreement, which will vary depending on the event which gives rise to the right of termination and/or the party committing the default.

Indemnities

The Ulu Pandan Trustee is required to indemnify PUB against various claims, losses, liabilities and expenses, including loss of or damage to real or personal property or death or injury resulting from any act, omission or breach by the Ulu Pandan Trustee or under any applicable environmental law arising out of the state and condition of the site of Ulu Pandan Plant and the Ulu Pandan Trustee's ownership and operation of Ulu Pandan Plant.

The Ulu Pandan Trustee is also required to indemnify PUB for any claim or loss arising from a failure by the Ulu Pandan Trustee to detect or notify PUB that the NEWater quality specifications have not been or are not being met.

Subject to certain exceptions, neither PUB nor the Ulu Pandan Trustee is liable to each other for special, consequential, or punitive damages or indirect losses or any aggregate liabilities in excess of S\$12 million.

Ulu Pandan O&M Agreement

The Ulu Pandan Trustee has appointed Keppel Seghers, a wholly-owned subsidiary of the Sponsor, as the O&M operator of Ulu Pandan Plant pursuant to the Ulu Pandan O&M Agreement, whereby Keppel Seghers will operate, maintain and repair Ulu Pandan Plant in return for fixed O&M fees and variable O&M fees payable by the Ulu Pandan Trustee. The term of the Ulu Pandan O&M Agreement will expire on the 20th anniversary of the Ulu Pandan PCOD.

Fee Structure

The O&M Fees payable monthly by the Ulu Pandan Trustee comprise:

- (a) a fixed O&M fee payable monthly for the maintenance of Ulu Pandan Plant (such as staff cost, security, cleaning and administrative charges), which is adjustable for inflation;
- (b) a variable O&M fee payable monthly, which is adjustable for inflation and calculated on a volumetric basis for chemical costs and laboratory costs; and
- (c) the cost for the replacement of membrane and equipment payable according to the membrane and equipment replacement schedule provided by the O&M operator (which is

proportional to the cumulative output of product water, subject to a maximum claim amount for the corresponding cumulative output as listed in the Ulu Pandan O&M Agreement).

At the end of every five years of the term of the Ulu Pandan O&M Agreement, the Ulu Pandan Trustee may meet with the Keppel O&M Operator to review and, at the Ulu Pandan Trustee's sole discretion, amend, the O&M fees in order to:

- (a) take into account unforeseen changes to market factors that significantly affect the Keppel O&M Operator's costs, to the extent that the effect on those costs cannot, in the opinion of the Ulu Pandan Trustee, be dealt with by the indexation adjustments provided in the O&M fees; and
- (b) take into account adjustments to the Availability Payments and Output Payments payable by PUB to the Ulu Pandan Trustee.

Operating performance of Ulu Pandan Plant

The Keppel O&M Operator is responsible for the operation and maintenance of Ulu Pandan Plant.

The Keppel O&M Operator is not obliged to supply NEWater at a quantity that exceeds the NEWater warranted capacity but the Keppel O&M Operator will use its best endeavours to supply such quantities of NEWater if it is requested to do so by PUB. The Ulu Pandan Trustee will pay to the Keppel O&M Operator the applicable O&M fees based on the actual quantities of NEWater.

If PUB is entitled to make any payment deduction from the Ulu Pandan Trustee under the NEWater Agreement and the grounds for the relevant payment deduction are attributable to a breach of the Keppel O&M Operator's obligations, the Keppel O&M Operator shall indemnify the Ulu Pandan Trustee for any deduction made.

The Keppel O&M Operator has to indemnify the Ulu Pandan Trustee for any claim or loss which arises from a failure by the Keppel O&M Operator to detect that a NEWater quality specification has not been met or notify the Ulu Pandan Trustee that a NEWater quality specification is not being met, up to the limit on the Keppel O&M Operator's liability provided in the Ulu Pandan O&M Agreement.

The Keppel O&M Operator's liability to the Ulu Pandan Trustee under the Ulu Pandan O&M Agreement is generally capped at 30% of the fixed O&M fee for that contract year, unless the liability arises out of the wilful misconduct or gross negligence of the Keppel O&M Operator or if the Keppel O&M Operator has third party liability insurance in respect of that third party and (a) has received insurance proceeds in respect of that liability or (b) would otherwise have received those proceeds if it had properly and promptly made a claim for such proceeds, and excludes, in general, any special, consequential or punitive damages or indirect losses that the Ulu Pandan Trustee has suffered.

Change in Law

The Ulu Pandan O&M Agreement has a "Change in Law" provision which is similar to the corresponding "Change in Law" provision under the NEWater Agreement.

Step-change in Technology

The Ulu Pandan O&M Agreement has a "Step-change in Technology" provision which is similar to the corresponding "Step-change in Technology" provision under the NEWater Agreement.

Force Majeure

The Ulu Pandan O&M Agreement has a “Force Majeure” provision which is similar to the corresponding “Force Majeure” provision under the NEWater Agreement.

Termination of the Ulu Pandan O&M Agreement

The Ulu Pandan O&M Agreement may be terminated in certain events such as:

- (a) the respective parties failing to remedy its default (for example, material breaches of obligations, failure to pay the O&M fees, failure to make Ulu Pandan Plant available at the NEWater warranted capacity for a continuous period of 24 hours or more, the average availability of Ulu Pandan Plant being less than 98% for any continuous period of 12 months) within the default cure period; and
- (b) upon a force majeure, which prevents parties from performing their obligations for a continuous period of 365 days.

The Ulu Pandan Trustee has executed certain undertakings in favour of PUB in connection with the restructuring of Ulu Pandan SPC. See “Certain Agreements Relating to KGT — Contractual Arrangements Relating to the Restructuring Exercise” for more details.

Ulu Pandan EPC Contract

Ulu Pandan SPC appointed Keppel Seghers as the EPC contractor of Ulu Pandan Plant pursuant to the Ulu Pandan EPC Contract, whereby Keppel Seghers designed and built Ulu Pandan Plant and designed, constructed and commissioned the PUB interfaces and dispatch telemetry equipment.

The total contract price under the Ulu Pandan EPC Contract was approximately S\$80 million, which has been fully-paid by Ulu Pandan SPC.

Keppel Seghers’ liability to Ulu Pandan SPC under the Ulu Pandan EPC Contract is capped at S\$12 million unless:

- (a) the liability of Keppel Seghers arises out of fraud, willful misconduct or gross negligence;
- (b) the liability of Keppel Seghers arises out in respect of a monetary payment due and payable under the Ulu Pandan EPC Contract; or
- (c) Keppel Seghers has insurance in respect of that liability and it:
 - (i) has received insurance proceeds in respect of that liability; or
 - (ii) has not received insurance proceeds in respect of that liability, but would otherwise have received those proceeds if it had properly and promptly made a claim for those proceeds under its insurance policies,

in which case the maximum liability of Keppel Seghers will be the greater of the S\$12 million and the amount of insurance proceeds that it received or would otherwise be entitled to receive.

Defects Liability

Keppel Seghers as the EPC contractor in respect of Ulu Pandan Plant has warranted that the design and construction of the PUB interfaces, the dispatch telemetry equipment and Ulu Pandan Plant will conform with the design and technical specifications and the other requirements set

out in the Ulu Pandan EPC Contract, and will be free from defects and deficiency. It has further warranted that the design, engineering, procurement, construction, installation, testing and commissioning of the PUB interfaces, the dispatch telemetry equipment and Ulu Pandan Plant and all workmanship of itself and its subcontractors will be in accordance with the Ulu Pandan EPC Contract and free from defects and deficiencies.

Keppel Seghers's obligations in respect of the PUB interfaces and the dispatch telemetry equipment commenced on the Ulu Pandan PCOD and will continue through the period ending two years after the Ulu Pandan PCOD. Keppel Seghers's obligations in respect of Ulu Pandan Plant commenced on the Ulu Pandan PCOD and will continue through the period ending one year after the Ulu Pandan PCOD. In the event Keppel Seghers repairs or replaces any part of the PUB interfaces, the dispatch telemetry equipment or Ulu Pandan Plant, in accordance with its obligations under the Ulu Pandan EPC Contract, the part so replaced will be covered by the same warranty as the original part but with a new two-year or one-year warranty period if replaced after the Ulu Pandan PCOD, as the case may be.

In addition to Keppel Seghers's obligations to rectify defects, if such defects cause Ulu Pandan SPC to incur liabilities to PUB or suffer deductions to the tariff payments under the NEWater Agreement, or suffer other losses or expenses under the NEWater Agreement, Keppel Seghers shall indemnify Ulu Pandan SPC for all such losses, expenses and liabilities suffered or incurred by Ulu Pandan SPC.

Ulu Pandan Lease Agreement

Ulu Pandan SPC and PUB entered into the Ulu Pandan Lease Agreement in respect of the land on which Ulu Pandan Plant is situated, for a term of 22 years, six months and 18 days commencing on 10 March 2005 for a one-off payment of S\$3.8 million and an annual rent of S\$12.

The conditions to which the Ulu Pandan Lease Agreement are subject include the following:

- (a) Ulu Pandan SPC using the land only for the sole purpose of designing, building, owning and operating Ulu Pandan Plant and the designing, constructing and commissioning the PUB interfaces and dispatch telemetry equipment, and not (save for the purposes of financing the project) transferring, sub-letting, licensing, parting with possession of or creating any encumbrance over the land or the Ulu Pandan Lease Agreement, without the prior written consent of PUB, such consent not to be unreasonably withheld;
- (b) Ulu Pandan SPC being liable for and indemnifying, defending and holding harmless PUB and each of its officers, employees, agents, contractors and licensees, and their respective officers and employees ("**lessor parties**"), from and against all claims made against or loss suffered by any of the lessor parties in the circumstances set out in the Ulu Pandan Lease Agreement;
- (c) not allowing any shares in Ulu Pandan SPC to be transferred without obtaining PUB's prior written consent; and
- (d) at the expiration, surrender or earlier termination of the Ulu Pandan Lease Agreement, Ulu Pandan SPC yielding up the land to PUB in a good and clean state and condition that complies with all laws at the risk and cost of Ulu Pandan SPC (including undertaking remedial works that are required to yield up the land to PUB to the requisite state and condition).

THE “GREEN” INFRASTRUCTURE SECTOR INDUSTRY

This section is prepared by MWH Consultants (S) Pte Ltd (“MWH”), incorporated in Singapore, in respect of the “green” infrastructure sector industry and for the purpose of inclusion in this Document and for the Listing. While the Trustee-Manager believes that the information and data in this section are reliable, the Trustee-Manager cannot ensure the accuracy of the information or data, and none of the Trustee-Manager, the Sponsor, the Issue Manager or any other person has independently verified this information or data. Much of the available information is based on estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Unless otherwise indicated, all the information and data presented in this section, including the analysis of the various markets of the “green” infrastructure sector industry, have been provided by MWH or extracted from other sources available in the public domain except as otherwise indicated. MWH has advised the Trustee-Manager that this section accurately describes the “green” infrastructure sector industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented. MWH’s methodologies for collecting information and data, and therefore the information discussed in this section, may differ from those of other sources, and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the “green” infrastructure sector industry. The source of all tables and charts is MWH or otherwise derived from industry sources by MWH. You should not assume that the information and data contained in this section is accurate as of any date other than the date of this Document, except as otherwise indicated. You should also be aware that since the date of this Document, there may have been changes in the “green” infrastructure sector industry which could affect the accuracy or completeness of the information in this section.

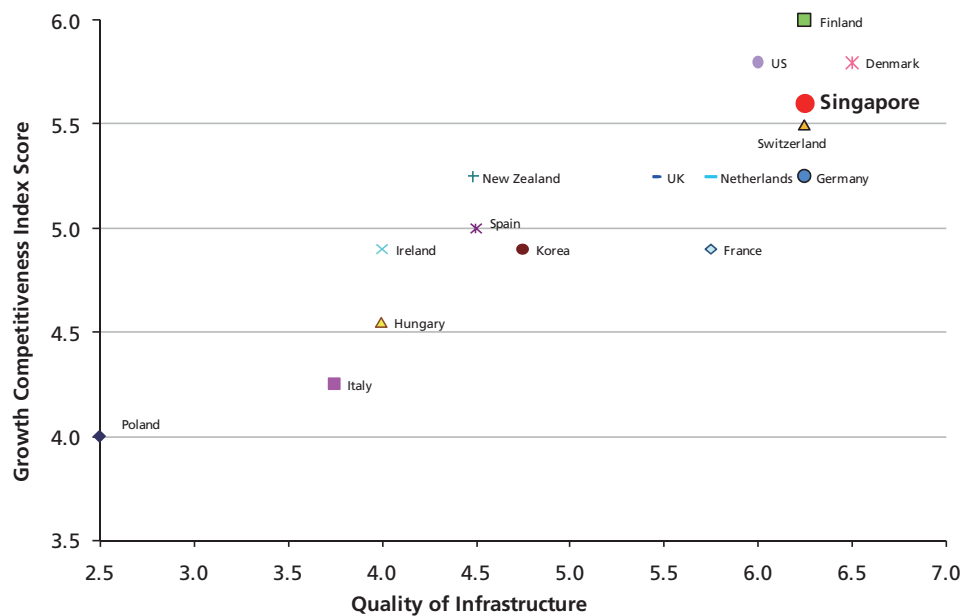
THE “GREEN” INFRASTRUCTURE SECTOR INDUSTRY

Overview

Good infrastructure is a mark of a prosperous and civilised society. For any country, electricity, water supply and sewerage, transport and communications are all vital services. Good infrastructure fosters economic growth. High quality of infrastructure in the US, Singapore, Switzerland, Denmark and Finland is strongly correlated with the high economic competitiveness index of these countries, according to research by the World Economic Forum¹. Moreover, good infrastructure directly improves living standards and quality of life.

¹ WEF Global Competitiveness Report, 2006.

Figure 1. Infrastructure Quality and Growth Competitiveness¹



Critical also is the relationship between environmental management and infrastructure. Well planned infrastructure, such as waste management, water and wastewater treatment, renewable energy, and other “green” initiatives — what can be termed “Green Infrastructure” — is vital in minimising the adverse impacts of industrialisation and urbanisation. In the field of energy generation, there is an increasing concern to mitigate the potentially dangerous climate change impact of fossil fuel combustion through greater efficiencies, new technologies and more emphasis on tapping into non-conventional renewable energies, such as solar energy, wind energy and the use of waste, such as municipal waste and biomass, to generate power.

“Green Infrastructure” is being given increasing priority by governments, multilateral agencies and organisations in their planning and is seen by the private sector as presenting business opportunities in both developed and developing countries. These include cities and towns where environmental management is given priority in their planning, products and services, and physical assets such as transportation systems, energy plants, waste infrastructure, and water and waste water facilities.

The last decade saw increasing concerns about global warming culminating in the institution of the Kyoto Protocol to the United Nations (“UN”) Framework on Climate Change (“Kyoto Protocol”). The Kyoto Protocol requires developed countries to meet mandatory greenhouse gas (mostly carbon dioxide) emission reduction targets and encourages carbon dioxide emissions reductions in developing countries. Many expect international and national efforts to reduce greenhouse gas emissions to strengthen in a successor regime to the Kyoto Protocol when that agreement expires in 2012. Concerns about climate change, although a powerful force, is only one aspect of a strong movement around the world for sustainable development, which has been gathering momentum for the last 10–15 years and encompasses an array of environmental concerns. Sustainable development, as defined by the UN’s 1987 Brundtland Commission, is economic development that manages environmental resources — water, atmosphere, oceans, land, and so on — in such a way that the needs of the present are met without compromising the ability of future generations to meet their own needs. Much of this is addressed by the development of Green Infrastructure.

¹ WEF Global Competitiveness Report, 2006

This survey focuses on three key Green Infrastructure industries that have been identified by the K-Green Trust for strategic investment. These are the principal target sectors of K-Green Trust:

- Waste management infrastructure including but not limited to waste-to-energy (“WTE”)
- Water and wastewater treatment including but not limited to wastewater treatment, water treatment, water reclamation, and desalination
- Renewable energy including but not limited to wind, solar, and biomass

The demand and supply in each of these sectors in the following regions or countries are considered in later segments of this section:

- South-East Asia — Singapore, Vietnam and Indonesia
- North-East Asia — China, Hong Kong and Macau
- Australia
- Middle East — Saudi Arabia, the United Arab Emirates (“UAE”) and Bahrain
- Western Europe — the United Kingdom
- Russia

This section now considers the general factors that will drive and shape the supply and demand for services in these sectors in the decades ahead.

Key Drivers

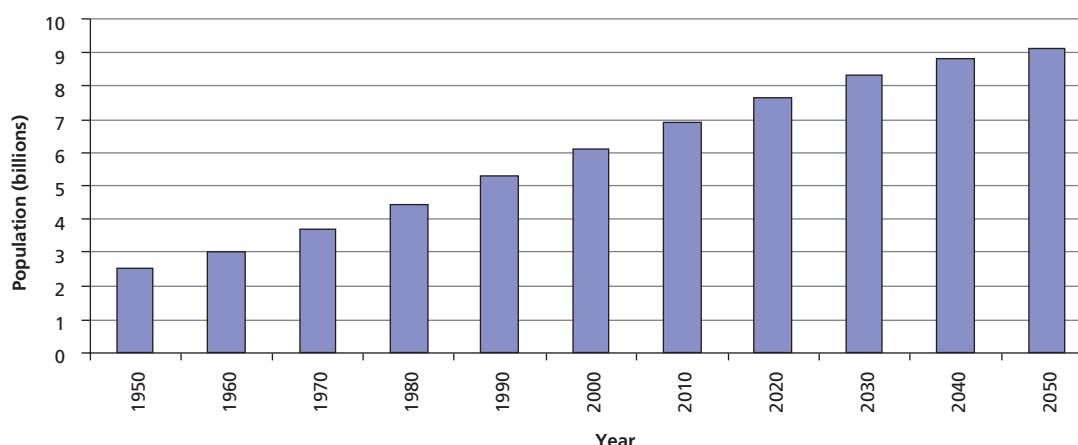
The key drivers for the Green Infrastructure industries are population growth, economic growth, industrialisation and urbanisation, technological advance, government regulatory requirements and an increasing role for the private sector in financing and operations.

The impact of growing community concerns for sustainable development should not be discounted. Government regulation is in part at least a response to community pressures. Increasingly, governments are being judged by their environmental management records. Economically, Green Infrastructure also results in a more efficient use of resources, another reason for government regulation and encouragement. A good example here is the use of waste, which in itself may seem to have no value and in fact be a cost in terms of its treatment, to fuel power generation and to produce beneficial electricity. Accordingly, Green Infrastructure industries can be attractive to the private sector. From a business perspective, these industries, as a result of these drivers, present increasing investment opportunities for the supply of a variety of goods and services.

Demand for Green Infrastructure will be sustainable in the long run, with the world’s population expected to grow by about one-third by 2030 and a doubling in the size of the world’s economy. Thereafter growth will continue to a point sometime in the middle of the 21st century when the world’s total population is expected to plateau at about nine billion. Technological and engineering advances provide for new and better approaches to water saving, wastewater reuse technology and solid waste reuse and recycling. These will result in greater economic efficiency as costs are reduced and additional supply delivered. An example is the production of clean, potable water from waste water that can be reintroduced into public supply that in earlier times would have been lost and not treated. As household incomes grow and education levels rise, there are also stronger community demands for cleaner environment and enhanced municipal services. Access to electricity, efficient waste disposal, clean drinking water and sanitary sewerage

are key components of good living standards. Aspects of Green Infrastructure may also offer particular benefits for poorer rural areas in developing countries where, for example, it may be more economical to harness renewable energies such as biomass/waste to power and solar energy as compared to the extension of national power transmission grids to isolated low demand areas or reliance in local areas on small oil fuelled power generators.

Figure 2. World Population Growth Projection 1950–2050¹



Globally, from 2005–2010, an estimated 2% of Gross Domestic Product (“GDP”) or USD 800 billion will be spent on infrastructure investment and maintenance annually.² It is estimated that USD 53 trillion would need to be spent on roads, rail, water, electricity (transmission and distribution only), and telecommunications infrastructure until 2030 to meet the demand for these services.³ Some analysts put the expected spending to reach USD 2 trillion annually through 2015.⁴ The World Bank estimates that infrastructure development in East Asia and the Pacific region alone would be close to USD 180 billion a year within the next 20 years and in Asia, it would be USD 250 billion a year over the next five years.⁵ According to the International Energy Agency, from 2001 to 2030, an estimated USD 16 trillion would be spent globally on energy production, transmission and distribution infrastructure.

Table 1. Estimated Annual Global Infrastructure Expenditure⁶

Infrastructure Type	Estimated Annual Spending (USD billion) for period 2005–2015
Transport, Energy, Water and Telecommunications	800–2,000
Waste Management	272
Water	150–250
Renewable Energy	71–100

In large European Union (“EU”) countries, public investment as a percentage of GDP dropped from around 5% to 2.5% in the period 1970 to 2005.⁷ According to World Bank estimates,

¹ UN World Population Prospects: The 2008 Revision.

² Infrastructure Finance, Euromoney, 2008.

³ OECD, Infrastructure to 2030, 2006.

⁴ Businessweek.com, June 25, 2008.

⁵ Infrastructure 2007, Urban Land Institute.

⁶ Infrastructure Finance, Euromoney, 2008; From Waste to Resource Cyclope, 2006; World Bank, Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd; Renewables 2007 Global Status Report, REN21.

⁷ OECD EIB Conference in Economics & Finance, Luxembourg 2005.

developing countries, on average, currently invest 3–4% of their GDP in infrastructure annually. Yet, they would need to invest an estimated 7–9% to achieve broader economic growth and poverty reduction goals.¹

Private Sector Participation

Government has historically been a major financier and operator of infrastructure services. This role will continue to be important along with government's overarching role in planning and regulation. But there will also be an increasing role for the private sector, particularly in Green Infrastructure. Infrastructure needs are enormous. The costs facing individual governments, as noted above, can be tens of billions of dollars a year. This cannot be financed by governments alone via taxation, public sector borrowing, and support from Official Development Assistance ("ODA") which provides loans and grants from multilateral agencies such as the World and Asian Development Banks and individual country governments to support poorer countries. The private sector must be harnessed where possible so that more financing for infrastructure can be tapped from commercial banks and through stock and bond markets. Infrastructure, because of its long run stable returns, can be an attractive investment for pension and insurance funds, dedicated investment funds and sovereign wealth funds. A greater role for private sector companies in the operation of infrastructure should also result in a more efficient operation of infrastructure services, decrease in prices of services to consumers and the overall cost of infrastructure supply to society as a whole.

Private sector participation or what is sometimes described as public private partnerships ("PPP") can take many forms. Private sector companies may be contracted to manage public sector owned assets under lease and concession arrangements. The private sector may also be engaged to provide new services through contracts to build, own and operate ("BOO") or build, operate and transfer (back to the public sector) ("BOT") of facilities. Public sector agencies and facilities may be sold to the private sector. On the other hand, assets may remain owned by the government but operated by the private sector. The latter is a common approach in water supply and sewage treatment. In power generation, PPP structures range from fully competitive, liberalised industries where the government's role is primarily a regulator to systems where private sector power producers sell electricity to state owned utilities for distribution.

Table 2. Spectrum of Public Private Partnership Projects

Types of Contracts	Asset Ownership	O&M	Capital Investment	Commercial Risk	Duration (Yrs)
Service Contract	Public	Private & Public	Public	Public	1–2
Management Contract	Public	Private	Public	Public	3–5
Lease	Public	Private	Public	Private	8–15
Concession	Public	Private	Private	Private	25–30
BOT/BOOT	Private & Public	Private	Private	Private	25–30

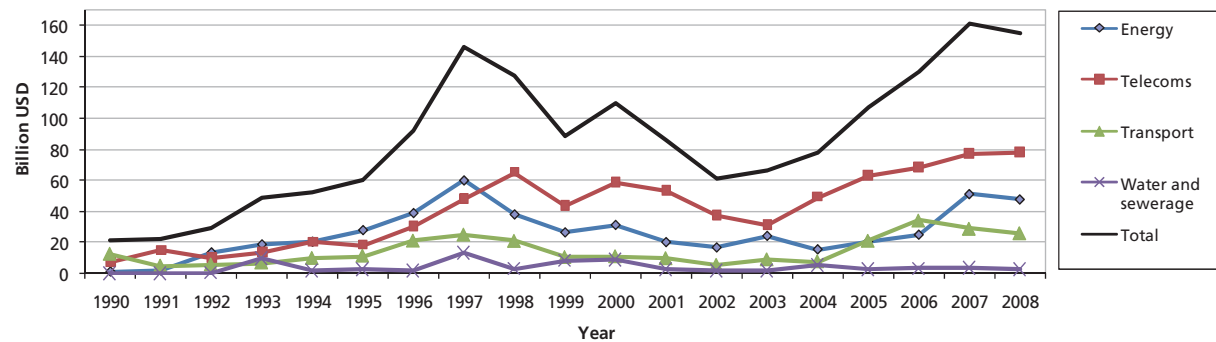
For the private sector, infrastructure investment can be an attractive proposition. Green Infrastructure provides basic, irreplaceable and essential public services, which implies that demand is predictable and not prone to volatility. Infrastructure facilities, such as sewage treatment and disposal facilities and waste disposal facilities have life spans of 20 to 30 years before major maintenance is required. Such facilities are usually run under long term concessions from government agencies. Infrastructure projects generally require an initial investment in the range of hundreds of millions of dollars, resulting in a high entry barrier. Due to the essential

¹ UN World Investment Report, 2008.

nature of the services, they are regulated by governments, creating high entry barriers as well as guaranteeing a minimum level of revenue.

Private sector investment in infrastructure in developing countries was about USD 155 billion in 2008.¹ Private investment for the water and sewage sector comprises approximately 2% of the total investment while the energy sector comprises 31%.

Figure 3. Investment Commitments to Infrastructure Projects with Private Participation in Developing Countries by Sector, 1990–2008¹



Singapore: A Case Study

The South-East Asian island state of Singapore is a good case study of the role and benefits of Green Infrastructure. Between 1988 and 2008, Singapore's per capita GDP grew from about USD 8,900 to USD 37,500 at current market prices. The population grew from 2.8 million to 4.8 million between 1988 and 2008. Alongside this rapid growth, Singapore has been enjoying a clean environment, clean water supply and good public health. This has been achieved by the government's investment in critical environmental infrastructure from since the establishment as an independent state in 1965. Investments have included USD 2.4 billion on the construction of the Deep Tunnel Sewerage System, USD 180 million on constructing the Marina Barrage, and USD 1.1 billion on constructing incineration plants since 1973.² In 2000, the Singapore government initiated the PPP approach for the procurement and delivery of large-scale public infrastructure projects. Privatisation through arrangements such as design, build, own and operate ("DBOO") have been introduced in waste collection, incineration, desalination and water reclamation ("NEWater"). This has turned the lack of water sources vulnerability into a strategic advantage, doubling water resources through recycling and desalination.

The environment and water resources are overseen and regulated by the Ministry of the Environment and Water Resources and its two statutory Boards, the National Environment Agency and Public Utilities Board. Singapore has a proven record of successful long-term and integrated planning since independence in 1965. A good example of this was the foresight in the development of the first Water Master Plan in 1972 which outlined plans for local water resources in Singapore, including water from local catchments, recycled water, and desalinated water to ensure a diversified and adequate supply of water to meet future projected demand. In environmental policy, Singapore has acceded to the Kyoto Protocol in April 2006, demonstrating its commitment towards global efforts to mitigate climate change. Singapore has introduced new policies for Green Infrastructure spearheaded by the Singapore Green Plan, a 10 year blueprint for environmental sustainability, balancing environmental and development needs, setting targets on air quality, climate change, water management, waste management, conservation of

¹ The World Bank Group, Private Participation in Infrastructure Database 2008.

² Clean, Green and Blue: Singapore's Journey Towards Environmental And Water Sustainability, Tan Yong Soon et al, Institute Of Southeast Asian Studies, 2008.

nature and public health.¹ The government also wants to foster Singapore as a regional R&D, manufacturing and marketing centre for environmental and non-conventional energy businesses to attract foreign companies to invest in the island state. The export of Singapore's own domestic developed expertise in these areas is also encouraged in terms of both goods and advisory services.

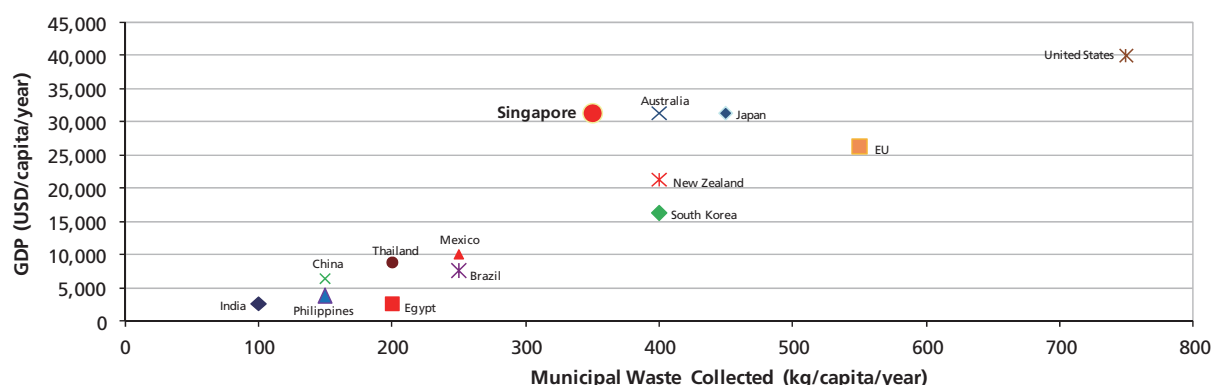
In waste management, the aim is to increase the overall waste recycling rate from 44% to 60% by 2012, a step towards the zero landfill disposal goal and reducing the need to construct a new incineration plant every 10–15 years. New technologies for waste disposal, including pyrolysis, gasification and plasma arc as well as studying various options to promote the recycling of food waste are being examined. In water supply, the plan targets to increase the supply of water from non-conventional sources, such as desalination and water reclamation, to at least 25% of Singapore's water demand. Non-conventional technology currently being developed includes the Membrane Bio-Reactor technology and a Variable Salinity Plant. In renewable energy, demonstration projects in solar and biomass are encouraged. Companies can gain financial support from schemes such as the Innovation for Environmental Sustainability Fund. Overall, the Government has dedicated more than USD 400 million to the green sector.² This includes a USD 220 million fund in 2006 for environmental and water technology development and USD 230 million in 2007 for clean energy research.

SOLID WASTE MANAGEMENT

Overview

Solid waste is an end product of all human activities ranging from food production, transport, business, to leisure. Solid waste generation is growing faster than population growth, a result of increasing consumption rates and shortening of product life spans. This is expected to continue for the next few decades but at a slower pace for those countries that can afford advanced treatment strategies.³ The shrinking number of potential disposal sites in many countries is resulting in the replacement of landfill disposal as a waste management solution with advanced technology and innovative recycling solutions. An increasingly preferred solution is thermal waste incineration with electricity produced as a by product.

Figure 4. Municipal Waste Collected and GDP⁴



¹ Ministry of the Environment and Water Resources, Singapore Green Plan 2012 (2006 edition).

² Economic Development Board, Singapore, 2008.

³ Vital Waste Graphic, (ISWAAO73449SIWA).

⁴ 2006 World Waste Survey, Cyclope 2006; Statistics, Singapore Government 2009.

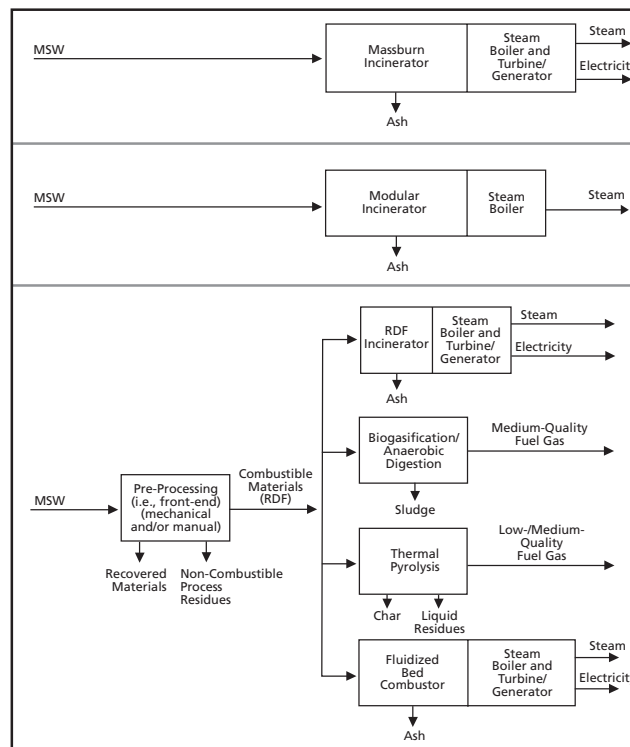
Solid municipal waste management processes centre on reduction, recycle/compost, and end disposal. The end disposal is either combustion at a WTE facility for energy recovery or landfill disposal. WTE refers to any waste treatment that creates electricity and/or heat from a waste source through thermo-chemical or bio-chemical process. Most WTE processes produce electricity from combustion of waste. The most widely used WTE technology is the long established mass burning incineration. Mass burning incineration can generally handle municipal waste without pre-treatment on an as-received basis. This technology is generally suitable for large-scale incineration of mixed or source-separated municipal and industrial waste. Figure 5 illustrates common WTE methodologies in use.

WTE facility for end disposal of municipal waste contributes to the global effort to reduce Green House Gases ("GHG") in several ways. It helps to conserve land space as incineration reduces waste volume by 90% for disposal. The reduced volume of waste also contributes to reducing GHG associated with ash transportation to final disposal sites. In more advanced WTE facilities, instead of using potable water resources in the boilers, these plants use industrial water pre-treated by their own water reclamation plant. This helps to conserve precious water resources. When waste is combusted, energy recovery displaces electricity generated by utilities by burning fossil fuels (thus reducing GHG emissions from the utility sector) and landfill methane ("CH₄") emissions are avoided. WTE plants in Singapore do not consume any of Singapore's present electricity resources. Rather most generate excess electricity which feeds into the national grid for the public to use. Furthermore, for most WTE plants, ferrous metals are recovered for recycling. Lastly, the amount of wastewater discharged from WTE can also be minimized by way of a design which allows wastewater drainage from the refuse bunker to be collected and pumped back into the bunker for dust suppression and eventual destruction in the furnace. All these environmentally friendly and resource efficient features make WTE one of the preferred options for end disposal of municipal waste, especially for land scarce countries like Singapore and Macau.

The WTE business is becoming more prominent in many countries due to growing landfill costs, demand for energy and concerns about climate change. Rising electricity rates and tax and renewable-energy credits in many countries have increased the value of power generated at the incineration plants. There are more than 600 incineration plants in 35 countries, treating nearly 170 million tonnes of municipal waste, and in the process generating energy equivalent to the energy generated by burning 20 million barrels of oil.¹

¹ From Waste to Resource — Veolia Environmental Services, 2006.

Figure 5. Examples of Methods of Recovering Energy from Solid Wastes



General Trends

The Organisation for Economic Co-Operation and Development ("OECD") member countries generate an average of 1.5 kilograms ("kg") of municipal solid waste ("MSW") per person per day.¹ This is projected to increase by 38% (1.3%/year) from 2005 to 2030. In the Asia Pacific region the figure is between 0.5–1.4 kg of MSW per person per day. China's MSW generation rate is currently 1.2 kg/person/day. By 2030, with some 60% of Chinese population living in urban areas, waste generation is expected to be at least 485 million tonnes representing a 214% increase from 2004. In 2030 the non-OECD countries are expected to produce about 70% of the world's MSW primarily due to rising income, rapid urbanisation and technical and economic development.²

¹ Terazono & others 2005, UNEP 2002c.

² OECD Environmental Outlook to 2030, 2008.

Table 3. Municipal Waste Generation within the OECD Area and its Regions, 1980–2030¹

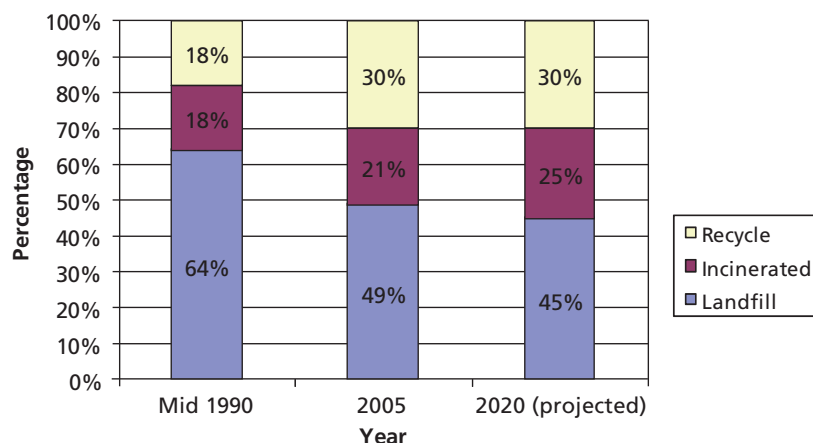
	1980	1995	2000	2005	2015	2020	2030	Estimated Annual Increase 2005–2030
Population (billions) in OECD	1.1	1.2	1.2	1.3	1.3	1.3	1.4	0.4%
(Index).	100	112	116	119	125	127	130	
Real GDP (trillion USD) in OECD	14.4	21.0	23.5	28.0	36.2	40.2	49.0	
(Index).	100	146	163	195	251	279	340	2.3%
Municipal waste generation in OECD .								
(million tonnes/year)	395	561	624	653	754	800	900	1.3%
(Index).	100	142	158	165	190	202	228	
(Kg/capita/year).	376	476	512	522	576	600	658	
(Index).	100	127	136	137	153	160	175	
OECD Pacific.								
(million tonnes/year)	12	15	16	17	19	20	22	1.1%
(Index).	100	124	133	142	154	167	182	
OECD Asia								
(million tonnes/year)	55	68	69	74	84	88	97	1.1%
(Index).	100	124	126	135	153	160	176	
OECD Nafta								
(million tonnes/year)	164	242	272	284	326	347	389	1.3%
(Index).	100	147	166	173	199	212	237	
OECD Europe								
(million tonnes/year)	170	236	267	279	328	352	400	1.5%
(Index).	100	139	157	164	192	207	235	

Waste management practices in the OECD countries place increasing emphasis on recycling and incineration over landfill. The OECD projects that in 2020 about 45% of municipal waste within the OECD area will be disposed of in landfills, 25% incinerated and 30% recycled or composted¹. Globally, more than 130 million tonnes of waste are incinerated every year at over 600 WTE plants with capacity of producing over 7600 MW power.² In Europe, new EU regulations on waste incineration and the requirements for environmentally acceptable treatment of increasing combustible waste have resulted in several European countries building new incineration plants and upgrading existing ones.

¹ OECD Environmental Outlook to 2030, 2008.

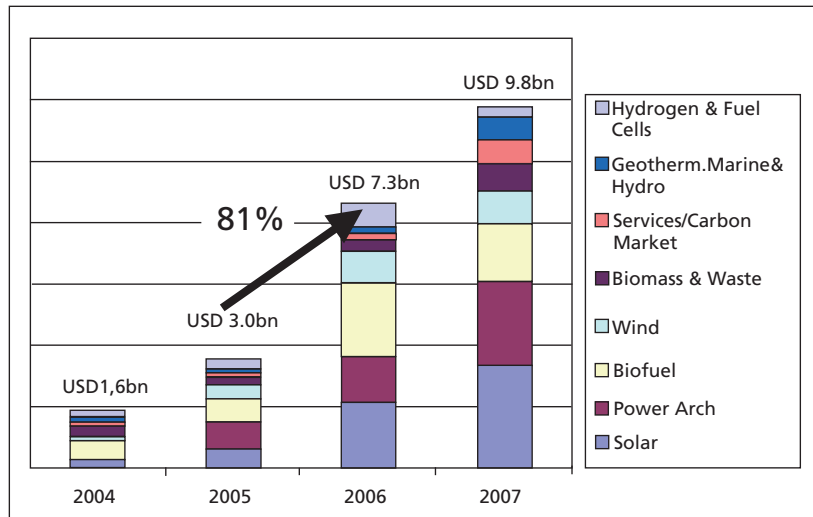
² Waste and Climate Change: ISWA White Paper, International Solid Waste Association, 2009.

Figure 6. Changing Waste Management Practices Within OECD Countries



Today, some of the WTE technologies are competitive to traditional power generation. These include landfill gas capture and treatment and incineration. Biomass and WTE power costs are beginning to become competitive with conventional power generation, and future costs should fall further. Assuming that costs of conventional fossil fuel combustion for power generation and industry rise due to climate change regulation ("carbon price") and high long run fuel prices, there is considerable potential for WTE worldwide. Increasing interest is being shown by venture capital and private equity investment funds in waste and other renewable energies. The public markets raised USD 23 billion in fresh equity for clean energy companies in 2007, representing a 219% growth rate compared to the level in 2006.¹

Figure 7. Clean Energy VC/PE Investment by Sector in USD Billion¹



¹ New Energy Finance Summit, 2008.

Geographical Coverage

South-East Asia

The total volume of MSW generated will more than double by year 2025, surpassing the capacity of existing waste treatment facilities. In most South-East Asian countries, landfills are the cheapest and most common disposal method for MSW. An exception is Singapore, where rising disposal costs, stricter environmental controls and greater waste quantities result in dependence on incineration to reduce the volume of waste for final disposal as the population grows.¹ This approach is likely to be adopted to a greater extent elsewhere alongside traditional landfills. In most developing countries, where land availability is not a problem, the provision of basic infrastructure such as roads, water supply and sanitation and power supply remain a priority for investment, with investment in WTE being an exception (e.g., Vietnam).

Singapore

In recent years, the development of low-emission incinerators and the recognition that land disposal of solid waste leads to long-term pollution problems have resulted in combustion methods becoming the preferred mechanism for waste management, particularly where hazardous waste is involved¹.

Although Singapore is a small nation, it is one of the most densely populated cities in the world, with about 6,430 people per square kilometre. It is primarily reliant on fossil fuels to power its economy with incineration contributing approximately two percent of Singapore's installed generation capacity.²

Prior to 1978, all waste in Singapore was disposed in landfills. With population growth and an increasing rate of waste generation, Singapore would need to build a new incineration plant every five to seven years and a new landfill the size of Sentosa Island (about 5 square kilometers) every 25 to 30 years. Today, approximately 90% of Singapore's solid waste is incinerated with energy recovery while the remaining non-incinerable waste is disposed of at the Pulau Semakau landfill.

The first incineration plant was built in 1978 at Ulu Pandan to reduce reliance on landfills and to take advantage of the fact that most of Singapore's waste is combustible and suitable for incineration. After Ulu Pandan Refuse Incineration plant ceased operation in August 2009, Singapore currently has four WTE plants which are located at Senoko, Tuas and Tuas South. The latest plant, located at Tuas South, was completed in 2009 and has a design incineration capacity of 888 tonnes-per-day. The plant was built under a Design-Build-Own-Operate (DBOO) contract and is the first PPP approach for a WTE plant in Singapore. The four WTE plants produced 1,048,072 MWh of electricity in 2008, accounting for about 3% of Singapore's total electricity consumption.³

¹ UNEP — State of Waste Management in South East Asia, 2004.

² Overview of Policy Instruments for the Protection of Renewable Energy and Energy Efficiency in Singapore.

³ News Release of Singapore National Environment Agency, 11 August 2009.

Table 4. Waste-to-Energy Plants in Singapore

WTE Plants	Nominal capacity (tonnes/day)	Power generation (MW)	Commissioned
Tuas DBOO Plant	800	20	2009
Tuas South	3,000	80	2000
Senoko	2,400	36	1992
Tuas	2,000	30	1986
Ulu Pandan*	1,600	16	1978

* Decommissioned on 11 August 2009

With the increasing quantity of solid waste and competing demands for space in land-scarce Singapore, it is not sustainable to continue building additional waste disposal facilities. In response, the National Environment Agency (“NEA”) is actively promoting waste minimisation at source, recycling and volume minimisation through incineration efforts to ensure sustainable management of waste.¹ Singapore will continue to actively promote “reduce, reuse and recycle” to realise its goal of “Towards Zero Landfill and Towards Zero Waste.” Among government initiatives are the formulation of policies to promote waste minimisation, clean energy and energy efficiency; development of strategies and programmes to address issues on climate change and the Kyoto Protocol; encouragement of public participation on waste minimisation, recycling, and energy efficiency.

The Singapore Green Plan represents the country’s national blueprint for environmental sustainability in the coming decade and sets targets on clean air and climate change, clean water, and waste management.² Targets for waste management include: increasing the overall waste recycling rate from 44% to 60% by 2012; extending the lifespan of Pulau Semakau Landfill to 50 years; striving “Towards Zero Landfill” and “Close the Waste Loop,” and reducing the need for new incineration plants to one new plant every 10 to 15 years.

Complementing public policy efforts to promote efficient and responsible waste management, the privatisation of public waste services is also a critical step in helping to develop a strong local industry for general waste collection. In the hazardous waste sector this has already been in place for decades. Privatised industries conforming to high and well monitored standards are, as a result, in a good position to expand regionally.

Vietnam

The amount of solid waste generated in Vietnam is increasing steadily commensurate with the country’s strong economic growth. As in other South-East Asian countries, apart from Singapore, landfills are the cheapest and most common disposal method for MSW. Vietnam produces over 15 million tons of solid waste each year from various sources, and dramatic increase in waste generation is expected, due to more affluent lifestyles, larger quantity of commercial activities, and more intense industrialization and urbanization.³ Meeting this growth requires urgent expansion and modernisation of waste management facilities and systems. Vietnam therefore plans to modernize its infrastructure by drawing on foreign capital.

¹ State of the Environment 2008 Report, Singapore Waste Management, Singapore.

² Ministry of the Environment and Water Resources, Singapore Green Plan 2012 (2006 edition).

³ Handling of Solid Waste in Vietnam, 4th Civil Engineering Conference in the Asian Region, the Asian Civil Engineering Coordinating Council (ACECC), 2007.

Solid waste management in Vietnam falls under the jurisdiction of several governmental bodies at the national, provincial and municipal levels; there is no unified or standardized system of waste collection. Waste collection rates and efficiency vary by locale depending on proximity to the urban centre and the size of the city. Almost all municipal collected waste is taken to landfills. A large portion of solid waste is not disposed of properly.

Foreign investment is encouraged. For example, Keppel Seghers Engineering Singapore Pte Ltd has received in-principle approval for the development of the first WTE plant for Ho Chi Minh City ("HCMC"). The proposed plant in HCMC will be the largest in South-East Asia, outside of Singapore, with a 2,000 ton per day capacity. The plant will play an integral role in HCMC's sustainable waste management plans and will generate more than 20 MW of power for the public grid.

Indonesia¹

Urban areas of Indonesia generate about 55,000 tonnes of solid waste per day, an amount that is expected to triple by 2025. Only 50% to 60% of the urban waste is collected and disposed at landfill sites which are mostly open dumps. Current efforts to manage solid waste are confounded by an inability to cover operational costs, poor logistics, inadequate infrastructure, land scarcity and conflicts between communities.

Solid waste has become a major problem, particularly in major cities such as Jakarta, which generates seven million tonnes of solid waste annually. The solid waste management problems are exacerbated by limited availability of land for landfills — a potential problem faced by other large metropolitan cities such as Surabaya, Bandung and Medan.

In 1995, the government committed to a waste minimisation program through the implementation of cleaner production principles. The government has since issued several National Standards such as the Guidance for Final Disposal Site Location Selection, Guidance for Composting, and Guidance for Final Disposal Site Planning in addition to regulations on pollution prevention, waste minimisation, cleaner production, and increased production efficiency to encourage more responsible business and industrial activities.

In 2003, the National Action Plan ("NAP") and a policy/strategy of solid waste management were established to achieve the Indonesia Millennium Development Goals ("MDGs"). Indonesia has also set development goals in solid waste for short, medium (2010) and long term (2015) technical, institutional, financial, legal and public-private partnership goals. The Government of Indonesia has committed to achieve its MDGs through the NAP and cooperation with all parties, including the civil society, private sectors and the donor community.

North-East Asia

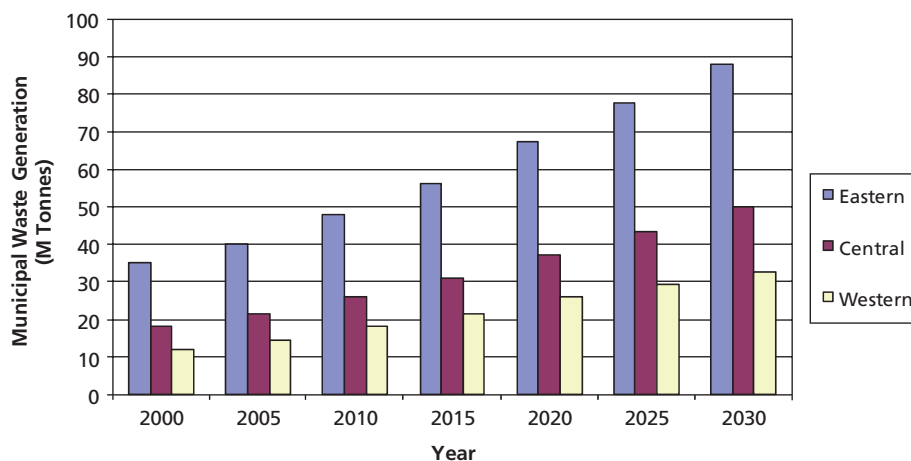
China²

In 2004, China surpassed the US as the world's largest waste generator. By 2030, China's annual solid waste quantities will increase by 150% — growing from about 190 million tonnes in 2004 to over 480 million tonnes in 2030 of which about 170 million tonnes would be generated in urban areas.

¹ Sanitation Indonesia, 2004.

² Waste Management in China: Issues and Recommendations, World Bank, 2005.

Figure 8. Municipal Waste Generation in Urban Areas of China by Region¹



Based on current plans, China could face an 8-fold increase in its countrywide waste management budget between now and 2020 (rising from today's estimate of USD 4.25 billion (30 billion RMB) to about USD 32.6 billion (230 billion RMB)). The need for increased budgets will be most severe in smaller cities (i.e., population under 1,000,000). Shanghai provides an illustrative example for Chinese cities where a minimum of 3% of the GDP is spent on solid waste management. This share is growing quickly.

According to the World Bank, the government has in place favourable policies to encourage investment in incinerators including VAT refunding, prioritized commercial bank loans, a state subsidy (2%) for loan interest and a guaranteed subsidized price for the purchase of electricity. But these policy incentives are expensive and may encourage municipalities to develop more incineration capacity than is warranted. Consequently, the World Bank recommends that all incineration subsidies and incentive policies be reconsidered. Incineration can act as a disincentive to waste minimisation and competes with recycling markets for combustibles such as paper, cardboard, textile and wood. Despite their inherent limitations, incinerators still have an important role in large Chinese cities as suitable landfill sites are becoming more difficult to find and result in increasing operation and transportation costs.

Hong Kong²

The continued growth in MSW means Hong Kong is running out of landfill space far earlier than expected and new landfill sites must therefore be identified. As a complicating factor, the community is opposed to situating waste facilities near their neighbourhoods. Therefore, the government plans to reduce waste volume through the introduction of phased integrated waste management facilities that use incineration as the core technology. The first phase would occupy ten hectares, have a treatment capacity of 3,000 tonnes per day and begin operations in the mid-2010s. Such initiatives will provide investment opportunities through PPP.

Macau³

Rapid economic development and population growth in Macau has resulted in a large increase in solid waste generated over the past decade. In 2003, the quantity of solid waste reached 249,255 tonnes, corresponding to 1.52 kg/day per capita. Domestic solid waste is the primary source of solid waste generation. A considerable amount of the solid waste generated can be recycled and

¹ Waste Management in China: Issues and Recommendations, World Bank, 2005.

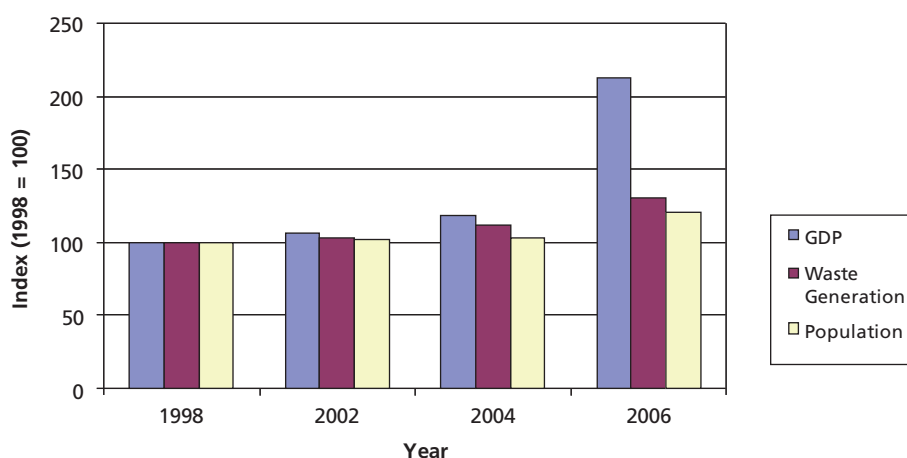
² Integrated Waste Management Facilities Site Selection Report, Environmental Protection Department, 2008.

³ Journal of Waste Management ISSN 0956-053X, 2008.

reutilized. Due to Macau's small geographic area and high cost of land, landfill disposal is the lowest priority for waste disposal; solid waste incineration has been given top priority over other waste disposal methods despite the higher expense.

In the last decade, more than 80% of the total waste in Macau was incinerated. As the incineration capacity of the Macau Incineration Plant is reaching maximum capacity earlier than expected, waste minimisation together with the establishment of an effective waste collection and disposal fee system and finding alternate methods of dealing with the limited capacity of waste treatment facilities are major challenges in the future.

Figure 9. Growth of GDP, Waste Generation, and Population¹



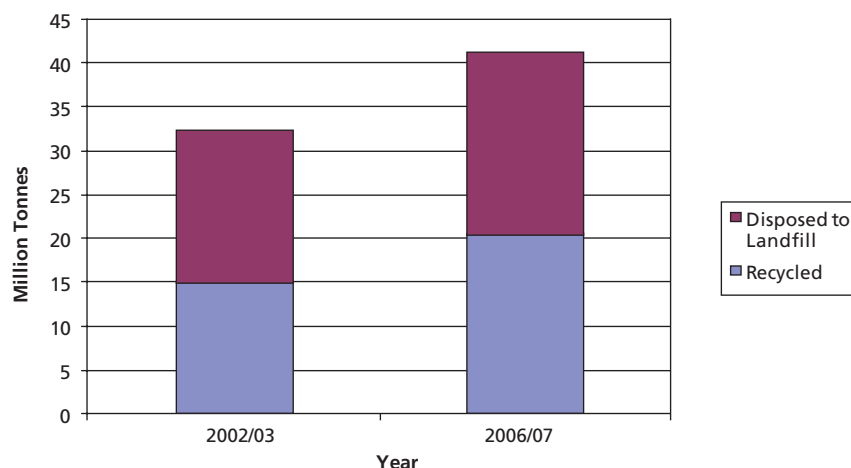
Australia

Australia is in the mid range of international measures in both waste generation and resource recovery for the municipal solid waste stream.

The management of wastes generated in domestic, commercial, industrial and rural sectors is a major issue in Australia and is governed by continually tighter environmental laws and regulations. Burning and landfill of wastes for disposal are being discouraged by such regulations. Nonetheless, significant quantities of urban wastes continue to be disposed of in landfill, largely due to its current low cost and ready availability. Commercial opportunities for WTE projects are emerging due to measures to reduce greenhouse gas emission from landfill sites and the push for power generation from lower greenhouse gas intensive sources. These measures provide general support or financial benefits to WTE projects. There is a range of government support programs at state and national level. Looking forward, community and environmental concerns combined with difficulties in obtaining suitable landfill sites suggest that more and more municipalities are willing to consider incineration. It is also likely that municipalities will be more willing to adopt a PPP approach to implementation.

¹ State of the Environment Report 2006, MSAR Government.

Figure 10. Waste Disposal and Recycling (all sectors) Australia, 2002/03 and 2006/07¹



Middle-East

The Gulf Cooperation Council (“GCC”) countries, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE rank in the top 10 of world waste producers with 120 million tonnes of waste generated per year. The UAE and Saudi Arabia produce the most waste. In response, the GCC countries are putting in place integrated waste management programs emphasising reduce, re-use and recycle processes. According to World Bank estimates, tens of billions of dollars will be invested in the waste management and environmental sectors in the Middle East over the next 10 years. There should be considerable scope for the private sector to participate.

United Arab Emirates

UAE is strengthening its waste management system. The Government of Abu Dhabi plans to spend USD 137 million over 10 years for the operation and management of MSW treatment and disposal in collaboration with the private sector. A benchmark project is Abu Dhabi’s Masdar City. This is to be a “zero-carbon” and “zero-waste” city. When completed in 2020, while the first phase will be finished by 2013, this city will produce no carbon dioxide and will recycle its waste to create energy. In addition, Abu Dhabi Municipality has awarded a recycling project for home solid waste valued at USD 350 million. With the adoption of this program, Abu Dhabi will have the capacity to recycle 3,000 tonnes of waste per day.²

Saudi Arabia

The market for waste management technologies and products in Saudi Arabia is growing rapidly. The country’s industrialisation and urban growth have increased levels of pollution and waste; refuse generation rates are in the range of 1.61–2.72 kg per capita per day.³

Historically, there has been a fragmented approach to the collection, removal and disposal of certain types of waste, mainly those which are visible and have a direct impact on human activities. In many cases the disposal of such waste itself entails new problems, concerning its management, methods, locations and types of treatment. Efforts are needed to reduce the generation of such waste through the adoption of cleaner and more efficient industrial processes that utilize fewer raw materials and the maximum possible volume of recycled materials.

¹ Final report on Waste & Recycling in Australia — Nov 2008.

² UAE Interact 06/072008.

³ SUHAIL M. KHAN, Water Resources and Environment Division, Research Institute, 2006.

The present solid-waste collection system is labour-intensive and direct haul of refuse is the common practice; the use of transfer stations has not yet been considered. As a result, the unit collection and haul cost is much higher than the unit disposal cost of refuse. This disposal method is not in line with modern techniques for refuse disposal. Disposal to landfills and combined burning and landfill disposal are the prevalent disposal methods.

The Saudi Six Development Plan encourages the private sector to participate in environmental protection and pollution control activities, and encourage investment in environmentally oriented activities and industries, such as waste treatment and recycling plants, and to encourage the use of environmentally sound technologies.¹

Western Europe

Europe is a leader in the implementation of advanced technology and innovative recycling solutions. Many local and regional authorities view WTE as the only viable large scale alternative to landfill disposal. Europe's WTE capacity is expected to increase by around 13 million tonnes with almost 100 new plants by 2012. The public sector has been the usual owner of WTE facilities. But private sector participation is emerging as a means of helping to meet the investment needed using the PPP approach for new facilities.²

United Kingdom

Despite a UK residual household waste decrease of 22% from 2000 to 2006, household recycling rates have continued to increase. In 2006, the latter rate reached 31% compared with 26.7% in 2005. Total waste to landfill fell by a fifth between 2000 and 2005, from 80 million tonnes to 65 million tonnes. The amount of commercial and industrial waste being sent to landfill continues to fall from an estimated 27 million tonnes in 2000 to 20.7 million tonnes in 2006, a decrease of 23%. The amount of energy recovered from waste is steadily increasing, producing 3.6 million tonnes of oil equivalent in 2006.³ Advanced waste management systems are being encouraged through the government's June 2008 Waste Framework Directive. This levies a landfill tax of USD12 (£8) per tonne. This will rise to USD72 (£48) per tonne during the 2010–2011 financial years. This should stimulate private sector investments in WTE and recycling. It has also resulted in the growth in merchant facilities that can take waste from both the municipal and non-municipal sectors.

¹ Development & the Environment in Saudi Arabia by Permanent Mission of Saudi Arabia to United Nations.

² Frost & Sullivan Market Insight, 22 May 2007.

³ England's Waste Progress Report, Department of Food, Rural Affairs and Environment July 2008.

Figure 11. Waste Generation by key sectors (i.e., municipal, commercial and industrial, construction and demolition) and Proportion of Waste Recycle or Composted in UK¹

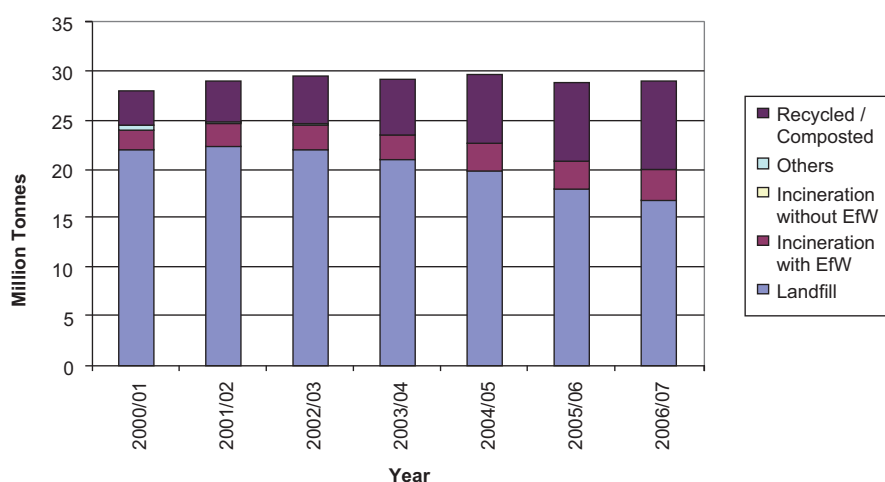
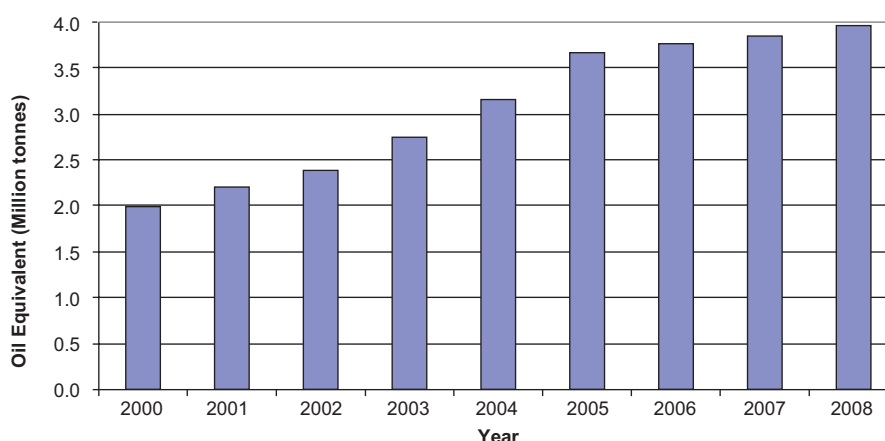


Figure 12. Energy Recovered from Waste — Bio fuel Used to Generate Heat and Electricity in UK²



Sweden

As of 2006, 90% of all household waste in Sweden was recycled, reused, or recovered. The Swedish government has used a mixture of economic incentives and social policy to achieve this high recycle, reuse, and recovery rate. Under Swedish laws, companies are responsible for collecting the entire waste stream generated by their products, creating a strong impetus to minimise waste. The government banned disposal of organic waste to landfill in 2005. These regulatory actions have been coupled with garbage collection fees and public awareness campaigns. This stimulates private sector investments in WTE and recycling.

Sweden is continually refining its incineration technologies. One example is the Savenas plant, located only 200 meters from a residence. This facility incinerates 460,000 tonnes of waste per year to produce heat and electricity for Swedish customers. Despite a capital cost of USD 286 million, the facility will pay for itself in less than ten years.³

¹ Waste Strategy Annual Progress Report, 2007/08, UK DEFRA.

² UK Department of Energy and Climate Change <http://www.decc.gov.uk/en/content/cms/statistics/source/renewables/renewables.aspx>

³ Schonning, Magnus, Integrated Waste Management in Sweden, Toronto Star, May 10, 2006.

Russia

Russia is today addressing the legacy of the inadequate attention given to waste management in the old Soviet Union. Nearly all municipal waste was disposed of at poorly managed landfills or in city dumps which lacked basic sanitary and environmental provisions.¹ The rising quantities of municipal waste are a problem exacerbated by existing shortcomings of the collection systems. In many countries of the former Soviet Union, little or no investment has been made since 1990 to upgrade municipal waste management systems. But in recent years there have been emerging examples of increased attention to this issue in major cities in some Eastern European, Caucasus and Central Asian countries, such as Tashkent, Uzbekistan.

Very limited progress has also been made in the reuse or recovery of resources in municipal waste, complicated by a higher risk of environmental pollution. In the Russian Federation, only 3% to 4% of municipal waste is reprocessed or recycled. Often the only 'permanent' recycling of municipal waste is conducted informally by waste scavengers who separate the waste either in the waste bins or at landfill sites. In Moscow, 27% of municipal waste is reprocessed or recycled. Moscow City Hall has issued regulations designed to increase recycling levels of municipal waste to 40%.² Reuse systems are not usually counted as part of a recycling system. In Russia, 60–70% of glass packaging consists of bottles that can be returned to special collection sites for a refund, a system that has existed since the Soviet era.

In Russia, promotion of energy efficiency and biomass fuel for district heating systems has increasingly become a significant factor, especially, in north-western Russia over the last three years. Karelia, Arkhangelsk and Leningrad, Oblasts have been most active.

WATER TREATMENT

Overview

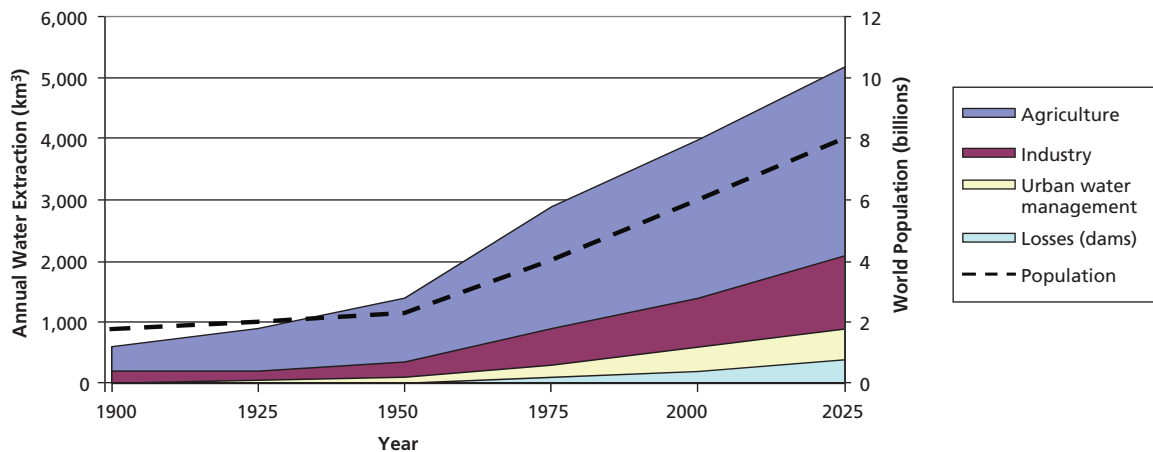
Water shortages and water pollution are becoming serious problems in many developed and developing countries. A comparison of global water consumption since 1900 and predicted water consumption up to 2025 against global population growth shows consumption increasing more rapidly than overall population growth.³ Nearly 60% of the world's population will be living in urban areas by 2030, compared to 29% in 1950. Supplying sufficient water of adequate quality and treating wastewater are major global challenges, requiring a large scale expansion of water and sewerage infrastructure and improvements in operating efficiency.

¹ Environmental Degradation in Eastern Europe, Caucasus and Central Asia, Cherp and Mnatsakanian, 2003.

² The Waste Recycling Industry in the Russian Federation, Gonopolsky, 2006.

³ The Sustainability Year Book, SAM 2008.

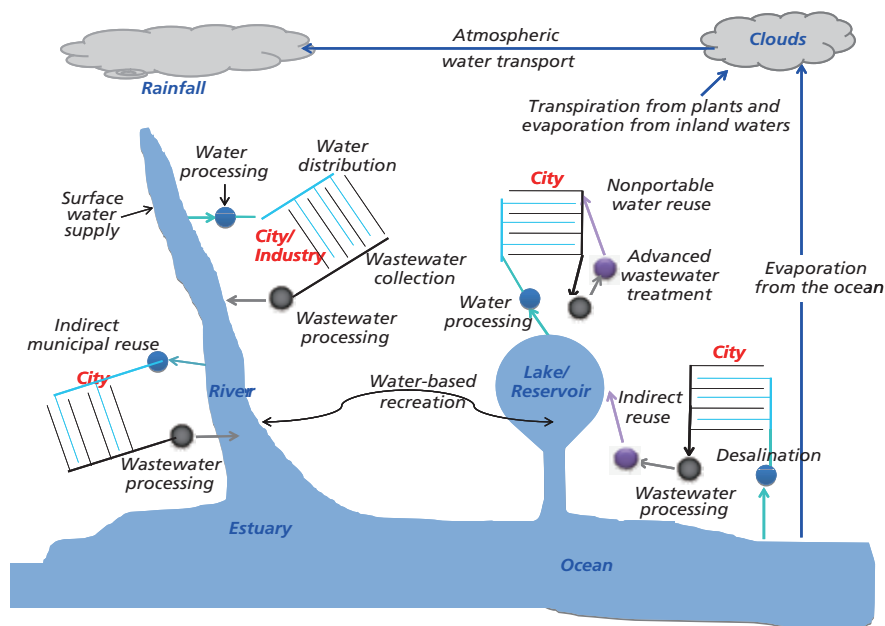
Figure 13. Water Use and Global Population Projection 1900–2025¹



All human activities — agricultural, industrial, household, and recreational — require water and virtually all require fresh water, but 97.5% of the water on Earth is salt water. Only 2.5% is fresh water. Of this fresh water, more than 67% is locked in glaciers, ice or snow. Human activities interfere with the natural water cycle and the water business has evolved as an artificial water cycle for catering to human necessities, and more recently reducing environmental impact of industrialisation and urbanisation on water supply.

Water is normally drawn from rivers, lakes, or groundwater for public supply. The general potable water treatment processes include separation for screening particulate material; coagulation for drawing matter together to be more suitable for removal through chemical addition; sedimentation for settling solids, filtration for removing particles and some microorganisms; and disinfection. Technologies are developed for particular treatment purposes and some are more popular due to more stringent water regulations and lower cost driven by technology advancement (e.g., membrane for filtration and microbial removal, UV for disinfection, and ozone for advanced oxidation).

Figure 14. Integrated Natural and Human-Generated Water Cycles



¹ The Sustainability Year Book, SAM 2008.

Wastewater is collected in a sewer system and transported to a plant for treatment prior to disposal. Wastewater can be classified as industrial wastewater and domestic wastewater (including residential and commercial). For some cities, rainwater runoff is also collected through the sewerage system. Usually, these combined sewer systems transport all of the collected water to a sewage treatment plant.

Wastewater treatment typically includes a series of process units: grit removal, primary settling, biological process, secondary settling and either filtration or other processes to remove specific nutrients and satisfy regulatory requirements. In some countries, utilities are required to disinfect (e.g., chlorine and UV) before the final effluent is discharged to water bodies. The membrane bioreactor is an example of a new technology that has significant market potential.

Historically, the aim of the water business has been to provide sufficient quantity and quality of water for domestic use. As a result, the industry focused on potable water treatment and distribution. The collection and treatment of wastewater was not considered a critical service until the discovery of the link between pollution and disease. Now, water reuse and desalination are attracting increased attention due to the ever-increasing scarcity of water resources. Water scarcity is defined as a drop in annual water supplies below 1,000 m³ per person in a region¹. According to the World Health Organization, nearly two billion people will be living in countries with absolute water shortages by 2025, that is, where water resources per person fall below 500 m³ per year — the amount of water a person needs for healthy and hygienic living.

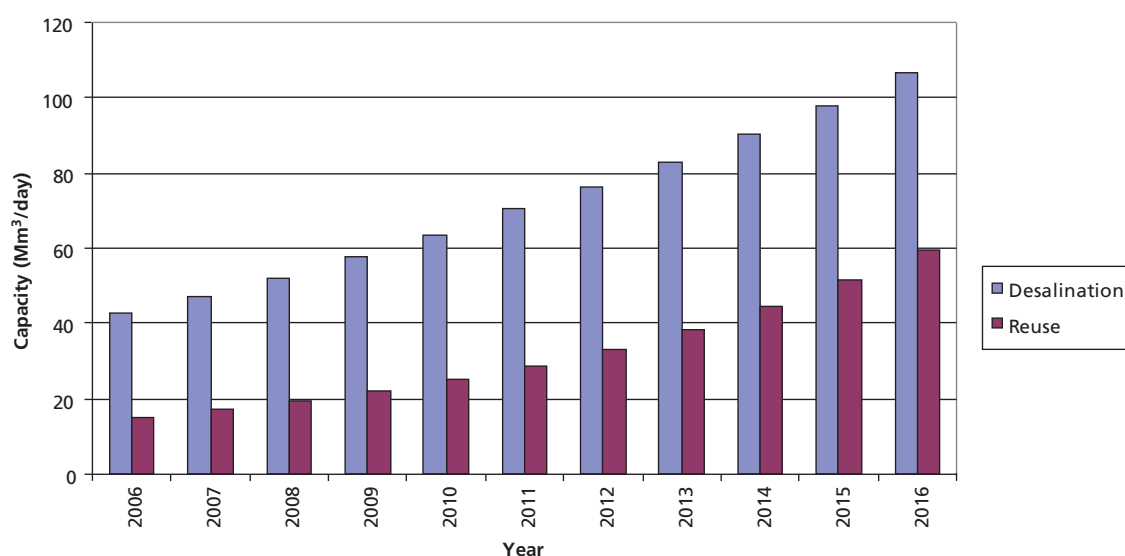
The prospect of water scarcity is forcing many governments to manage water resources more carefully and invest in water reuse. The latter generally employs advanced treatment processes (e.g., membrane, reverse osmosis, and UV) on wastewater stock from wastewater treatment plants. Water reuse has been widely accepted for industrial application, but there are still reservations for domestic usage. The application can be classified, based on the usage, as direct potable use (e.g., in Windhoek, Namibia and southeast Queensland, Australia), indirect potable use (e.g., in Singapore, and Payson, Arizona in the US) or non-potable use (e.g., in Sydney, Australia and Clearwater, Florida in USA).

For desalination, the most common technologies are distillation (e.g., multi stage flash, multi effect distillation) and reverse osmosis. Since desalination uses large amount of energy, desalination is more costly than using surface water or groundwater. Distillation consumes even more energy than reverse osmosis. Due to the high energy consumption for desalination and the easy access to excess heat from power generation, some desalination plants have been integrated with power plants, especially in Middle Eastern countries where petroleum resources are abundant. Nuclear power plants are also sometimes linked to desalination schemes.

Water reuse is generally considered as a more environmentally friendly solution than desalination due to lower energy consumption. Global water reuse capacity is expected to triple from 2008 to 2016, and desalination to double from 2008 to 2016.

¹ UNPD, UNEP, World Bank, and WRI, 2000.

Figure 15. Global Cumulative Capacity (Mm³/day) of Desalination and Water Reuse 2006–2016 Forecast¹



General Trends

The water industry is growing strongly. Demand for water is rising due to population growth, and beyond simply personal needs. The increased food demand that comes from a larger population and one with a higher household income translates into greater demand for water to produce food. The more meat featured in a person's diet, the higher the associated water consumption. Industrial expansion also results in higher water demand and both industrialisation and urbanisation result in a higher volume of wastewater discharge. The global water market is expected to grow approximately 50% between 2007 and 2016. Worldwide, 8% of water use is for domestic, 70% is for agricultural and 22% is for industrial use. Although there are regional differences in water use: in developed countries around 60% of the water consumption is for industrial uses, whereas in developing countries, agriculture is the biggest consumer (around 80%).² Much of the increase in industrial water use will be from developing countries.

Technical developments in advanced water and wastewater treatment technologies have lowered the cost of both advanced water treatment and reuse. The demand for clean water has increased with the growth of high-technology manufacturing such as pharmaceuticals, silicon wafers and microchips which consume large quantities of ultra-pure water. Advanced laboratory equipment and assessment methods have allowed previously undetected water contaminants to be detected, even in very low concentrations. Improved detection levels have prompted the water sector to begin the process of dealing with emerging contaminants with advanced treatments. The emerging contaminants are of concern in water reuse, since trace elements can be carried from wastewater to water reuse in the absence of proper treatment. The advancement of technologies has made the advanced treatment for water reuse more economically feasible and more sufficient protection for public health.

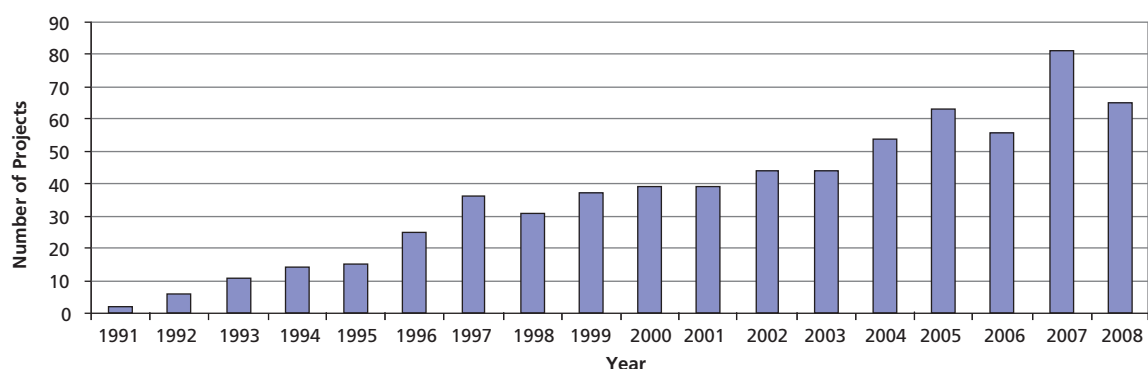
Environmental laws are increasingly stringent worldwide, even in developing countries where requirements are becoming more comprehensive and demanding. Tougher and more rigorously enforced standards coupled with rising tariffs are increasingly pushing industrial customers to invest in wastewater treatment and water reuse.

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

² "Water for People Water for Life" The United Nations World Water Development Report, 2003.

Private sector participation in the water industry is encouraged by most governments, including China, South-East Asia and the Middle East. While Western European utilities have dominated this segment, they are now being joined by Asian based private companies. The private sector's proportion of the water and sewerage sectors in developing countries is, on average, only 35%, whereas in the developed world it constitutes 80% of the market.¹

Figure 16. PPP Projects in Developing Countries²



Water scarcity is resulting in more attention to water reuse and desalination. The installed capacities of both have increased dramatically over the past decades. The cost of water treated by these options has dropped considerably as a result of reductions in the price of equipment, reductions in power consumption, reductions in operating expenses and advances in system design. The thermal desalination unit cost has decreased from about USD 10/m³ in 1960 to about USD 1/m³ in 2004. The average unit cost of reverse osmosis desalination processes has declined from USD 5/m³ in 1970 to less than USD 1/m³ in 2004. The unit cost at some large scale desalination plants has fallen below USD 0.5/m³ at present. Water reuse unit cost has also dropped to the range of USD 0.1–1.1/m³, which is comparable with the conventional water treatment unit cost.^{3,4} It should be noted that unit cost is site-specific and electricity-sensitive. Due to their high energy consumption, co-locating a desalination facility with a power plant is a common approach. In the UAE, an independent water and power plant using multi effect distillation can reduce unit costs to USD 0.8/m³.

Geographical Coverage

South-East Asia

Southeast Asian demand for better water supply and sewage treatment is great with wide variation in standards in the region. Governments generally support private sector participation, although it is piecemeal overall. ODA finance continues to be an important source of finance for the lower income developing South East countries, such as Vietnam and Indonesia. Overall, South-East Asian countries are estimated to double water and wastewater capital expenditures in the next 10 years.

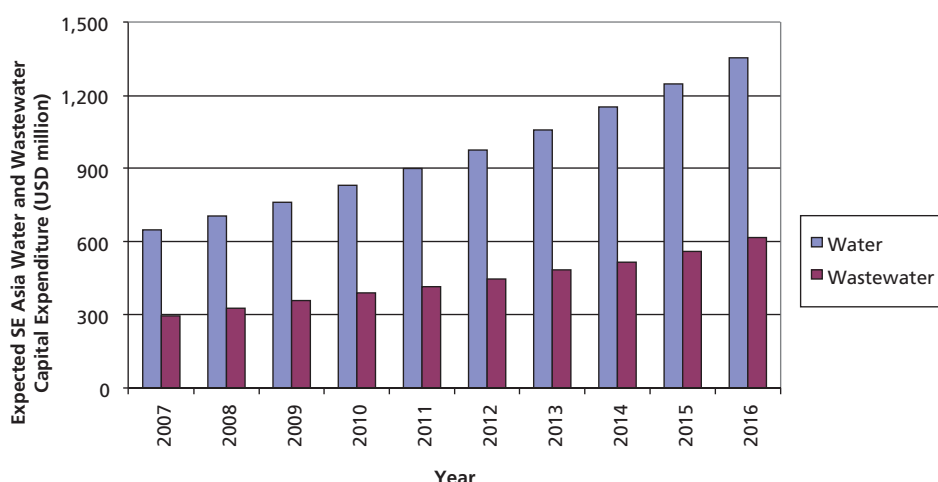
¹ The 2nd United Nations World Water Development Report: 'Water, a shared responsibility', 2006.

² The World Bank Group, Private Participation in Infrastructure Database 2008.

³ Evaluating the costs of desalination and water transport, Working Paper FNU41, Yuan Zhou, Richard S.J. Tol, 2004.

⁴ Water Desalination Findings and Recommendations, Department of Water Resources State of California, 2003.

Figure 17. Total Water and Wastewater Capital Expenditure (USD million) Expected in South-East Asia Region¹



Singapore

Singapore, an island state of about 700 km², does not possess significant freshwater rivers or lakes. Until recently, the primary water source has been rainwater collected in reservoirs and catchment areas with the remainder of the supply being imported from Malaysia. Historically, Singapore relied on imports from Malaysia to supply half of its water consumption. The two water agreements that supply water to Singapore are due to expire in 2011 and 2061.

To improve water self-sufficiency, the Singapore government has built additional catchment areas, water recycling plants (producing NEWater, a brand name given to reclaimed water produced by Singapore's PUB) and desalination plants. By 2011, two thirds of Singapore's land will be official catchment areas with extensive drainage systems to channel storm water into the reservoirs. The desalination plant that started operation in September 2005 has a capacity of 137,000 m³/day.² The government has committed to increase the supply of water from non-conventional sources, such as desalination and water reuse to be at least 25% of Singapore's total water demand by 2012.³ The non-conventional sources supplied about 15% of Singapore's water consumption in 2006. The four national sources: catchment, imported, NEWater and desalination should secure an adequate water supply for Singapore, which has water and wastewater service coverage of 100%. The total municipal water and wastewater market will increase by 20% from 2007 to 2016.¹

After a long history of study, a NEWater plant was first constructed in May 2000 at Bedok. The NEWater production uses a multiple barrier approach with microfiltration or ultrafiltration, reverse osmosis, and ultraviolet disinfection to produce high-quality water which is well within the World Health Organisation drinking water standards. Singapore will continue to expand its NEWater capacity by 340,000 m³/day so that it supplies 40 percent of Singapore's total water needs by 2020. Currently, 12,000 m³/day of NEWater is added to the rain water collection reservoirs to naturalise the reclaimed water. This constitutes about 1% of total potable water consumption, a level that will progressively increase to about 2.5% by 2011. With efficiency gains and lower costs of NEWater production, the NEWater price fell from S\$1.3/m³ in 2003 to S\$1.0/m³ in 2007. The number of NEWater users subsequently increased from 24 in 2003 to 327 in 2009.

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

² State of the Environment 2005 Report, Ch2 Water, NEA, Singapore, 2005.

³ Ministry of the Environment and Water Resources, Singapore Green Plan 2012 (2006 edition).

Table 5. All NEWater Plants in Singapore

NEWater Plant	Bedok	Kranji	Seletar	Ulu Pandan	Changi
Capacity (MLD)	32 (expanded to 87)	40 (expanded to 82)	24	148	228
Starting date	Jan 2003 (2006)	Jan 2003 (2007)	Feb 2004	Mar 2007	May 2010

Private sector participation in the water industry is encouraged. Successful examples include concessions for the Tuas Desalination Plant awarded in 2003, Ulu Pandan NEWater Plant awarded in 2004 and Changi NEWater Plant awarded in 2008. Approximately 10% of total water service was provided by private companies in 2007. It is forecast that by 2015, private companies will provide 23% of the water service and 8% of the wastewater service.¹

The Singapore government repealed the Environmental Pollution Control Act and on 1 January 2008, the Environmental Protection and Management Act came into force which provides for the protection and management of the environment and resource conservation. Singapore NEA has also revised the Trade Effluent Standards in 2005. Trade effluent from industries must adhere to prescribed standards before it can be discharged into a sewer or watercourse. The new standards ensure Singapore's coastal and inland water quality will not be adversely affected by economic development.

To promote an efficient, adequate and sustainable supply of water, the Singapore government has focused intensely on R&D in water and used water technology and other related areas. Incentive programs have been initiated to encourage establishment of manufacturers' research centres in Singapore, and for building pilot testing and demonstration plants for advanced technologies.

Vietnam

Vietnam has a relatively dense network of rivers and high average annual rainfall (i.e., 1,800–2,000 mm), which is the main source of surface and ground water. Although Vietnam has ample raw water sources, there is a shortage of water in many rivers and streams during the dry season. The average water service coverage for the country is approximately 17%, 700 Mm³/yr, pointing to the need and scope for water supply and treatment infrastructure. As of 2008, 68 urban water supply companies operate more than 420 water systems throughout Vietnam². The service coverage of urban water supply is higher than in rural areas, but is still only 70–80%. The urban population was approximately 26% of total population in 2006, and is expected to rise to 32% in 2015. Currently, many people still use water from drilled wells, rainwater and from water vendors. The breakdown of current water usage in Vietnam is approximately 68% for agriculture, 24% for industry, and 8% for domestic.

Vietnam is one of the fastest growing economies in South-East Asia and its total municipal water market value including water and wastewater is expected to increase from USD 147 million per year in 2007 to USD 317 million per year in 2016³. The government is planning to spend about USD 1 billion to achieve safe water coverage of 85% by 2010 and eventually 100% coverage by 2020. In March 1999, the government announced its intention to have 60–80% of urban sewage and storm waters connected to a sewerage network by 2020, with 90–100% coverage in Hanoi, Ho Chi Minh City (HCMC) and other major cities and industrial zones. Although the water service

¹ Pinsent Masons Water Yearbook 2007-2008, London, 2007.

² Socialist Republic of Vietnam, The 1st Regional Conference on Sustainable and Ecology-Effective Water Infrastructure Development, 10-12 November 2008, South Korea.

³ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

is mainly provided by public utilities, the potential for private sector provision of water services is predicted to reach 11% by 2015.¹

In HCMC, three PPP water treatment plants with total cost of 250 million USD are expected to be completed by 2010. Among these, Thu Duc BOO Water Treatment Plant with capacity of 300,000 m³/day is the first BOO plant in HCMC, that began supplying tap water to three districts east of HCMC in 2009 with an initial output of 100,000 m³/day. An additional of four water treatment plant projects is foreseen after 2010². In the draft five-year Socio-Economic Development Plan 2006–2010, the Ministry of Planning and Investment has specified that USD 2 billion is required from private investment up to 2010 for the water and sanitation sector in Ho Chi Minh and Hanoi as a funding shortfall is expected from government and ODA.³

Indonesia

Indonesia, despite the large annual rainfall it receives as a tropical country, faces considerable water management challenges. With a population of about 230 million people and a growing and diversified economy with vibrant agricultural, petroleum and mining sectors alongside an expanding manufacturing industry, pressures on water supply are mounting. Some 40% of the population lives in areas of high water stress.⁴

Citizens, especially those living near the coast, have difficulty finding fresh water sources. Water service coverage is about 12% of the total population, approximately 1,300 Mm³/yr, and wastewater service coverage is about 3% of the total population. About 35% of water service coverage is provided by private water companies. Suez is the leading player in terms of capacity, followed by Acuatico, Boustead, Cascal, PT Buana & PT Dewata Arta Kharsima, and Veolia. The municipal water and wastewater market will increase from USD 389 million in 2007 to USD 686 million in 2016, a 76% increase⁵.

Infrastructure investment needs in Indonesia, excluding costs of rehabilitation and operation and maintenance have been estimated to be around 7 to 8% of GDP for 2005–2010.⁶ The Government Budget financing gap is substantial and estimated to be 4 to 5% of GDP. The funding gap intended to be filled by private sector funding. Much of that investment will need to be concentrated on the 12 cities that already exceed one million and in total house 35 million persons. By 2020 over 93 million people will be concentrated in 23 cities of more than one million.⁶

North-East Asia

China

China's rising economic growth is threatened by major water constraints. China has 20% of the world's population but only 7% of the water supply. Its total annual water consumption increased 5% from 549,800 Mm³/day in 2000 to 579,500 Mm³/day in 2006. China has a negative groundwater balance. Overexploitation of water has had dramatic consequences at local levels. Inadequately treated industrial effluent has caused critical problems and many Chinese rivers are so badly polluted that the water is unsuitable for any use.

¹ Pinsent Masons Water Yearbook 2007-2008, London, 2007.

² On the Way to Integration, Tran Dinh Phu, Presentation by CEO of Saigon Water Company, 2008.

³ Public Private Partnerships (PPPs) Framework for Infrastructure Development in Vietnam, Anand Chiplunkar, 2006.

⁴ OECD Environmental Outlook 2030.

⁵ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

⁶ Indonesia Public Private Partnership for Infrastructure Development, UNESCAP, 2007.

Water scarcity will likely be a continuing and serious issue forcing the government to give much greater priority to water management. The population facing water scarcity is expected to increase by 10% from 2007 to 2016¹. In Beijing's 11th 5-year plan, released in 2006, the government said China needed USD128 billion in water related investments until 2010. The water market, including water treatment, wastewater treatment, network and industrial water is expected to double between 2007 and 2016.¹ China is forecast to be the second largest water market in the world in 2016, second only to the US.

Figure 18. China Water Consumption²

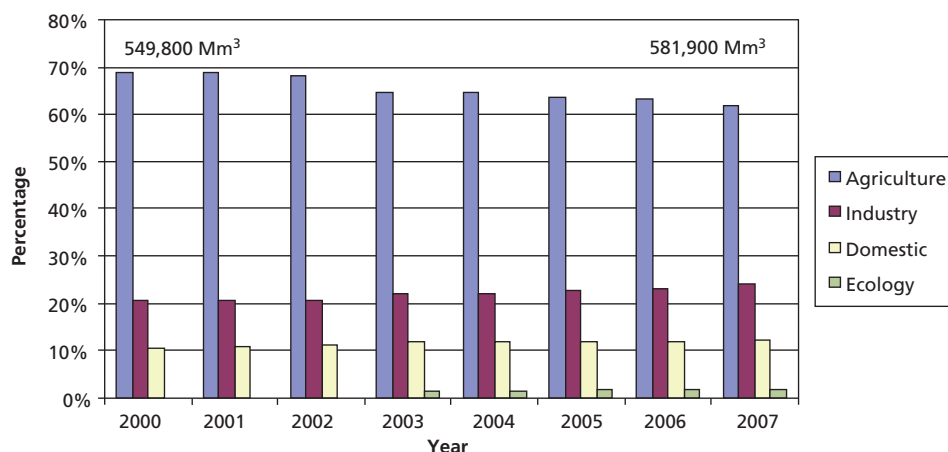
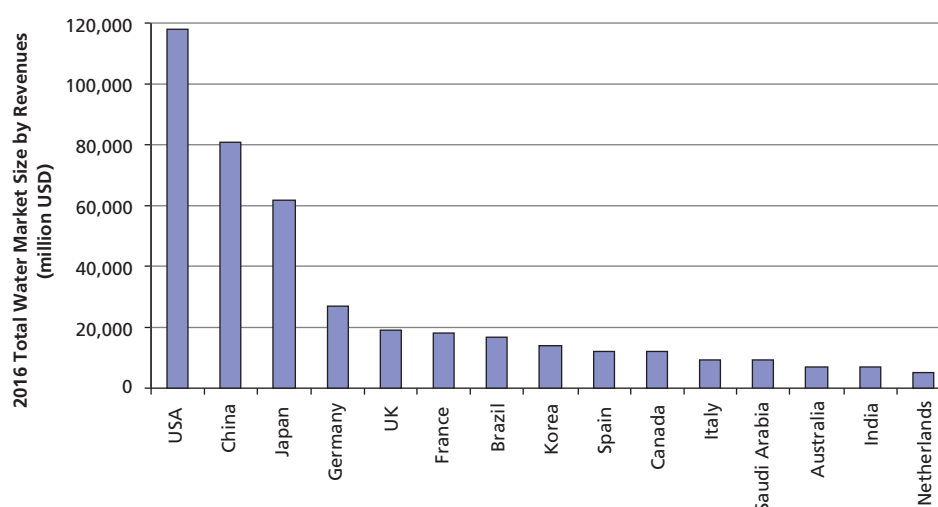


Figure 19. The 15 Largest Water Markets in the World¹



Hong Kong

Hong Kong has a population of seven million people. The water service coverage is 100%, and the wastewater service coverage is about 93%. Approximately 70% of water service was provided by private companies in 2007. It is forecasted that by 2015, private companies will provide 92% of

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

² China Statistical Yearbook — 2008.

the water service and 26% of the wastewater service.¹ The municipal water and wastewater market is forecasted to grow from USD 1,169 million in 2007 to USD 1,526 million in 2016, a 30% increase.

Macau

Macau has a population of 437,000. The urban water supply was privatized during the 1930s but not the wastewater service. A 15 year exclusive contract was awarded to Macau Water Company in 1999. It is forecasted that by 2015, private companies will provide 100% of water and wastewater services.¹

Australia

Australia, with a population of 20.3 million people, has been severely affected by recent droughts and changes in rainfall patterns. This has focused attention on developing new sources of water to supplement traditional supplies. The population facing water scarcity in 2007 was more than seven million and this is expected to rise to almost eight million by 2016.²

Both seawater desalination and recycled effluent strategies are being pursued. State capital cities such as Adelaide and Brisbane have committed to adding treated effluent to their dwindling reservoirs. Brisbane is seen as a leader in this trend, with other cities and towns planning to review the 'Western Corridor Recycled Water Project' once completed. The cities of Goulburn, Canberra, Newcastle and the regional areas of the state of Victoria are considering recycled effluent projects. The total capacity of desalination plants in Australia at the end of 2006 was 530,000 m³/day, and is expected to rise to 1,520,000 m³/day by 2011. The total municipal water and wastewater market is expected to increase from USD 3,957 million in 2007 to USD 6,447 million in 2016.²

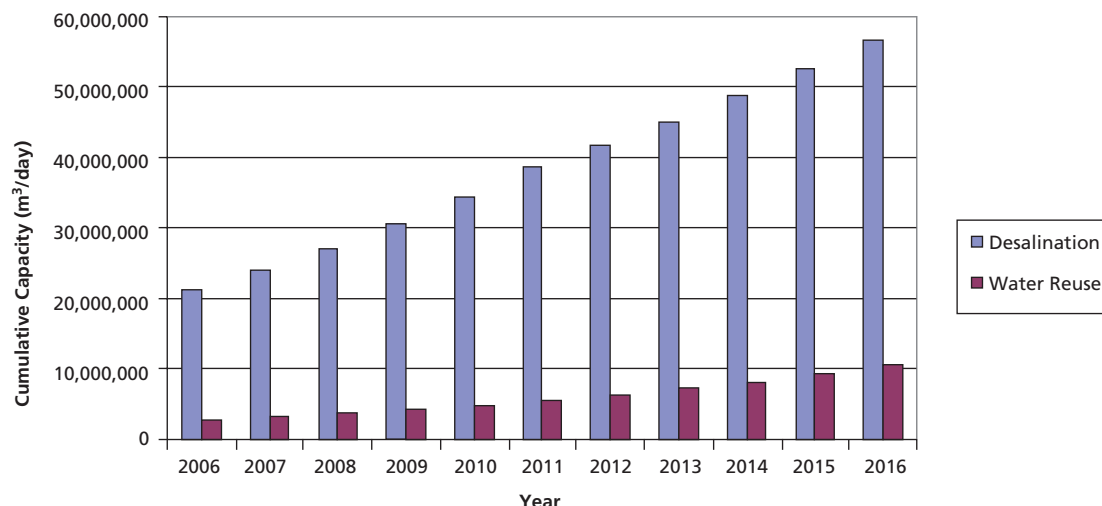
Middle East

The Middle East is primarily arid and can be subject to drought. Major rivers, including the Nile and the Euphrates, provide sources for irrigation water to support agriculture. Water shortage is a critical issue in many areas due to urbanisation and industrialisation. Desalination and water reuse are both pursued with desalination being the preferred option due to easy access to raw water and an abundant energy supply in the petroleum rich region. Natural gas is being favoured for power generation for desalination so that oil can be reserved for export. The region's desalination capacity constitutes 50% of global capacity. Water reuse capacity constitutes 18% of the global water reuse capacity. It is expected that the desalination capacity in this region will increase by 140% over the next 10 years and water reuse by 230%.²

¹ Pinsent Masons Water Yearbook 2007-2008, London, 2007.

² Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

Figure 20. Desalination and Water Reuse Capacity in the Middle-East¹



United Arab Emirates

Public water demand in the UAE is met entirely through desalination. The desalination techniques applied usually are distillation, however, reverse osmosis desalination plants are also in use. Both types of plants are mostly coupled with energy recovery. The water service coverage in UAE is approximately 93% and entirely provided by the private sector.

Wastewater treatment is one of the key areas that attract public attention within the United Arab Emirates in general and Dubai in particular. As new developments emerge, the need for sewage treatment arises with two alternatives: connection to a centralized treatment plant or construction of a decentralized sewage treatment plant. Water reuse is always part of wastewater treatment within the UAE. All the wastewater treatment plants are being planned and designed so that the treated sewage effluent will be reused for either irrigation or, if passing through reverse osmosis treatment, comprise water feed for district cooling plants.

In Dubai, water supply is currently 210,000 m³/day and is projected to rise to 660,000 m³/day by 2020. Water demand for Abu Dhabi was 1.87 Mm³/day in 2003 and is forecast to rise to 3.12 Mm³/day by 2015. The total municipal water and wastewater market in UAE should double between 2007 and 2016, while the wastewater market is expected to grow even more than water market.¹

All the major independent water (i.e., desalination) and power projects currently under development have a significant degree of private sector involvement. The emphasis has been shifting towards the private sector management of water and sewerage services. The UAE wants privatisation to play a positive role, and looks to international investors to participate so as to reduce demands on the state.

Bahrain

Bahrain has a population of 730,000 of whom 90% of its people live in urban areas. Like many other Middle-Eastern countries, water scarcity is a prominent issue. The water service coverage is nearly 100%, with 82% of water is taken from depleting groundwater sources. Although groundwater abstraction is being replaced by desalination, it will take 1,400 years to recharge the country's groundwater sources. Agriculture has already been impacted by groundwater degradation.

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

The wastewater service coverage is approximately 75% now, with the aim of 95% coverage by 2020. Since 2005, treated effluents from the Tubil wastewater treatment facility have been used for agricultural and landscape irrigation and for groundwater recharge. It is targeted to recover 200,000 m³/day of water by 2010, or 20% of total demand.

It is estimated that the water market capital expenditure will increase 90% from USD 180 million in 2007 to USD 344 million in 2016. The wastewater capital expenditure will increase from USD 14 million in 2007 to USD 78.4 million in 2016.¹

Saudi Arabia

Saudi Arabia is listed under the “absolute water scarcity” category (i.e., will not be able to meet needs in 2025). At the end of 2006, the desalination capacity of Saudi Arabia constituted 17% of global desalination capacity, and 35% of regional desalination capacity. In Saudi Arabia, water service coverage is about 86%, sewer coverage is about 30% and 18% of the wastewater is treated and reused. The Ministry of Water and Electricity of the Kingdom of Saudi Arabia wants to achieve 100% coverage of water and sewerage in the next 20 years. Water capital expenditure is estimated at USD 14 billion and USD 23 billion for sewage.²

The government is very keen to use PPP approaches for infrastructure financing. Approximately 37% of water requirements are serviced by private companies. To reduce risks, the government-preferred PPP services are using management contracts for operation and management, and using BOO/BOT for wastewater treatment plants and water reuse. The water reuse applications are for agriculture, cooling, industries, public parks, and aquifer recharge.

Western Europe

Europe is one of the biggest water markets, although it is a mature market. Nonetheless, several countries with higher than average growth, especially Eastern Europe, Spain and Turkey should provide business opportunities. Western Europe had the highest percentage (44%) of water or sewerage services provided by private companies compared to other regions in 2007, while Central and Eastern Europe had only 9%. It is forecasted that by 2015, privatised supply will increase to 54% and 18% of the total for the Western Europe, and Central and East Europe, respectively.¹

United Kingdom

In the UK, water service coverage is 99%. Two thirds of this comes from surface water resources whilst the remainder is obtained from groundwater. Water stress is common in the south east of England. Population growth in this area is resulting in increased consideration of water re-use and recycling. Water stress is also increasing the likelihood of desalination being used. The Beckton desalination plant, the first of its kind in the UK expected to be completed in 2010 by Thames Water, demonstrates both the need for new water sources and the resistance such schemes will face, especially on power usage grounds at a time when proposed carbon cuts are foreseen.

Water reuse has a long history in the UK, but was historically used only for industrial applications until 2000, when the “Watercycle” project at the Millennium Dome, one of the largest in-building recycling schemes in Europe, designed to supply up to 500 m³/d of reclaimed water for WC and urinal flushing. The first large scale indirect portable water reuse scheme is in Langford, where treated waste water is mixed with river water for reservoir refill. The Langford scheme, at 40MI/d

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

² Saudi Wastewater Treatment Plant Privatization, Ministry of Water and Electricity, Kingdom of Saudi Arabia, 2007.

is associated with a population of up to 100,000. The greatest potential for large water reuse scheme will be in areas where waste water discharges are currently made to the sea, as they could be redirected inland to support river flows and abstractions.

It is estimated that water market capital expenditure will increase only 4% from 2007 to 2016, while wastewater capital expenditure will increase from USD 5,085 million in 2007 to USD 6,780 million in 2016, a 34% of increase. Private companies provide approximately 80% of water service and 90% of wastewater service.¹

Russia

The Russian Federation has a population of 143 million people. Water service coverage is approximately 89% while wastewater service coverage is about 60%. However, more than 30% of piped water from surface sources is not treated, despite significant resource contamination. The Russian water and wastewater treatment market provides diverse opportunities across a wide range of segments including networks and treatment plants. Current emphasis is on networks due to their considerable need for investment in repair, replacement and maintenance. Private companies provided approximately 8% of water service in 2007 and 1% of sewerage service. It is forecast that by 2015, private companies will provide 18% of the water service and 13% of the wastewater service. The total municipal water and wastewater market is anticipated to increase from USD 2.640 billion in 2007 to USD 3.043 billion in 2016.¹

RENEWABLE ENERGY: SOLAR, WIND, BIOMASS

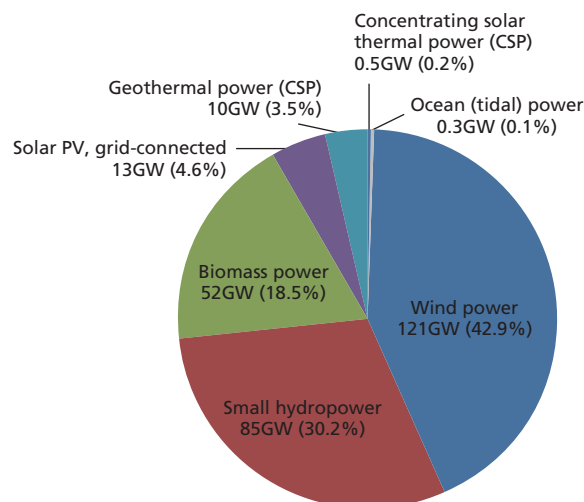
Overview

Renewable energy is becoming increasingly attractive as an additional, if not alternative, source of energy in response to uncertainties in the supply and prices of traditional fossil fuels, increasing demand, and desire to reduce climate change inducing carbon dioxide emissions. As of the end of 2008, large hydropower contributed to approximately 13% of global power generation capacity, while other renewable energy sources contributed 4.4%. Excluding large hydropower, the largest component of renewable is wind power, which comprises 43% of the renewable power generation capacity. The second largest renewable energy source for power generation is small hydropower, which contributes 30%, followed by biomass at 19%. Solar PV, geothermal, concentrating solar thermal, and ocean (tidal) contributed the remaining 8%.²

¹ Global Water Intelligence: Global Water Market 2008, Media Analytics Ltd.

² Renewables 2009 Global Status Report, REN21.

Figure 21. Renewable Energy Generation (Excluding Large Hydropower)¹



Power generation based on renewable energy is becoming cost-competitive as technologies mature and fossil fuel prices remain volatile. Given that wind, solar PV and biomass use are not limited by geography or local geology, this analysis focuses on these three renewable technologies.

Wind power is well established in Germany, the US and Spain. Aerodynamic design and sophisticated composite materials are leading to rapid technological improvements in the wind turbines which convert wind to electricity. The cost of energy produced by wind turbines is currently about US 4–6 cents (on-shore wind) or US 8–12 cents (off-shore wind) per KWh which is comparable to electricity generated by burning natural gas; however, it is more costly than electricity from coal-fired power plants at US 2.8–5 cents per KWh.¹

Solar photovoltaic (“PV”) is grid-connected solar power where solar cells convert sunlight directly into electricity. Germany, Spain, Japan and California, possess nearly 88% of the total worldwide installed capacity. Innovations in solar PV technology, including thin-film PV, are significantly lowering the cost of PV electricity. The typical cost for low latitude solar PV is US 20–40 cents per KWh.¹ New solar technology can produce electricity for as low as US 8 cents per KWh, comparable to electricity generated by wind turbines and natural gas.¹

Biomass fuel refers to timber, agricultural and food wastes or fuel crops that are used to generate electricity. These include various trees, timber wastes, wood chips, corn, sugar cane and oil palm. Most existing biomass power plants burn wood residues such as lumber, agricultural or construction/demolition wood wastes. The technology is proven and simple, similar to coal-fired plants. The cost of biomass power is between US 5–12 cents per KWh.¹ Wood-residual facilities are generally more expensive to operate than wind and solar PV as costs associated with the fuel and transportation make up about 50% of total operating costs.

¹ Renewables 2009 Global Status Report, REN21.

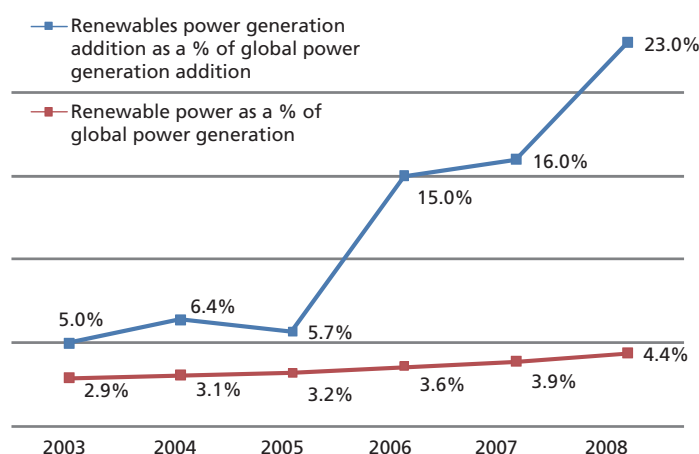
General Trends

The world electricity market, amounting to 15 terawatts of output per year, is worth USD 6 trillion, equivalent to one-tenth of the world's economic output.¹ By 2050, power consumption is likely to increase to 30 terawatts. Given that fossil fuel supply is finite and fuel prices are volatile, more attention is being placed on both renewable energy and nuclear power. Renewables also offer governments a means of diversifying fuel supply at a time when fossil fuel importing countries are concerned about supply security.

In the four-year period from end-2004 to end-2008, solar PV was the fastest growing renewable energy source. Its capacity had increased six-fold to more than 16 gigawatts ("GW") and wind power capacity had increased 250% to 121 GW.² In 2008, wind power capacity grew by 29% and grid-tied solar PV by 70%. The capacity of utility-scale solar PV plants (larger than 200 kilowatts) was tripled, to 3 GW. Solar hot water grew by 15%, and annual ethanol and biodiesel production both grew by 34%. Heat and power from biomass and geothermal sources continued to grow, with small hydro increased by about 8%.²

As a result of the worldwide economic slowdown, electricity demand growth fell in 2008 to 2.4% from 2.9% in the 2007, however, renewable energy's share of the overall power generation market increased from 3.9% to 4.4%.³ In 2008, the newly installed 40GW of renewable energy capacity accounted for 23% of all new power generation. The compounded annual growth rate of renewable power, excluding hydropower, achieved 14.9% in the period of 2000–2008.

Figure 22. Renewable Power Generation (Excluding Large Hydropower) as a Proportion of Global Power, 2003–2008³



* Excluding large hydro.

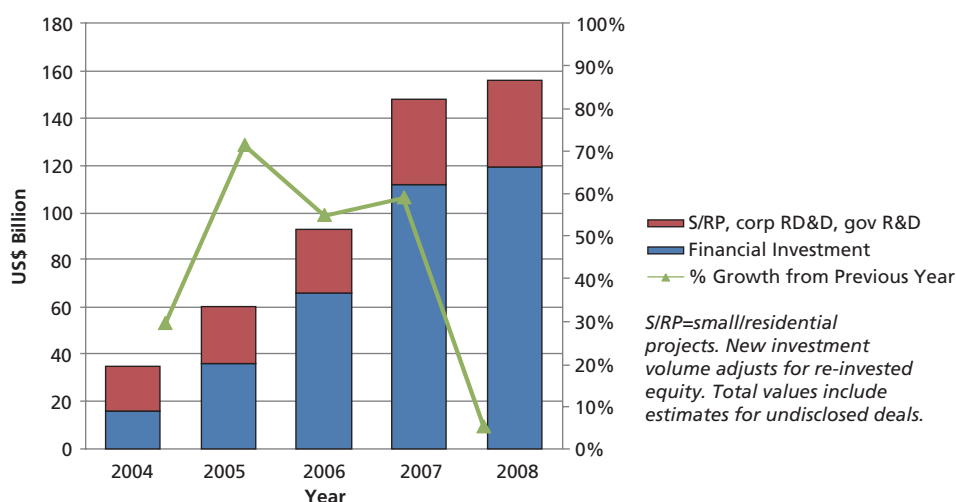
¹ The Economist, June 21, 2008.

² Renewables 2009 Global Status Report, REN21.

³ EIA, IEA, New Energy Finance, Global Futures, UNEP SEFI.

Despite the difficult overall investment climate, the year of 2008 was another milestone for investment in sustainable energy. A total of USD 155 billion was invested in companies and projects globally, a more than four-fold increase compared to 2004. As compared with 2007, however, investment growth was only 5%, in stark contrast to the growth rates of over 50% in previous years.¹ This was mainly due to the global financial crisis, which had a significant impact on investment in the second half of the year. In the first quarter of 2009, new financial investment fell by 53% to USD 13.3 billion compared to the same period in 2008, the lowest level of quarterly investment for three years. However, there were some signs of recovery during the second quarter of 2009, as the results of the new government spending, regulation and policies that implemented to tackle economic crisis and climate change issues.

Figure 23. Global New Investment in Sustainable Energy, 2004–2008¹

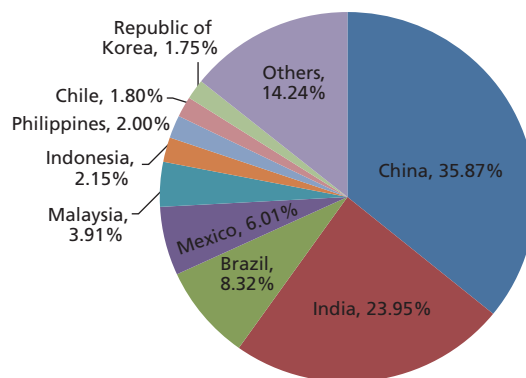


The Kyoto Protocol under the United Nations Framework Convention on Climate Change ("UNFCCC") encourages renewable energy development in both developed and developing countries. All industrialised nations have established Designated National Authorities to manage their GHG portfolios in order to achieve committed GHG emission reduction. The ability of industrialised nations to purchase Certified Emission Reduction ("CER") credits encourages non-industrialised countries to develop GHG emission reduction projects under the Clean Development Mechanism ("CDM") process. The revenue generated from carbon credits has become an attractive financial incentive for both government and private investors. Developing Asia has been the most prominent beneficiary of CER credits. As at January 2010, of a world total of 1,996 CDM projects registered by the UN, 36% were in China, 24% in India and 8% in Brazil.²

¹ Global Trends in Sustainable Energy Investment 2009, UNEP, SEFI, New Energy Finance.

² UNFCCC CDM Statistics, 2010.

Figure 24. Registered CDM Projects Activities by Country, Jan 2010¹



While the Kyoto Protocol will expire in 2012, new consensus was reached in the Copenhagen UNFCCC Conference of the Parties (“COP”) hosted in December 2009. The 190 Kyoto Protocol ratified parties agreed to cap the global temperature rise by committing to significant emission reductions. The “Copenhagen Green Climate Fund” that approaches USD 30 billion will be established to support immediate action on climate change. For long term finance, developed countries will support a goal of jointly mobilising USD 100 billion a year by 2020 to address the needs of developing countries.

By early 2009, at least 73 countries had set a national target for renewable energy supply and 63 countries had some type of policy to promote renewable power generation.² To promote renewable energies based electricity supply, a common measure is feed-in tariffs. Others common financial incentives to attract investment in the renewable market include renewable portfolio standard, direct capital investment subsidies or rebates, tax incentives and credits, sales tax and value-added tax exemptions, green certificate trading, and net metering. Under the new commitment made in the Copenhagen, UNFCCC COP, additional encouraging policies and incentives are expected to be introduced by the countries.

Table 6. Share of Primary and Final Energy from Renewables, Existing in 2006 and Targets²

Country/Region	Existing share (2006)	Primary energy (IEA method) Future target
World.	13%	—
EU-25/EU-27	6.5%	12% by 2010
Singapore.	—	—
Indonesia	3%	15% by 2025
China*	8%	15% by 2020
Australia.	8%	20% by 2020
United Kingdom	1.7%	—

* Excludes traditional biomass.

¹ UNFCCC CDM Statistics, 2010.

² Renewables 2009 Global Status Report, REN21.

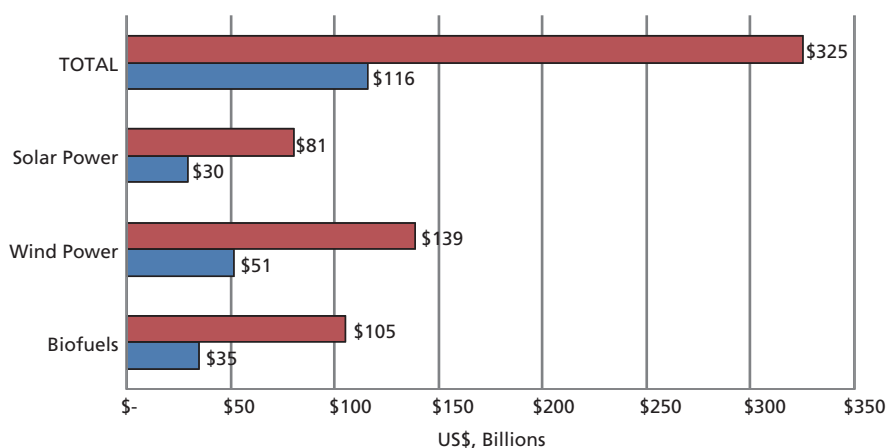
Table 7. Renewable Energy Promotion Policies¹

	Feed-in tariffs	Tax reduction, tax credits, & accounting policies	Loans and financing policies	Subsidies, grants, and funds	Renewable portfolio standards	Mandatory purchase agreement with an upper limit	Renewable certificate trading
Singapore	Ö			Ö			
Vietnam			Ö	Ö			
Indonesia	Ö						
China	Ö	Ö	Ö	Ö	Ö	Ö*	
Australia	Ö				Ö		Ö
United Kingdom				Ö	Ö		Ö
Russia				Ö			Ö

* With mandatory off-take of all renewable power.

Between the end of 2008 and early 2009, leading governments introduced stimulus packages and policies that promised new investment in renewable energy and energy efficiency. The United States announced a goal of USD 150 billion for renewables over 10 years, Japan announced 1 trillion yen (USD 12.2 billion) over five years, China pledged USD 15 billion for renewable energy, much of it for wind power, Morocco announced a USD 1 billion fund for renewables and energy efficiency. In addition, the fundamental drivers of the sector, including rising energy prices and climate change concerns remain strong. Thus, investment in mid- to long-term should see an improvement. Development assistance for renewable investments has also expanded greatly. World Bank Group, Asian Development Bank, Inter-American Development Bank and Global Environment Facility have committed to USD 780 million in total investment in renewable energy, in addition to USD 1 billion for large hydropower. World Bank Group is taking proactive approach in promoting the growth of renewable energy. The new framework, *Development and Climate Change: A Strategic Framework for the World Bank Group* ("SFDCC") commits to a more ambitious target than the Bonn commitment to increase the share of low-carbon projects (new renewable energy, energy efficiency, and hydropower) to 50 percent of total energy lending in fiscal 2011. As such, it was projected the global investment in renewable energy will grow three-fold in the next 10 years.²

Figure 25. Global Clean Energy Projected Growth, 2008–2018²



¹ Renewables 2009 Global Status Report, REN21.

² Clean Energy Trends 2009, March 2009, Joel Makower, Ron Pernick, Clint Wilder.

Geographical Coverage

South-East Asia

Southeast Asian governments encourage use of renewable energy for power generation. ASEAN ("Association of South-East Asian Nations") energy ministers declared in August 2008 that the region needed to increase the use of alternative energy sources. Biomass and solar, as well as geothermal in Indonesia and the Philippines, have the greatest potential, given the less favourable conditions for wind. Set against overall power supply and future demand, renewable power capacity is still very small, outside of large scale hydro, but there are government targets to significantly increase this capacity. Government policies allow private sector supply of power for the public grid under contracts from independent producers with state utilities. ODA is an important source of finance for renewable energy in developing countries. Within South-East Asia, only Singapore has a competitive power market.

Singapore

The development of renewable energy in Singapore over the past decade has primarily focused on bio-diesel, in view of the massive palm oil plantations in the region. In the last two years, Singapore has undertaken initiatives to explore other forms of renewable energy. However, given the urban nature of Singapore and geographical conditions, there is little or no scope for energy technologies drawing on wind and biomass. Thus, the emphasis of development is placed on four areas: solar, fuel cells, bio-fuels and energy efficiency solutions. International Energy Agency predicted renewable energy will share 2% of total energy consumption by 2030 with annual growth rate of 6.6%.¹ The government is aiming to have 50,000 square meters of solar installed by 2012 for hot water supply.

Singapore has embraced one of the most proactive stances in the region towards establishing new approaches to energy and sustainable development. It aims to improve energy efficiency by increasing standards for energy efficiency, adopting new regulations, and promoting R&D. The Solar Energy Research Institute of Singapore ("SERIS") has been established in partnership with the Clean Energy Program Office ("CEPO") of the Economic Development Board ("EDB") to build capabilities in solar technologies through training and research. The government announced in March 2007 that it would invest USD 230 million on clean energy research over the next five years. Intertwined with this is the drive to attract foreign renewable energy companies to use Singapore as a regional base. The aim is to create USD 1.7 billion in economic output and generate more than 7,000 jobs in the clean energy industry by 2015. Several of the key initiatives that have been undertaken are Singapore Initiative on New Energy Technologies Centre, Energy Technology R&D Program, Clean Energy Research and Test-bedding Programme ("CERT"), and NRF Clean Energy Program.

Notable foreign investments include a USD 4.1 billion solar cell manufacturing plant to be constructed by Norway's Renewable Energy Corp. ("REC"). The plant will eventually produce 1.5 GW of solar generation capacity per year by 2015 and it is the first such plant in Southeast Asia. Other projects underway are:

- Finland bio fuel firm, Neste Oil: USD 0.77 billion plant,
- Copenhagen-listed wind firm, Vestas Wind Systems: USD 328 million plant,
- Swiss solar equipment- maker Oerlikon Solar: USD 25 million R&D centre, and
- Norwegian solar wafer-maker Norsum: USD 275 million plant.

¹ S C Low and K T Cheong, Singapore Clean Energy Policy, ASEAN COST+3: New Energy Forum for Sustainable Environment (NEFSE), 2008.

Singapore ratified the Kyoto Protocol in April 2006. This has created many initiatives to register CDM projects from the market. The Eco-Wise waste heat recycling project by ECO SWM Pte Ltd, which involved developing a 0.53 MW wood waste fired-cogeneration plant in order to cover most of its internal energy requirements, is the first successfully registered CDM project in Singapore. PowerSeraya, Singapore's second largest power generator, is planning an 800 megawatt co-generation plant that would replace existing steam plants and thereby qualify for CERs.

The Energy Market Authority Singapore called a tender in late 2008 for a consultancy study to develop and implement clean and renewable energy solutions on Pulau Ubin, a small island off the northwest coast.

Vietnam

Driven by industrial growth and large increases in residential consumption, the capacity of Vietnam's power system must be doubled in the next five years to meet the projected demand growth of 16% per year during 2006–2010. The government estimates that the power sector will need investment of USD 3 billion per year to increase the total generation capacity from 11,340 MW in 2005 to over 25,400 MW by 2010. Hydropower will remain as the dominant source.

In concert with the effort to mobilize financing, while receiving donor support from World Bank, Japan Bank for International Cooperation ("JBIC") and Asian Development Bank ("ADB"), the government has sanctioned a program to restructure the power sector to attract private financing. This includes increasing reliance on independent power generation, "equitisation" of EVN's main generating facilities into independent power generation units, and gradual equitisation of distribution companies. Vietnam has recently enacted a new Electricity Law and established a new power sector regulator, the Electricity Regulator Agency of Vietnam ("ERAV") to develop a competitive electricity market in Vietnam over the long term.¹

Indonesia

Indonesia's National Energy Management Blueprint 2005 states that renewable energy sources will amount to 10.6% of total national capacity by 2025 from 3% in 2006. The National Energy Policy was reviewed to ensure that a sustainable energy supply will be able to support national interest. The feed-in tariff was revised to cover plants up to 10 MW in size, from the previous limit of 1 MW. The government is discussing tariff incentives for small renewable electricity projects. Indonesia is also targeting to generate 9,500 MW of geothermal electricity by 2025 with an investment of more than USD 15 billion.

North-East Asia

China

China is the now second largest energy consumer in the world, having nearly doubled consumption over the past decade. Concerns about energy security, power capacity shortages, and air pollution are all adding urgency and pressure to switch to alternative energy technology with greater efficiency. The government aims for 15% of the country's energy to be supplied from renewable sources by 2020. To achieve this goal, a Renewable Energy Law was implemented in 2006. Under this law, comprehensive renewable energy promotion policies have been introduced by the government, which include feed-in tariffs; tax reduction for environmental protection projects; favourable loans and financing policies; renewable development funds; renewable portfolio standards for large power producers; and mandatory off-take of renewable power generation. The investment in new renewable capacity exceeded USD 15.6 billion in 2008, up 18%

¹ World Bank, February 2007, <http://go.worldbank.org/Y7W6Q5FLT0>.

from 2007. The majority of investment has been in new wind projects and biomass plants. As the result of the change of VAT- and import-duty-related promotion mechanisms to further favour domestic wind turbine production, the total wind power capacity almost doubled in 2007 and 2008. China has become the world's largest PV manufacturing base, with 95% of its production for the export market.¹ China now represents 27 percent of the global renewable power capacity (excluding hydropower) with 76 GW installed as of 2008.

Renewable energy, including hydro, currently fuels 17 percent of electricity generation with the government aiming of increasing this to 35% of total installed generation capacity by 2020. Total power capacity from renewable resources could reach more than 360 GW by 2020 compared with 135 GW in 2006.² Although not strictly a target, China's plan to go beyond its existing goal of 30 GW of wind power by 2020 is noteworthy. China is planning new large-scale "wind power bases" in six provinces/regions that could result in 100 GW of new wind power capacity by 2020.

Table 8. Installed Renewable Energy Capacity and Targets in China³

RENEWABLE ENERGY	2007	2008	2020
Wind Power	6 GW	12.2 GW	30 GW
Solar PV	100 MW	140 MW	1.8 GW
Biomass Power	3 GW	3.6 GW	30 GW
Hydropower	145 GW	172 GW	300 GW

Australia

The Australian government aims to reduce greenhouse gas emissions by 5–15% from 2000 levels by 2020 and 60% by 2050. Under a new climate change policy announced in December 2008, a comprehensive carbon pollution reduction scheme has been put forward. It includes measures supporting renewable energy and carbon capture and storage. The goal is to increase the electricity supplied by renewables from the 2006 level of 7.5% to 20% by 2020. To achieve the goal, an expanded Mandatory Renewable Energy Target was passed in August 2009, in which the government has committed to additional 45,000GWh (an increase from 9,500GWh) by 2020. This could raise investment up to USD 13 billion. To support the growth, a USD 329 million Renewable Energy Fund is to be accelerated in only 18 months to further deploy renewable technology.⁴ Within its Renewable Energy Fund, Australia is actively backing geothermal with a USD 43.6 million Geothermal Drilling Fund. Besides, a further 9GW wind capacity is also in the pipeline in addition to the 482MW of wind capacity added during 2008.

The Renewable Energy (Electricity) Act 2000 introduced Renewable Energy Certificates ("RECs"). Liable parties are required to surrender a certain amount of RECs annually. The contribution can be made through production or by purchase the RECs from financial market. Furthermore, At May 2009, feed-in laws had been passed in some states, namely Queensland, South Australia and the Australian Capital Territory ("ACT"). This has boosted the renewable market. Australia has recently announced, via White Paper, a new Carbon Pollution Reduction Scheme at the national level which will take effect 1 July 2010.⁴

¹ Global Trends in Sustainable Energy Investment 2009, UNEP, SEFI, New Energy Finance.

² Powering China's Development: The Role of Renewable Energy, Eric Martinot, Li Junfeng, November 2007, Renewable Energy World Magazine.

³ New Energy Finance, NDRC.

⁴ White Paper: Carbon Pollution Reduction Scheme, Australia Government — Department of Climate Change, Dec 2008.

Middle East

Development of renewable energy in the Middle East started relatively late as compared to other regions. However, major petroleum export nations are beginning to invest in renewable energy technology to reduce their dependence on oil and to diversify their energy mix. Recent developments in several Middle Eastern countries have demonstrated a change of attitude towards renewable energy:

- Saudi Arabia has announced a focus on solar energy as part of its energy diversification.
- Abu Dhabi set a new electricity-share target at 7% by 2020. Abu Dhabi launched the multi-billion dollar Masdar Initiative in April 2006; the program is designed to use the financial resources and energy expertise of the emirate to promote innovations in clean energy and resource conservation.
- Dubai and Bahrain are exploring the use of wind energy. Dubai has carried out a research study for a USD 1 billion wind farm project that would supply up to 10% of Dubai city's power.

Of all the renewable energy sources, solar power has the greatest potential in the Middle East due to the climatic conditions in the region, which provide a virtually unrestricted access to sunlight.

Western Europe

Strong EU and national policies are driving good growth in the renewable energy sector. Total new investment in the EU in 2007 was USD 76 billion. The most critical policy driver is the EU's 2001 Renewables Directive, which requires member states to adopt national targets and aim for an aggregated target of 21% of electricity from renewable sources by 2010. A binding target for all EU countries is for 20% of final energy consumption to be from renewable sources by 2020.¹ The main tools to encourage development are feed-in tariffs and green certificates. At the end of 2008, 18 out of the 25 EU countries employed feed-in tariffs.² To catalyse private investment, the European Union announced in early 2009 that its goal was to link up the EU Emissions Trading System with the cap-and-trade systems being developed in other industrialised countries to form an OECD-wide international carbon market by 2015.

United Kingdom

The Government wants renewable energy to provide 10% of the UK's electricity requirement by 2010, and 20% by 2020. Renewable energy grew by 8.4% in 2007 and is now over five times the 1990 level. It accounted for 5% of all electricity generated in the UK, up from 4.5% in 2006. The main source renewable energy is biomass which accounted for 82% of total renewable energy sources.³ Driving the renewable energy market is a need to find additional primary energy sources as the UK's indigenous oil and gas output declines. Second, most renewable energy sources (hydropower, wind power, wave power and solar power) do not produce carbon-dioxide emissions. This will help the UK meet its environmental commitments under the Kyoto Protocol. To meet the 2020 target, policies are in place to further promote the growth of renewables use and development. These include renewable portfolio standards, grant programs that subsidize household solar PV, micro-scale wind, and solar hot water, capital subsidies for solar hot water; mandate for blending bio fuels into vehicle fuels, bio fuels tax exemption, and tradable

¹ Pullen et al., 2008; Ernst & Young LLP, 2007.

² European Wind Energy Association — EWEA: European Statistics, 2008.

³ UK Energy in Brief July 2008, BERR.

Renewable Obligation Certificates ("ROCs"). A new feed-in tariff program is currently under development and expected to come into effect in April 2010.

Russia

Russia is a key energy producer and exporter with its energy mix dominated by natural gas. The energy sector accounts for more than 30% of GDP. As the domestic gas prices are state-controlled, renewable energy has often not been cost competitive. Currently the domestic prices of oil and oil products are gradually rising and are expected to reach international levels over time. This will make renewable energy technologies more competitive and favourable in many market applications. Russia has vast potential renewable energy resources, due to its geographic size and the variation in its climate and terrain. Based on the 2008 fourth quarter forecast, hydro-power consumption is expected to increase 62% and become the key element of Russian electricity generation growth during 2007–2018.¹

This "Green" Infrastructure Sector Industry report is dated 27 May 2010.

For and on behalf of
MWH Consultants (S) Pte Ltd

Mike Rudge
Director
MWH Consultants (S) Pte Ltd

Notice:

The sources cited in the above report on the "Green" Infrastructure Sector Industry have not consented to the inclusion of the information extracted from the relevant reports issued by them. While the Trustee-Manager, the Sponsor and the Issue Manager have taken reasonable actions in an effort to ensure that such information has been reproduced in its proper form and context, none of the Trustee-Manager, the Sponsor, the Issue Manager or any other party has conducted an independent review of such information or verified the accuracy of the contents of such information.

¹ Russia Power Report Q4, 2008, Business Monitor, December 2008.

THE TRUSTEE-MANAGER OF KGT

The Trustee-Manager was incorporated in Singapore under the Companies Act on 28 February 2008. As at the date of this Document, it has an issued capital and paid-up capital of S\$1.0 million. Its registered office is located at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 and its telephone and facsimile numbers are (65) 6413 6290/6294 and (65) 6413 6391 respectively. Its principal place of business is located at 2 Corporation Road, #02-07, Corporation Place, Singapore 618494 and its telephone and facsimile numbers are (65) 6499 0599 and (65) 6265 1953 respectively.

The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. As the Sponsor is a wholly-owned subsidiary of KCL, KCL is deemed under Section 4 of the Securities and Futures Act to be interested in all of the shares in the issued share capital of the Trustee-Manager. As Temasek has a direct interest in 21.1% of KCL Shares as at the Latest Practicable Date, Temasek is deemed under Section 4 of the Securities and Futures Act to be interested in all of the shares in the issued share capital of the Trustee-Manager.

TRUSTEE-MANAGER

Roles and Responsibilities of the Trustee-Manager

The Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders, and managing the business conducted by KGT. The Trustee-Manager has general powers of management over the assets of KGT and its main responsibility is to manage KGT's assets and liabilities for the benefit of Unitholders. The Trustee-Manager will set the strategic direction of KGT and decide on the acquisition, divestment or enhancement of assets of KGT in accordance with its stated investment strategy. The Trustee-Manager is also responsible for ensuring compliance with the applicable provisions of all relevant legislation, the Listing Manual, and all relevant contracts.

Statutory duties of a trustee-manager of a business trust

The Trustee-Manager, in exercising its powers and carrying out its duties as KGT's trustee-manager, is required to:

- (a) treat Unitholders who hold Units in the same class fairly and equally;
- (b) ensure that all payments out of the Trust Property are made in accordance with the BTA and the Trust Deed;
- (c) report to the MAS any contravention of the BTA or the Business Trusts Regulations by any other person that:
 - (i) relates to KGT; and
 - (ii) has had, has or is likely to have, a materially adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole,as soon as is practicable after the Trustee-Manager becomes aware of the contravention;
- (d) ensure that the Trust Property is properly accounted for; and
- (e) ensure that the Trust Property is kept distinct from the property held in its personal capacity.

The Trustee-Manager also has statutory duties under the BTA to:

- (a) at all times act honestly and exercise reasonable diligence in the discharge of its duties as KGT's trustee-manager in accordance with the BTA and the Trust Deed;
- (b) act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all Unitholders as a whole and its own interests;
- (c) not make improper use of any information acquired by virtue of its position as KGT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of Unitholders; and
- (d) hold the Trust Property on trust for all Unitholders as a whole in accordance with the terms of the Trust Deed.

Should the Trustee-Manager contravene any of the provisions setting out the aforesaid duties, it shall be:

- (a) liable to all Unitholders as a whole for any profit or financial gain directly or indirectly made by it or any of its related corporations or for any damage suffered by all Unitholders as a whole as a result of the contravention; and
- (b) guilty of an offence and shall be liable on conviction to a fine not exceeding S\$100,000.

FEES AND EXPENSES PAYABLE TO THE TRUSTEE-MANAGER OF KGT

Management Fee and Performance Fee

The Trustee-Manager (in its personal capacity) is entitled under the Trust Deed to a Management Fee and a Performance Fee for its provision of services to KGT. These fees will be payable for each calendar quarter ending on 31 March, 30 June, 30 September and 31 December of each year (each referred to as a "**Quarter**").

The Management Fee comprises a fixed fee of S\$2.0 million per annum and covers the on-going operating costs of the Trustee-Manager. To provide for inflation, the Management Fee is subject to increase each year by such percentage representing the percentage increase (if any) in the average of the monthly CPIS for the 12 calendar months immediately preceding the beginning of each FY over the average of the monthly CPIS for FY2010.

The Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by KGT 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).

The Management Fee and the Performance Fee will be payable to the Trustee-Manager quarterly in arrears, for each of the first three Quarters in a FY, within 55 calendar days after the end of that Quarter, and for the last Quarter in a FY, within 70 calendar days after the end of that Quarter. The first Management Fee and the first Performance Fee will be calculated in respect of the period from the Listing Date to 30 September 2010 and based on the number of days in the said period.

The Trustee-Manager may elect for Units in lieu of all or a portion of the Management Fee and/or the Performance Fee payable in respect of the relevant Quarter. The price of any such Units to be issued in full or part payment of the Management Fee and/or the Performance Fee will be equal

to the volume-weighted average price of Units for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST over the last five Trading Days of the relevant Quarter in which the Management Fee and/or the Performance Fee accrues. The volume-weighted average trading price is the total value of transactions in the Units (for each transaction, the Unit price multiplied by the volume) for the five Trading Days divided by the total volume transacted for the five Trading Days.

Any changes to the Management Fee structure or the Performance Fee structure under the Trust Deed will require the approval of Unitholders by way of a Special Resolution. (See “The Constitution of KGT — Changes in the fees and charges payable to the Trustee-Manager” for further details.)

Acquisition Fee and Divestment Fee

In addition to the Management 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 (other than the Plants) acquired by KGT or a KGT Entity and a Divestment Fee in respect of any investment sold or divested by KGT or a KGT Entity.

The Acquisition Fee will be calculated as follows:

- (a) 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investment acquired, where the investment is acquired:
 - (i) from one or more Sponsor Group Entities; or
 - (ii) partly from one or more Sponsor Group Entities and partly from one or more third parties, and the Sponsor Group Entity(ies) had in aggregate direct or indirect interests of more than 50.0% in such investment prior to the acquisition; and
- (b) in all other cases, 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of such investment.

The Acquisition Fee is payable within 10 Business Days after the date of completion of the acquisition, and the Trustee-Manager may elect to receive all or part of the Acquisition Fee in Units instead of cash. When paid in the form of Units, the Trustee-Manager is entitled to receive the number of Units as may be purchased with the relevant portion of the Acquisition Fee at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the acquisition, at the issue price equal to the volume weighted average price of Units for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST over the last five Trading Days prior to the date of completion of the acquisition. The volume weighted average trading price shall be the total value of transactions in the Units (for each transaction, the Unit price multiplied by the volume) for the five Trading Days divided by the total volume transacted for the five Trading Days.

The Divestment Fee is calculated at the rate of 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investment sold or divested by KGT or a KGT Entity.

The Divestment Fee is payable within 10 Business Days after the date of completion of the sale or divestment, and the Trustee-Manager may elect to receive all or part of the Divestment Fee in Units instead of cash. When paid in the form of Units, the Trustee-Manager is entitled to receive the number of Units as may be purchased with the relevant portion of the Divestment Fee at the issue price equal to the volume weighted average price of Units for all trades on the SGX-ST in the

ordinary course of trading on the SGX-ST over the last five Trading Days prior to the date of completion of the sale or divestment. The volume weighted average trading price shall be the total value of transactions in the Units (for each transaction, the Unit price multiplied by the volume) for the five Trading Days divided by the total volume transacted for the five Trading Days.

“Enterprise Value”, in relation to an investment, means the sum of Equity and Net Debt, where:

- (a) Equity means the consideration paid or received for assets, investments or participation in units, securities, partnership interests or any other form of economic participation in any trust, entity or unincorporated association, including the consideration paid or offered under any proposals relating to any options over such units, securities, partnership interests or other form of economic participation; and
- (b) Net Debt means the value of any debt including finance lease obligations, unfunded superannuation and minority interests, and net of cash held on the balance sheet of the investment as at the time of acquisition or divestment.

In the case of an acquisition or divestment of an equity share or interest of less than 100%, the definition of Enterprise Value will be applied proportionately to both Equity and Net Debt as defined above.

Any changes to the Acquisition Fee structure or the Divestment Fee structure under the Trust Deed will require the approval of Unitholders by way of a Special Resolution. (See “The Constitution of KGT — Changes in the fees and charges payable to the Trustee-Manager” for further details.)

Others

Based on the value of the Trust Property, consisting of the Sub-Trusts, as provided by the Independent Valuer (see Appendix F — “Independent Valuation Summary Letter” for further details) and based on the profit and cash flow forecast and projection in Forecast Period 2010 and Projection Year 2011 (see “Profit and Cash Flow Forecast and Profit and Cash Flow Projection” for further details), the Management Fee and the Performance Fee would amount to more than 0.1% of the value of the Trust Property.

It is not possible to determine whether the Acquisition Fee and/or the Divestment Fee will amount to 0.1% or more of the value of the Trust Property as each fee is to be determined with reference to the Enterprise Value of the relevant investment to be acquired by KGT or the Enterprise Value of the relevant investment to be sold or divested by KGT respectively, and the relevant investment has not been determined at the date of this Document.

Expenses and services fees of the Trustee-Manager

The Trustee-Manager (in its personal capacity) may be reimbursed by KGT for the out-of-pocket expenses incurred by it or its agent in carrying out its duties as the Trustee-Manager.

If the Board of the Trustee-Manager has authorised the Trustee-Manager to pursue a specific transaction for the benefit of KGT and the transaction is completed by the Trustee-Manager, the Transaction Bid Costs will be capitalised into the transaction’s costs and will be to the account of KGT. If the transaction is not completed, then the Trustee-Manager will be allowed to deduct the Transaction Bid Costs from the Trust Property prior to making payments to Unitholders.

All expenses incurred by the Trustee-Manager or its agents for general purposes in respect of KGT and which are not Transaction Bid Costs will be to the account of KGT.

DIRECTORS

The Board is entrusted with the responsibility for the overall management of the Trustee-Manager. The following table sets forth information regarding the Directors:

Name	Age	Address	Position
Mr Khor Poh Hwa	60	73 Holland Grove View, Singapore 276230	Non-Executive and Non-Independent Director and Chairman of the Board
Mr Alan Ow Soon Sian.	62	50 Richards Place, Singapore 546368	Independent Director
Mr Paul Ma Kah Woh	62	18 Sunset Place, Singapore 597366	Independent Director
Ms Quek Soo Hoon	56	24-A Holland Grove Road, Singapore 278803	Independent Director
Mr Thio Shen Yi	43	69A Coronation Road, House No. 2, Singapore 269467	Independent Director
Mr Teo Soon Hoe	60	1 Ash Grove, Singapore 289783	Non-Executive and Non-Independent Director
Mr Michael Chia Hock Chye . .	57	8A Palm Drive, Singapore 456484	Non-Executive and Non-Independent Director

Experience and Expertise of the Board of Directors

Information on the business and working experience of the Directors is set out below:

Mr Khor Poh Hwa

Mr Khor Poh Hwa is a Non-Executive and Non-Independent Director and the Chairman of the Board. He was appointed as a Non-Executive and Non-Independent Director and the Chairman on 11 February 2010.

Mr Khor was appointed to directorship of Keppel Land Limited in 1998, a post he continues to hold till today. Mr Khor has also been an advisor to KCL in township and infrastructure development between May 2007 and April 2010 and a director of Evergro Properties Limited between September 2008 and December 2009. Prior to that, Mr Khor was seconded from Singapore Public Works Department to the China-Singapore Suzhou Industrial Park Development Co. Ltd. as its Deputy Chief Executive Officer from 1995 to 1997. In 1999, he helmed the corporatisation of Singapore Public Works Department and later became Chief Executive Officer of the new entity, CPG Corporation Pte. Ltd. He retired from the corporation in 2005 but continued to serve as its senior adviser up till 2008. Mr Khor was previously a member of the Asia Pacific Economic Co-operation (APEC) Business Advisory Council, the Singapore-British Business Council, the Singapore-Shandong Business Council and the Network China Steering Committee. He was also formerly President of the Society of Project Managers, Singapore as well as the Singapore-China Suzhou Club.

Mr Khor obtained a Bachelor of Engineering (Civil) from the then Singapore University in 1975 and subsequently a Master of Science (Civil Engineering) from the National University of Singapore in 1980.

Mr Alan Ow Soon Sian

Mr Alan Ow Soon Sian is an Independent Director. He was appointed as an Independent Director on 11 February 2010.

Mr Ow is currently a tax consultant with KhattarWong, a law firm in Singapore, which he joined in 2008. Prior to that, he was the chief executive officer of the Tax Academy of Singapore (“TAS”) from 2006 to 2007 and he also served as a director of TAS from 2006 to 2008. Prior to joining TAS, Mr Ow held various positions in the IRAS from 1970 to 2007. Mr Ow started his career with the IRAS in 1970 as an assistant examiner. He subsequently became an assessment officer in 1972 and was responsible for investigating tax fraud cases from 1973 to 1976. Mr Ow was appointed senior assessment officer in 1977 and assistant commissioner in 1980 where he oversaw the salaries branch of the IRAS and the income tax division of the IRAS from 1980 to 1983 and from 1984 to 1987, respectively. Mr Ow was appointed senior assistant commissioner in 1987, deputy commissioner in 1990 and senior deputy commissioner in 1995. From 1987 to 2002, Mr Ow oversaw all the income tax divisions of the IRAS, the income tax and tax investigation divisions from 1995 to 2002 and most recently, the individual income tax group of the IRAS from 2003 to 2007.

Mr Ow obtained a Bachelor of Social Sciences (Second Class Honours, Lower Division) degree from the University of Singapore in 1970. Subsequently, Mr Ow completed the International Tax Program with the Law School of Harvard University in 1980 and the Advanced Management Program, the International Senior Managers Program, with the Harvard University Graduate School of Business Administration in 1997.

Mr Ow was also awarded the certificate of achievement for proficiency in the acquisition of the skills, techniques and knowledge required of Special Agents by the Department of the Treasury, Internal Revenue Service of USA in 1975. Mr Ow was awarded the Public Administration Bronze Medal in 1981, the Public Administration Silver Medal in 1986 and the Public Administration Gold Medal in 1997 by the Public Service Division, Prime Minister’s Office of Singapore in recognition of his contribution to public administration in Singapore. He was also a member of the Singapore Polytechnic School of Business Advisory Committee from 1992 to 2007. In addition to his current commitments, Mr Ow is also the treasurer of Morning Star Community Services, a community services organisation.

Mr Paul Ma Kah Woh

Mr Paul Ma Kah Woh is an Independent Director. He was appointed as an Independent Director on 11 February 2010.

Mr Ma was a senior partner of KPMG Singapore where he was in charge of the audit & risk advisory practice and risk management function for many years until his retirement in 2003.

Mr Ma sits on the board of directors and is a member of the audit committee and executive resource and compensation committee of Mapletree Investment Pte Ltd. He is the Chairman of the board of directors of Mapletree Logistics Trust Management Limited, the manager of the Mapletree Logistics Trust, a logistics real estate investment trust listed in Singapore. He also sits on the boards of Hwa Hong Corporation Ltd, SMRT Corporation Ltd and Tenet Insurance Company Limited and chairs the audit committee of Hwa Hong Corporation Ltd, and SMRT Corporation Limited. Hwa Hong Corporation Ltd is a listed company principally involved in real estate and general insurance; SMRT Corporation Limited is a listed company principally involved in rapid transit services and bus and taxi operations in Singapore and Tenet Insurance Company Limited is involved in general insurance.

Mr Ma also sits on the boards of two private equity funds, CapitaLand China Development Fund Pte Ltd and CapitaLand China Development Fund II Ltd. He is a trustee on the board of trustees of the National University of Singapore and chairs its audit committee. He was recently appointed to the Board of Nucleus Connect Pte Ltd, a wholly-owned subsidiary of Starhub Ltd. and the operator of the Next Generation Broadband Network, which will become operational in 2010.

Mr Ma is a Fellow of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore.

Ms Quek Soo Hoon

Ms Quek Soo Hoon is an Independent Director. She was appointed as an Independent Director on 11 February 2010.

Ms Quek is an operating partner of iGlobe Partners (II) Pte. Ltd. responsible for strategic issues, human and information capital. Prior to joining iGlobe Partners (II) Pte. Ltd. in 2009, Ms Quek was Senior Managing Director (Established Markets) at Great Eastern Life Assurance Co Ltd., where she was responsible for business strategies for Malaysia and Singapore markets. From 2000 to 2005, she was Executive Director (Insurance Supervision Department) at the MAS, where she was responsible for regulating and supervising the insurance industry.

Ms Quek joined Keppel Insurance Pte. Ltd. in 1986 to initiate and develop the life insurance business and left Keppel Insurance Pte. Ltd. in 2000 as the General Manager (Life Insurance).

Her business experience began as an actuarial trainee with Commercial Union (London) in 1975 and she later assumed various senior management positions in life marketing, group insurance and actuarial services in the American International Assurance (AIA) Company Limited. Prior to joining American International Assurance (AIA) Company Limited, she was a management services officer with the Ministry of Finance.

Ms Quek graduated from the London School of Economics and Political Science in 1975 with a Bachelor of Science (Economics) (First Class Honours) and later qualified for fellowship at the Institute of Actuaries (United Kingdom). In October 2007, she was recognised as a Distinguished Fellow of the International Association of Insurance Supervisors.

Mr Thio Shen Yi

Mr Thio Shen Yi is an Independent Director. He was appointed as an Independent Director on 11 February 2010.

Mr Thio is currently the joint managing director of TSMP Law Corporation. Mr Thio started his career with Drew & Napier LLC in 1993 as an associate, joined Rajah & Tann LLP as a senior associate in 1997 and TSMP Law Corporation as a joint managing director in 1998.

Mr Thio obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in 1991 and 1995, respectively. In 1992, Mr Thio was called to the Middle Temple in England as a barrister-at-law, winning the Council of Legal Education Prize 1992 in the process. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1993. Mr Thio was appointed a fellow of the Singapore Institute of Arbitrators in 2006, and Senior Counsel by the Selection Committee under the Legal Profession Act (Chapter 161) in 2008. Mr Thio is a fellow of the Singapore Academy of Law and a member of its Legal Education and Studies Committee. He is also a member of the Law Society of Singapore and chairperson of its Continuing Professional Development Committee.

Mr Teo Soon Hoe

Mr Teo Soon Hoe is a Non-Executive and Non-Independent Director of the Board. He was appointed as a Non-Executive and Non-Independent Director on 11 February 2010.

Mr Teo is currently the senior executive director and group finance director of KCL. He was appointed to the board of KCL in 1985. He is the Chairman of Keppel Telecommunications & Transportation Ltd, MobileOne Ltd and Keppel Philippines Holding Inc. In addition, Mr Teo is a director of several other companies within the Keppel Group, including Keppel Land Limited, Keppel Offshore & Marine Ltd and k1 Ventures Limited.

Mr Teo began his career with the Keppel Group when he joined Keppel Shipyard (Private) Limited in 1975 as a junior projects officer. From 1976 to 1978, he was seconded to Singmarine Shipyard (Private) Limited as an administration manager. In 1979, he was then seconded to Shing Loong Finance Limited as its general manager. In 1980, Mr Teo returned to Keppel Shipyard Limited where he assumed the position of finance manager and he was promoted to general manager of the group finance division in 1983. Mr Teo assumed the position of group finance director of KCL in 1985.

Mr Teo graduated from the University of Singapore with a bachelor's degree in business administration in 1972. He is currently a member of the Wharton Society of Fellows, University of Pennsylvania, the U.S.

Mr Michael Chia Hock Chye

Mr Michael Chia Hock Chye is a Non-Executive and Non-Independent Director of the Board. He was appointed as a Non-Executive and Non-Independent Director on 13 January 2010.

Mr Chia is currently the Deputy Chairman and the Chief Executive Officer of the Sponsor, as well as the Managing Director (Offshore) of Keppel Offshore & Marine Limited. Prior to joining the Keppel Group in 1980, Mr. Chia worked as the Project Superintendent and Head of Production, Planning and Control in Promet Shipbuilding from 1978 to 1980. From 1976 to 1978, Mr. Chia worked as an engineer at Jurong Shipyard where he was responsible for steelwork, repairs and conversion projects in ship repairs.

Mr Chia obtained a Bachelor of Science (First Class Honours) in Naval Architecture and Shipbuilding from the University of Newcastle Upon Tyne, UK in 1974 and a Master of Business Administration from the National University of Singapore in 1987. In 2005, Mr Chia obtained a Graduate Certificate in International Arbitration from the National University of Singapore, Faculty of Law. Mr Chia was appointed as Chairman of the Singapore Maritime Foundation in 2010.

Except as described above, none of the Directors are related to one another, any Executive Officer, any employee of the Trustee-Manager upon whose work KGT is dependent, any Substantial Shareholder of the Trustee-Manager or to any Substantial Unitholder.

A list of the present and past directorships of each Director over the last five years preceding the Latest Practicable Date is set out in Appendix I — "List of Present and Past Principal Directorships of Directors and Executive Officers of the Trustee-Manager".

As evidenced by their respective business and working experience set out above and their present and past directorships set out in Appendix I — "List of Present and Past Principal Directorships of Directors and Executive Officers of the Trustee-Manager", the Directors possess the appropriate expertise to act as directors of the Trustee-Manager. The Trustee-Manager has made

arrangements for the Directors to be informed of the roles and responsibilities of a director of a trustee-manager managing a listed business trust in Singapore.

The Independent Directors, namely, Mr Ow, Mr Ma, Ms Quek and Mr Thio, by accepting their respective appointments have (i) confirmed that they are able to discharge their respective responsibilities as Independent Directors of the Trustee-Manager and (ii) undertaken to ensure that sufficient time and attention will be given to the affairs of KGT.

Roles and Responsibilities of the Board

The key roles of the Board are to:

- (a) guide the corporate strategy and direction of the Trustee-Manager;
- (b) ensure that senior management exercises business leadership with integrity and enterprise; and
- (c) oversee the proper conduct of the Trustee-Manager.

The Board comprises seven Directors. Each Director has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of KGT.

The Board will meet regularly, at least once every Quarter, to review KGT's business activities and strategies pursuant to its then-prevailing investment strategy, any proposals and forecasts on income, capital expenditure and valuations, explanations of major variances to previous forecasts, and written commentary on key issues and any relevant assumptions, to explain the performance of KGT's businesses. Such regular review is aimed at ensuring adherence to the Trust Deed and any applicable legislation, regulations and guidelines.

The Board will approve a set of internal controls which set out approval limits for capital expenditure, investments and divestments and bank borrowings as well as arrangements in relation to cheque signatories. In addition, sub-limits will also be delegated to various management levels to facilitate operational efficiency.

The Board will engage the services of the Internal Audit team of Keppel Group to conduct an annual internal controls audit of KGT. The Audit Committee will review the scope of work of the Internal Audit team of Keppel Group and the Internal Audit team will report directly to the Audit Committee.

Changes to regulations and accounting standards will be monitored closely by the members of the Audit Committee. (See "Corporate Governance — Audit Committee, Nominating Committee, Remuneration Committee and Conflicts Resolution Committee — Formation of the Audit Committee, Nominating Committee, Remuneration Committee and Conflicts Resolution Committee — Audit Committee".) To keep pace with regulatory changes, where these changes have an important bearing on the Trustee-Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving the relevant professionals. The management will also provide the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments.

All the Directors are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspectives on issues that are brought before the Board. It would also enable the Board to interact and work with the management through a robust exchange of ideas and views to help shape the strategic process. This, together with a separation of the roles of the Chairman and the Chief Executive Officer,

provides a healthy professional relationship between the Board and the management, with clarity of roles and robust oversight as they deliberate on the business activities of the Trustee-Manager.

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective check and balance.

There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and the management work together with integrity and competency, and that the Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans while the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

The Board has separate and independent access to senior management and the Company Secretaries at all times. The Company Secretaries attend to corporate secretarial administration matters and attend all Board meetings. The Board also has access to independent professional advice where appropriate. As at the date of this Document, the Company Secretaries are Mr Ng Wai Hong (LLB Hons) and Mr Ng Chin Chai Joseph (LLB Hons).

Independence of the Independent Directors

The Board will adhere to requirements of the BTA with regard to the independence of the Independent Directors of the Trustee-Manager. Under the Business Trusts Regulations, an independent director is either:

- (a) a person who is considered to be independent from management and business relationships with the trustee-manager as well as independent from a Substantial Shareholder of the trustee-manager pursuant to the definitions used in the Business Trusts Regulations; or
- (b) a person whom, notwithstanding that he has the relationships described above, the board of directors of the trustee-manager is satisfied that his independent judgment and ability to act with regard to the interests of all the unitholders of the registered business trust as a whole will not be interfered with, despite such relationships.

Mr Thio Shen Yi is considered to have a business relationship (as described below) with the Trustee-Manager and its related corporations (which consist of a large group of corporations, namely, KCL, the Sponsor and their related corporations, and which therefore have extensive business activities) according to the definition used in the Business Trusts Regulations. Under these regulations, a director is considered not to be independent from business relationships with the trustee-manager or its related corporations or with any officer of the trustee-manager or any of its related corporations if:

- (i) he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the trustee-manager or any of its related corporations has made, or from which the trustee-manager or any of its related corporations has received, payments (whether or not the trustee-manager is acting for or on behalf of the registered business trust) at any time during the current or immediately preceding financial year of the trustee-manager; or

- (ii) he is receiving or has received compensation from the trustee-manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the trustee-manager or any of its related corporations, at any time during the current or immediately preceding financial year of the trustee-manager.

Mr Thio Shen Yi is a joint managing director of TSMP Law Corporation and a director of Allens Arthur Robinson TSMP, which are law firms. Allens Arthur Robinson TSMP was instructed by KCL in a corporate transaction in 2009 which Mr Thio was not personally involved in and will not derive any economic benefits from.

In addition, Mr Alan Ow Soon Sian is not considered to be independent from KCL, being the sole Substantial Shareholder of the Trustee-Manager (as described below), according to the definition used in the Business Trusts Regulations. Under these regulations, a director is considered not to be independent from a Substantial Shareholder of the trustee-manager if he is that Substantial Shareholder or he is connected to that Substantial Shareholder. A director is considered to be connected to a Substantial Shareholder if, in the case where the Substantial Shareholder is a corporation, he is:

- (a) employed by the Substantial Shareholder;
- (b) employed by a subsidiary or an associated company of the Substantial Shareholder;
- (c) a director of the Substantial Shareholder;
- (d) an executive director of a subsidiary or an associated company of the Substantial Shareholder;
- (e) a non-executive director of a subsidiary or an associated company of the Substantial Shareholder, where the subsidiary or associated company is not the trustee-manager;
- (f) a partner of a firm of which the Substantial Shareholder is also a partner; or
- (g) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder.

Mr Alan Ow Soon Sian is an independent director of MobileOne Ltd, which is an associated company of KCL according to the definition used in the Business Trusts Regulations.

Review of independence

In light of the foregoing, the Board has reviewed the independence of Mr Thio Shen Yi from business relationships with the Trustee-Manager and/or its related corporations and the independence of Mr Alan Ow Soon Sian from KCL, being the sole Substantial Shareholder of the Trustee-Manager.

Having carried out such review, the Board is satisfied that:

- (a) the business relationship described above will not interfere with Mr Thio Shen Yi's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. Accordingly, the Board has determined that Mr Thio is independent from business relationships with the Trustee-Manager and/or its related corporations and is therefore an Independent Director; and

- (b) the connection to KCL will not interfere with Mr Alan Ow Soon Sian's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. Accordingly, the Board has determined that Mr Ow is independent from a Substantial Shareholder of the Trustee-Manager and is therefore an Independent Director.

The Board has reached this conclusion based on the following reasons:

- (i) The Board noted that while Mr Thio Shen Yi and the law firms in which he is a director may provide legal services to the Trustee-Manager and its related corporations, the measures described in this paragraph will ensure that Mr Thio will not be involved in any decision-making process which will involve the appointment of TSMP Law Corporation or Allens Arthur Robinson TSMP. There will thus be no interference with his exercise of independent judgment and his ability to act with regard to the interests of Unitholders as a whole. The Board believes that Mr Thio, in the course of his service as a Director, will show independent judgment in his deliberation of the interests of KGT and that Mr Thio's participation in the Board will benefit KGT given his expertise. Mr Thio will abstain from the Board's decisions in relation to the choice of legal counsel for KGT, where TSMP Law Corporation or Allens Arthur Robinson TSMP is involved.
- (ii) The Board believes that Mr Alan Ow Soon Sian, in the course of his service as a Director, will show independent judgment in his deliberation of the interests of KGT and that Mr Ow's participation in the Board will benefit KGT given his expertise. Mr Ow will abstain from the Board's decisions in relation to any matter which involves MobileOne Ltd in which he is an independent director.

Mr Alan Ow Soon Sian and Mr Thio Shen Yi will exercise independent judgment in their roles as members of the Audit Committee, the Nominating Committee, the Remuneration Committee and Conflicts Resolution Committee. Where they are interested in any matter, they shall be required to declare such interest and fulfil the requirements under the BTA in regard to such matters.

EXECUTIVE OFFICERS

The following table sets forth information regarding the Executive Officers:

Name	Age	Address	Position
Mr Thomas Pang Thieng Hwi	45	33 Blair Road, Singapore 089933	CEO
Ms Kang Leng Hui	32	30 Sturdee Road, #20-06, Singapore 207852	Chief Financial Officer
Ms Foo Chih Chi	32	8 Faber Heights, Singapore 129160	Senior Investment Manager

Experience and Expertise of the Executive Officers

Information on the working experience of the Executive Officers is set out below:

Mr Thomas Pang Thieng Hwi

Mr Thomas Pang Thieng Hwi will be the CEO of the Trustee-Manager. He will be seconded to the Trustee-Manager on a full-time basis with effect from the Completion Date, but remain under the employment of Keppel Offshore & Marine Ltd.

Mr Pang joined Keppel Offshore & Marine Ltd in 2002 as a senior manager (merger integration office) to assist in the merger integration of Keppel FELS Limited and Keppel Shipyard Limited. He is currently the general manager (corporate development) and oversees the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd.

Before joining Keppel Offshore & Marine Ltd, Mr Pang was the vice president (finance and business development) of Arrakiis Pte Ltd, where he was involved in fund raising and business development activities. Prior to that, he was an investment manager with Vertex Management (UK) from 1998 to 2001.

Mr Pang was also the vice president (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well an assistant head at the Economic Development Board of Singapore responsible for local enterprise development from 1988 to 1995.

Mr Pang obtained a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge in 1988 and 1993, respectively. In 1998, he also obtained an Investment Management Certificate from the Institute of Investment Management and Research.

Ms Kang Leng Hui

Ms Kang Leng Hui will be the Chief Financial Officer of the Trustee-Manager. She will be seconded to the Trustee-Manager on a full-time basis with effect from the Completion Date, but remain under the employment of KCL.

Ms Kang has been with KCL since 2005. In her current role as Finance Manager, she is responsible for the value management of KCL, management reporting and other financial-related matters. She also performs business and financial review of the operating companies, provides technical and accounting advisory and develops group policies for best practices. Prior to joining KCL, she worked at PricewaterhouseCoopers from 2000 to 2005, where she left as an Audit Manager.

Ms Kang graduated with a Bachelor of Accountancy Degree (Second Class Honours (Lower Division)) from Nanyang Technological University in 2000. She is a member of the Institute of Certified Public Accountants of Singapore.

The Audit Committee has reviewed Ms Kang's resume, and conducted an interview session with her. The Audit Committee is of the opinion that Ms Kang possesses the capabilities to act as Chief Financial Officer of the Trustee-Manager.

Ms Foo Chih Chi

Ms Foo Chih Chi will be the Senior Investment Manager of the Trustee-Manager. She will be seconded to the Trustee-Manager on a full-time basis with effect from the Completion Date, but remain under the employment of KCL.

From 2008 to 2009, she was seconded from KCL to Alpha Investment Partners Pte Ltd where she was a senior investment manager, specialising in structured real estate investments. Between 2000 and 2008, she was a part of KCL's strategic development and planning division where she was responsible for corporate strategy and new business development. She started her career in 1999 as a business analyst with ExxonMobil Asia Pacific Pte Ltd.

Ms Foo obtained a Bachelor of Business Administration from the University of Michigan, School of Business Administration in 1999.

None of the Executive Officers is related to one another, to any Director, to any employee of the Trustee-Manager upon whose work KGT is dependent, to any Substantial Shareholder of the Trustee-Manager or to any Substantial Unitholder.

A list of the present and past directorships of each Executive Officer of the Trustee-Manager over the last five years preceding the Latest Practicable Date is set out in Appendix I — “List of Present and Past Principal Directorships of Directors and Executive Officers of the Trustee-Manager”.

The Trustee-Manager will employ full-time Executive Officers in place of the current secondment arrangement when the net asset value of KGT grows to approximately S\$1.0 billion.

Rationale for the Secondment Arrangement

The rationale for the secondment of the Executive Officers from the Keppel Group to the Trustee-Manager are as follows:

- (a) it is crucial that the Keppel Group give the Trustee-Manager and KGT its support in providing required resources, services and experiences during the start-up of KGT; and
- (b) it would be beneficial to KGT and the Unitholders to tap on the talent pool of the Keppel Group to focus on the initial stages of KGT’s growth before the Trustee-Manager starts building an independent team and phasing out the secondment arrangement when the assets of KGT grow to around S\$1.0 billion.

Roles of the Executive Officers

The **Chief Executive Officer** of the Trustee-Manager is responsible for working with the Board to determine the strategy for KGT. The Chief Executive Officer will also work with the other members of the Trustee-Manager’s management team to ensure that KGT is operated in accordance with the stated investment strategy of the Trustee-Manager. He will also be responsible for the strategic planning and development of KGT.

The **Chief Financial Officer** of the Trustee-Manager is primarily responsible for the financials of KGT. A large part of her responsibility will be focused on the financial performance and financial indicators of the assets of KGT. She is also responsible for preparing the statutory accounts, co-ordinating with external auditors, managing the tax affairs, sourcing and managing the borrowings and preparing reports on the performance of KGT.

The **Senior Investment Manager** of the Trustee-Manager is primarily responsible for identifying and evaluating potential acquisitions with a view to enhancing KGT’s portfolio or divestments where an asset is no longer strategic or fails to enhance KGT’s portfolio or fails to be yield-accretive. The Senior Investment Manager also recommends and analyses potential asset enhancement initiatives.

Appointment and role of Senior Adviser

In carrying out their duties, the Executive Officers will be assisted by Mr Koh Hee Song, who will be appointed as Senior Adviser to the Trustee-Manager with effect from the Completion Date. Appointed as a consultant, Mr Koh’s role as Senior Adviser is to work with the Executive Officers to evaluate potential acquisitions and/or divestments and recommend and analyse potential asset enhancement initiatives from a technical perspective. His role is to also advise the Executive Officers on technical matters relating to the business of KGT as and when the circumstances require.

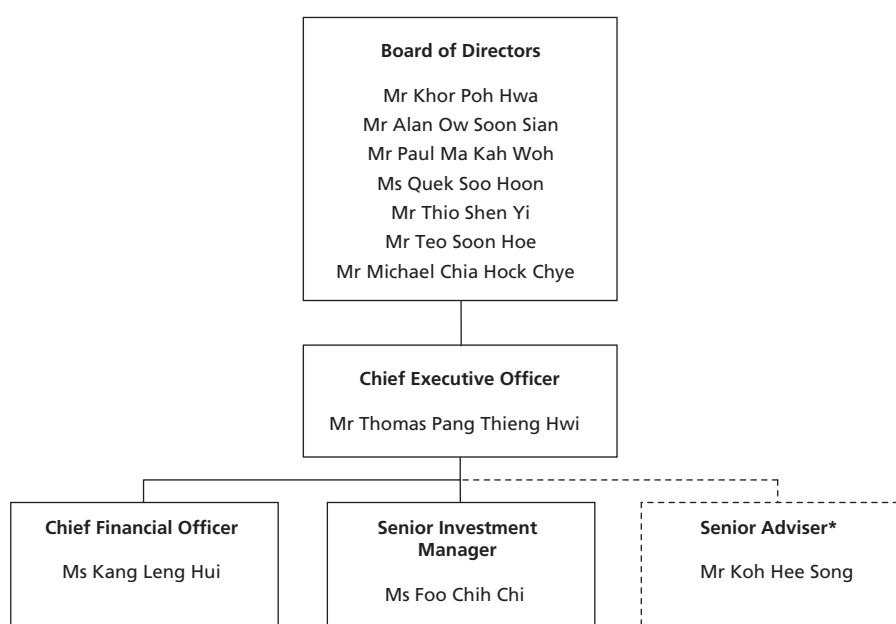
Mr Koh's appointment as a consultant to the Trustee-Manager is for a term of at least three years from the Completion Date. If his appointment ceases for any reason within the three years, the Trustee-Manager will appoint another consultant with similar experience and expertise for the remaining duration of the term.

Mr Koh Hee Song is currently Senior Adviser to Keppel Seghers in matters pertaining to solid waste management projects. His engagement will be terminated prior to the Completion Date. Prior to that, Mr Koh held various positions with NEA and the Ministry of the Environment (now known as the Ministry of the Environment and Water Resources). Mr Koh started his career as a mechanical engineer with the Sewerage Department of the Public Works Department in 1969 where he was responsible for the installation and commissioning, and the O&M, of the mechanical and electrical equipment in various sewage and wastewater treatment plants. From 1974 to 1978, Mr Koh was the manager of the Vehicle Workshop of the Ministry of the Environment. From 1978 to 1982, he was the overall responsible for the management of the Ulu Pandan Refuse Incineration Plant. Mr Koh was appointed as the Chief Engineer of the Engineering Services Department in the Ministry of the Environment from 1982 to 1990. During this time, he was involved in the planning, design, construction, commissioning and O&M of WTE plants (including Senoko Plant), sanitary landfills and transfer stations. In 1990, Mr Koh was appointed as the Head of the Engineering Services Department in the Ministry of the Environment and NEA upon its formation in 2002, where he had the overall responsibility for the management, financial control and administration of the department until his retirement in 2003.

Mr Koh was awarded the Colombo Plan Scholarship for Mechanical Engineering, Australia in 1965 and he obtained a Bachelor of Engineering (Mechanical) (Second Class Honours (Division One)) in 1968 from the University of Sydney.

Mr Koh was also awarded the Public Administration Bronze Medal in 1981 and the Public Administration Silver Medal in 2002 and the Long Service Medal in 2003 by the Government of Singapore in recognition of his contribution to public administration in Singapore. Mr Koh is also a member of the Professional Engineers Board, Singapore.

MANAGEMENT REPORTING STRUCTURE OF THE TRUSTEE-MANAGER



* Appointed as a consultant to the Trustee-Manager

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

No compensation was paid to any of the Directors or the Executive Officers during the first financial period of KGT from 23 July 2009 to 31 December 2009. The estimated compensation to be paid to the Directors and the Executive Officers for services rendered to the Trustee-Manager in FY2010 on an individual basis and in remuneration bands are as follows:

	Estimated Remuneration for FY2010^{(1),(2)}
Directors	
Mr Khor Poh Hwa	A
Mr Alan Ow Soon Sian	A
Mr Paul Ma Kah Woh	A
Ms Quek Soo Hoon	A
Mr Thio Shen Yi	A
Mr Teo Soon Hoe	A
Mr Michael Chia Hock Chye	A
Executive Officers	
Mr Thomas Pang Thieng Hwi	A
Ms Kang Leng Hui	A
Ms Foo Chih Chi	A

Notes:

- (1) "A" refers to remuneration up to S\$250,000. Includes directors' fees and any benefits in kind (but does not include variable or performance bonus).
- (2) No compensation was payable to the Directors before their respective dates of appointment and to the Executive Officers before the Completion Date.

There are no existing or proposed service contracts entered or to be entered into by the Directors with the Trustee-Manager or any subsidiary or subsidiary entity of KGT which provides for benefits upon termination of employment.

All remuneration and compensation, including any future bonus or profit-sharing plan or any other profit-linked agreement or arrangement, payable to the Directors and the Executive Officers will be paid by the Trustee-Manager (in its personal capacity) and not out of the Trust Property.

The Trustee-Manager has not set aside or accrued any amounts for its employees to provide for pension, retirement or similar benefits.

No compensation is currently payable to any Director or Executive Officer in the form of options in Units or pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement.

EMPLOYEES

As at the date of this Document, the Trustee-Manager has three employees who are based in Singapore and are not unionised. With effect from the Completion Date, the Trustee-Manager will have four additional persons (including the Executive Officers) seconded full-time to the Trustee-Manager who will be based in Singapore.

Under the secondment arrangement, the compensation of the Executive Officers will be pegged to market rates and variable payments will depend on the performance of KGT and their respective performance. The Remuneration Committee will decide on the level of compensation (including variable payments) for the Executive Officers based on information furnished by the respective employers of the Executive Officers (such as the market rates for persons in equivalent positions). Their compensation will be paid by their respective employers, who will in turn be reimbursed by the Trustee-Manager (in its personal capacity) and not out of the Trust Property.

As of the Latest Practicable Date, Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC do not have any employees.

The operation, maintenance and repair of the Plants are carried out by staff employed by Keppel Seghers in its capacity as the Keppel O&M Operator while The Flue Gas Treatment Upgrade will be carried out by staff employed by Keppel Seghers in its capacity as the Keppel EPC Contractor.

CONSTITUENT DOCUMENTS OF THE TRUSTEE-MANAGER

Certain key provisions of the Memorandum and Articles of Association of the Trustee-Manager are set out below.

The power of a Director of the Trustee-Manager to vote on a proposal, arrangement or contract in which he is interested

A Director has to, as soon as is practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the Directors. Subject to such disclosure, as well as Section 156 of the Companies Act and the BTA, a Director is entitled to vote on transactions in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

The borrowing powers exercisable by the Trustee-Manager (acting in its capacity as trustee-manager of the relevant business trust) and how such borrowing powers may be varied

The Memorandum of Association of the Trustee-Manager sets out the objects for which the Trustee-Manager was formed, including acting as trustee-manager of KGT, and the powers of the Trustee-Manager.

Section 28(4) of the BTA prohibits the Trustee-Manager from borrowing on behalf of KGT unless the power of borrowing is conferred upon it by the Trust Deed. Clause 9.8 of the Trust Deed empowers the Trustee-Manager to borrow monies on behalf of KGT for the purpose of enabling the Trustee-Manager to meet any liabilities under or in connection with the trusts of the Trust Deed or whenever the Trustee-Manager considers it desirable that monies be borrowed or raised in connection with engaging in any authorised business undertaken by KGT in accordance with the Trust Deed upon such terms and conditions as it thinks fit and, in particular, by charging or mortgaging all or any of the assets of KGT or by issuing debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Trustee-Manager, as trustee-manager of KGT, provided that the Trustee-Manager shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the borrowing or raising of monies which (in its opinion) would render its liability to extend beyond it being limited to the Trust Property.

Any variation of the borrowing powers as contained in the Trust Deed would require the approval of the Unitholders by way of a Special Resolution duly passed by the Unitholders and such other regulatory approvals as may be required to vary the terms of the Trust Deed.

The retirement or non-retirement of a Director of the Trustee-Manager under an age limit requirement

The Memorandum and Articles of Association of the Trustee-Manager do not specify an age limit beyond which a Director shall retire.

The number of units in the business trust, if any, required for the qualification of a director of the trustee-manager

A Director is not required to hold any Units in KGT to qualify as a Director.

Retirement of directors

The appointment of the Directors will continue until such time as they resign, are required to vacate their office as directors or are removed by way of an ordinary resolution of the shareholders of the Trustee-Manager, in each case, in accordance with the Articles of Association of the Trustee-Manager.

OTHER RIGHTS AND OBLIGATIONS OF THE TRUSTEE-MANAGER

Change of Investment Objectives and Policies

In accordance with the requirements of the Listing Manual, the Trustee-Manager's investment objectives and policies for KGT may not be changed in the first three years following the Listing Date, unless approved by the Unitholders by Special Resolution in a meeting of the Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

Discretion to delegate

Whilst the Trustee-Manager is required to be dedicated to the conduct of the business of KGT, it is not prohibited from delegating its duties and obligations to third parties, including qualified advisers and service providers. The Trustee-Manager may, in managing KGT and in carrying out and performing its duties and obligations under the Trust Deed, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the Trust Deed, provided that the Trustee-Manager shall be liable for all acts and omissions of such persons in certain circumstances as if such acts and omissions were its own.

Save for an instance of fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise the degree of care and diligence required of a trustee-manager of a business trust registered under the BTA ("**Due Care**"), it shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the Trust Deed. In addition, the Trustee-Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as Trustee-Manager, to have recourse to the Trust Property or any part thereof save where such action, cost, claim, damage, expense, penalty or demand is occasioned by fraud, wilful default or breach of trust by the Trustee-Manager or where the Trustee-Manager fails to exercise Due Care.

Power to secure borrowings over Trust Property

The Trustee-Manager may borrow on behalf of KGT (upon such terms and conditions as it deems fit, including the charging or mortgaging of all or any part of the Trust Property) whenever the Trustee-Manager considers, among other things, that such borrowings are necessary or desirable in order to enable KGT to meet any liabilities or to finance the acquisition of any assets.

Issue of annual reports

An annual report covering the period as required under the Listing Manual and all relevant laws will be issued by the Trustee-Manager to the Unitholders within four months from the end of each accounting period of KGT and at least 14 days before the annual general meeting of the Unitholders, containing, among other things:

- (a) details of all material transactions in respect of KGT entered into for the relevant accounting period;
- (b) a general description of each of the “green” infrastructure assets owned by KGT;
- (c) the corporate social responsibility policies of KGT;
- (d) an operational and financial review of KGT;
- (e) the amount of distributable income held pending distribution to Unitholders;
- (f) the amount of fees paid to the Trustee-Manager (including any Units issued in part or full payment thereof, and the issue price of such Units);
- (g) details of amounts outstanding under any financing arrangements;
- (h) details of KGT’s other material investments;
- (i) the highest and lowest prices at which the Units were traded on the SGX-ST during the relevant accounting period;
- (j) the volume of trade in the Units during the relevant accounting period; and
- (k) the aggregate value of all transactions entered into by the Trustee-Manager, for and on behalf of KGT, with an “interested person” (as defined in the Listing Manual).

The first financial period of KGT is from the date of its constitution (being 23 July 2009) to 31 December 2009. The next financial period of KGT will be from 1 January 2010 to 31 December 2010.

KGT will hold its first annual general meeting as a registered business trust on or prior to 30 April 2011, which falls within 18 months after the date of its registration as a registered business trust under the BTA. The first annual report of KGT as a business trust listed on the SGX-ST will cover the period from 1 January 2010 to 31 December 2010.

The Board is required under Section 86 of the BTA to make a written statement, in accordance with a Board resolution and signed by not less than two Directors on behalf of the Board, certifying that:

- (a) fees or charges paid or payable out of the Trust Property to the Trustee-Manager are in accordance with the Trust Deed;
- (b) interested person transactions are not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction; and
- (c) the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of KGT or on the interests of all the Unitholders as a whole,

and such statement must be attached to the profit and loss accounts of KGT.

Issue of quarterly reports

KGT will also issue quarterly reports in accordance with the requirements of the Listing Manual and all relevant laws. These quarterly reports will contain, among other things, the financial statements of the KGT Group for the relevant quarter, the earnings per Unit (calculated in accordance with the requirements of the SGX-ST) and a review of the performance of the KGT Group which contains significant factors affecting turnover, costs, and earnings of the KGT Group for the financial period reported on, and any material factors that affected the cash flow, working capital, assets or liabilities of the KGT Group during the financial period reported on.

(See also "Waivers by the SGX-ST of certain requirements in the Listing Manual" below.)

Retirement or Removal of the Trustee-Manager

Under the BTA, the Trustee-Manager may be removed, as trustee-manager of KGT, by the Unitholders by a Special Resolution or it may resign as trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with such procedures as the MAS may prescribe. Any purported change of the trustee-manager of a registered business trust is ineffective unless it is made in accordance with the BTA. The Trustee-Manager and/or any of its connected persons (as defined in the Listing Manual) is entitled to vote on any Units held by them at a Unitholders meeting (notwithstanding Rule 748(5) of the Listing Manual) on a resolutions to remove the Trustee-Manager.

The Trustee-Manager will remain the trustee-manager of KGT until another company is appointed by:

- (a) the Unitholders to be the trustee-manager of KGT; or
- (b) the court under Section 21(1) of the BTA to be the temporary trustee-manager of KGT,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to Section 21(1) of the BTA, on an application by the MAS or the Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of KGT for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

Pursuant to Section 22 of the BTA, the temporary trustee-manager of KGT is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take such steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of KGT.

No termination fees are payable to the Trustee-Manager under the Trust Deed upon the removal or resignation of the Trustee-Manager.

Change in auditor of KGT

The Trustee-Manager is required by the SGX-ST to seek the prior consent of the SGX-ST for any proposed change in the auditor of KGT or its significant subsidiaries and associated companies.

Waivers by the SGX-ST of certain requirements in the Listing Manual

The Trustee-Manager has obtained the following waivers from the SGX-ST:

- (a) the requirement under Rules 404(3) of the Listing Manual that an investment fund denominated in Singapore dollars comply with certain investment restrictions, subject to KGT's compliance with the BTA;
- (b) the requirement under Rule 404(5) of the Listing Manual that the management company managing the investments of an investment fund be reputable and have an established track record in managing investments, subject to the Trustee-Manager having the necessary experience, and the corresponding requirement under Rule 407(4) of the Listing Manual for the submission of the financial track record of the investment manager and investment adviser and of the persons employed by them to the SGX-ST;
- (c) the requirement under Rules 409(3), 608 and 609 of the Listing Manual for the submission of the annual accounts of KGT for each of the last five financial years to the SGX-ST and the inclusion in this Document the pro forma accounts of KGT for the past three financial years;
- (d) the requirement under Rule 748(1) of the Listing Manual for KGT to announce via SGXNET its net tangible assets per Unit at the end of each week; and
- (e) the requirement under Rule 748(3) of the Listing Manual for the annual reports of KGT to disclose certain information, subject to the disclosure of the information set out in "The Trustee-Manager of KGT — Other Rights and Obligations of the Trustee-Manager — Issue of annual reports".

CORPORATE GOVERNANCE

The regime under the BTA stipulates requirements and obligations in respect of corporate governance. For example, the Business Trusts Regulations set out the requirements for, among other things, board composition of a trustee-manager, audit committee composition of a trustee-manager and independence of directors of a trustee-manager. In addition to complying with the requirements of the BTA, the Board will also establish a nominating committee, a remuneration committee and a conflicts resolution committee. The following is a summary of the material provisions of the BTA insofar as they relate to the Board.

COMPOSITION OF THE BOARD

The Board of the Trustee-Manager must comprise¹:

- (a) at least a majority of Directors who are independent from management and business relationships with the Trustee-Manager;
- (b) at least a majority of Directors who are independent from any single Substantial Shareholder of the Trustee-Manager; and
- (c) at least one-third of Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager.

INDEPENDENCE OF DIRECTORS²

Independence from management and business relationships

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 KGT), 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 independent judgment with regard to the interests of all the Unitholders as a whole.

¹ Section 14(2) of the BTA provides that contravention of the provision on board composition is an offence and renders the Trustee-Manager liable on conviction to a fine not exceeding S\$100,000. Regulation 12(5) of the Business Trusts Regulations provides that where a single substantial shareholder has an interest in 50% or more of the voting shares in the trustee-manager of a registered business trust, Regulation 12(1)(c) shall not apply to the trustee-manager in respect of the independence of its directors from that substantial shareholder. As the Trustee-Manager is a wholly-owned subsidiary of the Sponsor, Regulation 12(1)(c) of the Business Trusts Regulations (requiring at least a majority of the directors to be independent from any single substantial shareholder of the Trustee-Manager) is inapplicable.

² Regulations 3 and 4 of the Business Trusts Regulations.

Independence from management relationships

A Director is not considered to be independent from management relationships with the Trustee-Manager or with any of its subsidiaries if:

- (a) he is employed by the Trustee-Manager or by any of its subsidiaries, or has been so employed, at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager;
- (b) any member of his immediate family:
 - (i) is being employed by the Trustee-Manager or by any of its subsidiaries as an executive officer whose compensation is determined by the Board or the subsidiary, as the case may be; or
 - (ii) has been so employed at any time during the current financial year or any of the preceding three financial years of the Trustee-Manager; or
- (c) he is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the management of the Trustee-Manager or any of its subsidiaries.

Independence from business relationships

A Director is not considered to be independent from 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, if:

- (a) he is a substantial shareholder, a director or an executive officer of any corporation, or a sole proprietor or partner of any firm, where such corporation, sole proprietorship or firm carries on business for purposes of profit to which the Trustee-Manager or any of its related corporations has made, or from which the Trustee-Manager or any of its related corporations has received, payments (whether or not the Trustee-Manager is acting for or on behalf of KGT) at any time during the current or immediately preceding financial year of the Trustee-Manager; or
- (b) he is receiving or has received compensation from the Trustee-Manager or any of its related corporations, other than remuneration received for his service as a director or as an employee of the Trustee-Manager or any of its related corporations, at any time during the current or immediately preceding financial year of the Trustee-Manager.

Independence from Substantial Shareholder

A Director is considered to be independent from a Substantial Shareholder of the Trustee-Manager if he is not that Substantial Shareholder of the Trustee-Manager or is not connected to that Substantial Shareholder of the Trustee-Manager.

The Director is connected to the Substantial Shareholder if:

- (a) in the case where the Substantial Shareholder is an individual, the Director is:
 - (i) an immediate family member of the Substantial Shareholder;
 - (ii) a partner of a firm of which the Substantial Shareholder is also a partner; or

- (iii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder; or
- (b) in the case where the Substantial Shareholder is a corporation, the Director is:
 - (i) employed by the Substantial Shareholder;
 - (ii) employed by a subsidiary or an associated company of the Substantial Shareholder;
 - (iii) a director of the Substantial Shareholder;
 - (iv) an executive director of a subsidiary or an associated company of the Substantial Shareholder;
 - (v) a non-executive director of a subsidiary or an associated company of the Substantial Shareholder, where the subsidiary or associated company is not the Trustee-Manager;
 - (vi) a partner of a firm of which the Substantial Shareholder is also a partner; or
 - (vii) accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Substantial Shareholder.

Determination of Independence by the Board of Directors

Under Regulation 12(6) of the Business Trusts Regulations, the board of directors of the trustee-manager of a registered business trust may determine that a director who is:

- (a) not considered to be independent from management and business relationships with the trustee-manager under Regulation 3 of the Business Trusts Regulations; or
- (b) not considered to be independent from a substantial shareholder of the trustee-manager under Regulation 4 of the Business Trusts Regulations,

is nonetheless independent from management and business relationships with the trustee-manager or independent from a substantial shareholder of the trustee-manager, as the case may be, 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 registered business trust as a whole will not be interfered with, despite the relationships.

RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board is responsible for the overall corporate governance of the Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The Board will establish a framework for the management of the Trustee-Manager and KGT, including a system of internal controls. The Board currently consists of seven members, four of whom are Independent Directors. None of the Directors has entered into any service contract directly with the Trustee-Manager.

In addition to compliance with requirements under the BTA, the Board composition is determined using the following principles:

- (a) the Chairman of the Board should be a Non-Executive Director; and

- (b) the Board should comprise Directors with a broad range of commercial experience, including experience in the infrastructure industry.

The composition will also be reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience.

DEALINGS IN UNITS

The BTA requires each Director to give notice in writing to the Trustee-Manager of his acquisition of Units or of changes in the number of Units which he holds or in which he has an interest, within two Business Days after the date on which the Director becomes a Director of the Trustee-Manager or the date of such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

The Directors and employees of the Trustee-Manager are encouraged, as a matter of internal policy, to hold Units but are prohibited from dealing in the Units:

- (a) in the period commencing one month before the public announcement of KGT's annual results and two weeks before the public announcement of KGT's quarterly results, and ending on the date of announcement of the relevant results; and
- (b) at any time while in possession of price sensitive information.

AUDIT COMMITTEE, NOMINATING COMMITTEE, REMUNERATION COMMITTEE AND CONFLICTS RESOLUTION COMMITTEE

Formation of the Audit Committee, the Nominating Committee, the Remuneration Committee and the Conflicts Resolution Committee

Prior to the Listing, the Board passed a resolution to approve the formation of the Audit Committee, the Nominating Committee, the Remuneration Committee and the Conflicts Resolution Committee and the appointment of their respective members.

Audit Committee

The audit committee of the trustee-manager of a registered business trust is required under the BTA to be composed of three or more members:

- (a) all of whom are independent of management and business relationships with the trustee-manager; and
- (b) at least a majority of whom, including the chairman of the audit committee, are independent of management and business relationships with the trustee-manager and independent from every substantial shareholder of the trustee-manager¹.

As at the date of this Document, the members of the Audit Committee are Mr Paul Ma Kah Woh, Mr Alan Ow Soon Sian and Ms Quek Soo Hoon, all of whom are Independent Directors. Mr Ma has been appointed as the Chairman of the Audit Committee.

¹ Section 15(4) of the BTA provides that contravention of the aforesaid requirements is an offence and renders the trustee-manager liable on conviction to a fine not exceeding S\$100,000.

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Trustee-Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nomination of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee's responsibilities also include:

- (a) reviewing the financial statements and the internal audit report;
- (b) reviewing audit reports (whether external or internal) to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
- (c) initiating audits of the internal controls of KGT as and when it deems fit to satisfy itself that the internal controls of KGT remain robust and effective;
- (d) reviewing the balance sheet and profit and loss account of the Trustee-Manager and the profit and loss account, balance sheet and cash flow statement of KGT and thereafter to submit them to the Board;
- (e) monitoring 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 will be dealt with by the Conflicts Resolution Committee);
- (f) reviewing and recommending to the Board all hedging policies and instruments before implementation by KGT;
- (g) monitoring the implementation of the Trustee-Manager's policy for entering into foreign exchange hedging transactions, including reviewing the instruments, processes and practices in accordance with the policy approved by the Board as well as reviewing and approving adequate procedures put in place by the Trustee-Manager;
- (h) reviewing the various risks, such as environmental, operational and business continuity risks, that the KGT Group is facing or may face;
- (i) monitoring the procedures in place to ensure compliance with applicable legislation, the BTA, the Listing Manual and the Code of Corporate Governance;
- (j) obtaining regular updates from management and the Company Secretary regarding compliance matters; and
- (k) reporting to the MAS if it is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with certain matters reported to it by Audit Committee.

Nominating Committee

As at the date of this Document, the Nominating Committee comprises Mr Alan Ow Soon Sian, Mr Paul Ma Kah Woh and Mr Khor Poh Hwa. The Chairman of the Nominating Committee is Mr Alan Ow Soon Sian, an Independent Director. Mr Paul Ma Kah Woh is also an Independent Director and Mr Khor Poh Hwa is a Non-Executive and Non-Independent Director.

Regarding nominations of directors, the Nominating Committee has the duties of, among other things:

- (a) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for appointment of directors;
- (b) re-nomination for re-election of the Directors in accordance with the Trustee-Manager's Articles of Association, having regard to the Director's contribution and performance;
- (c) determining annually whether or not a Director is independent in the manner provided in the Business Trusts Regulations; and
- (d) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The Nominating Committee will decide how the Board's performance is to be evaluated and develop objective performance criteria which address how the Board has enhanced long-term Unitholders' value. It will also implement a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board. The Chairman will review the results of the performance evaluation of the Board, and where appropriate, propose new members to be appointed to the Board of Directors or seek the resignation of Directors, in consultation with the committee. Each member of the committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director.

In the event that any member of the Nominating Committee has an interest in a matter being deliberated on by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Remuneration Committee

As at the date of this Document, the Remuneration Committee comprises Mr Thio Shen Yi, Mr Teo Soon Hoe and Ms Quek Soo Hoon. The Chairman of the Remuneration Committee is Mr Thio Shen Yi, an Independent Director. Ms Quek Soo Hoon is also an Independent Director.

The Remuneration Committee's responsibilities include:

- (a) recommending the specific remuneration packages for each Director and the CEO; and
- (b) reviewing the remuneration of management.

The Remuneration Committee shall cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind. Each member shall abstain from voting on any resolutions in respect of his remuneration package.

The Independent Directors on the Remuneration Committee will annually review and approve the total remuneration of the Directors, Executive Officers and other employees who are related to the controlling shareholder of the Trustee-Manager or the controlling Unitholder and/or the Directors.

Conflicts Resolution Committee

The Board has formed a Conflicts Resolution Committee, consisting entirely of Independent Directors, namely, Ms Quek Soo Hoon, Mr Thio Shen Yi and Mr Paul Ma Kah Woh. The Chairman of the Conflicts Resolution Committee is Ms Quek Soo Hoon.

The committee's terms of reference are to review conflicts or potential conflicts of interest that may arise from time to time in the course of KGT's business or operations between (i) KGT 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). An example of such conflicts or potential conflicts of interest would be in the context of the Trustee-Manager identifying, pursuing and executing opportunities to acquire or dispose of assets for KGT, but would exclude review of interested person transactions which fall within the purview of the Audit Committee.

The Conflicts Resolution Committee has developed 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 Conflicts Resolution Committee 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 matters to any other person.

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 committee whether he or, as far as he is aware, his affiliates (including family members, companies of which he is a significant shareholder, director or employee) have an interest in pursuing the same target ("**Potential Conflict of Interest**");
- (b) if any Director discloses to the committee that he or his affiliates have a Potential Conflict of Interest, the committee 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 committee may require the relevant Director to abstain from participating in the deliberations of the Board on the transaction;
- (d) the committee will monitor the implementation by the Trustee-Manager of the measures imposed by the committee in order to resolve or mitigate the Potential Conflict of Interest; and
- (e) the obligation on the Director to make disclosures to the committee on, and on the committee 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 should learn of a Potential Conflict of Interest, then that Director is required forthwith to make the necessary disclosure to the committee so that the committee may consider such matters and take the necessary actions.

The Conflicts Resolution Committee 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 or disposals in a manner contrary to the interests of Unitholders as a whole.

The Conflicts Resolution Committee 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 committee 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 committee to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The Conflicts Resolution Committee and the framework will be in place for so long as (i) the Trustee-Manager remains as the trustee-manager of KGT and (ii) the Sponsor, 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.

Disclosure of conflicts or potential conflicts of interest

When the Trustee-Manager enters into and announces an agreement to acquire or dispose of assets, the Trustee-Manager will also disclose whether and which Director has abstained from deliberations and voting on the acquisition or disposal. The annual report of KGT will also disclose the workings of the Conflicts Resolution Committee in the course of the preceding financial year, including the number of meetings that the committee held in the course of that financial year and the Directors who had to abstain from deliberations and voting.

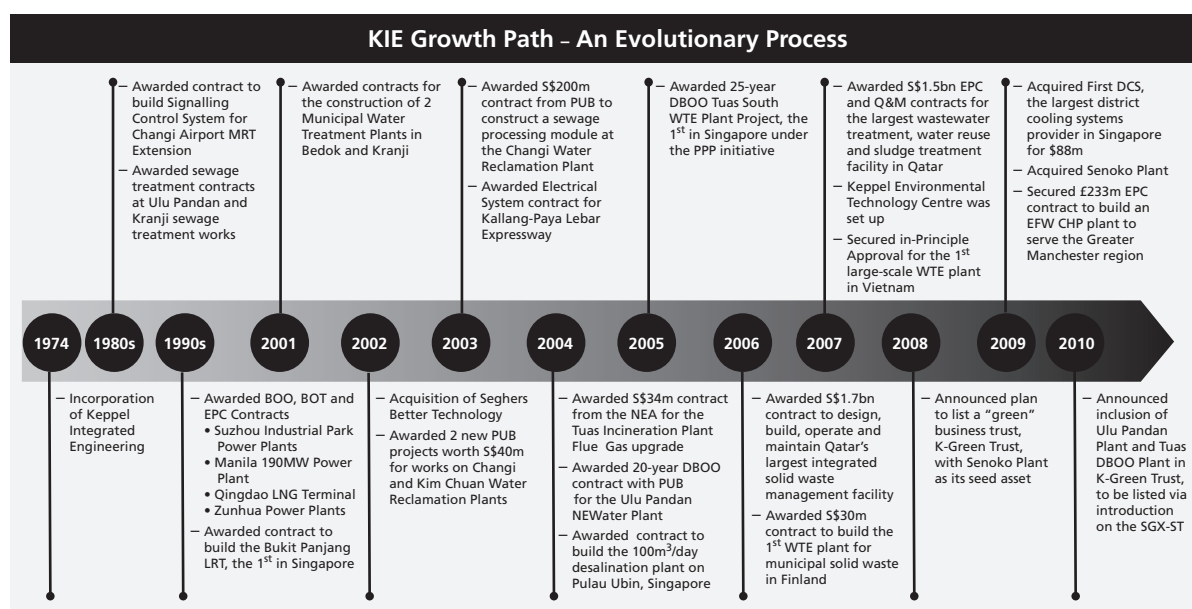
THE SPONSOR

Overview

The Sponsor is KIE, a company incorporated in Singapore, and a wholly-owned subsidiary of KCL, a company listed on the Main Board of the SGX-ST.

As at the Latest Practicable Date, the Sponsor, which is the environmental engineering arm of KCL, has two core businesses — the first core business is environmental engineering and the second is in specialised engineering which includes facilities management, operation & maintenance, and industrial equipment maintenance services (e.g. turbine and industrial machineries).

The Sponsor and its subsidiaries have been established for over 30 years with a track record of successful turnkey project development, project management, EPC (engineering, procurement, and construction), DBOO (design, build, own, and operate), O&M (operation and maintenance) and investments projects. Its activities in the infrastructure and environmental sector include solid waste treatment plants, power plant, transportation system such as MRT and LRT, NEWater plant, wastewater treatment plant, flue gas treatment system, and sludge treatment facilities.



Environmental Engineering Business

Keppel Seghers, a wholly-owned subsidiary of the Sponsor, is the key business unit of the Sponsor and its environmental engineering business. As at the Latest Practicable Date, Keppel Seghers has been involved in more than 350 water and wastewater projects and more than 100 thermal waste treatment solutions projects worldwide. It is also a comprehensive environmental company with proprietary technologies and it works exclusively in all fields of environmental engineering (water, air, solid waste and sludge). Keppel Seghers was among the first companies in Singapore to achieve ISO 9001, ISO 14001 and OHSAS 18001 certification.

Keppel DHCS, a wholly-owned subsidiary of the Sponsor, is the largest district heating and cooling systems provider in Singapore. Keppel DHCS currently services Changi Business Park, Biopolis@one-north and Woodlands Wafer Fab Park with a total contracted capacity exceeding 35,000 RT. District cooling systems distribute thermal energy in the form of chilled water or other media from a central source to multiple buildings through a network of underground pipes,

which eliminates the need for separate systems in individual buildings. District cooling systems enable buildings to consume 10–20% less energy than those using conventional air conditioning and are therefore considered environmentally friendly. Its energy-efficient and space-saving attributes make it suitable to address the needs of city centres, large production plants, hospitals and property developments.

Business Model

Together with its subsidiaries, the Sponsor is capable of providing a spectrum of services in the environmental engineering segment. The services run the gamut from engineering and design, sourcing and procurement of key equipment and suppliers, project management and construction, to operation and maintenance of the facility. Apart from providing the individual services, the Sponsor is able to integrate its capabilities and perform turnkey EPC contracts, longer term Design, Build and Operate contracts, as well investing in the facility in a DBOO concept.

Historically, the strategy of the Sponsor is to undertake the role of EPC contractor and/or O&M operator on its environmental projects. Under a turnkey concept, the Sponsor undertakes the engineering and design, sourcing and procurement, and project management and construction responsibilities. In essence, the Sponsor takes on full responsibility with regards to performance, deadlines and costs, while the client is relieved from all co-ordination, technical and financial burden.

In the last two years, the Sponsor has shifted its strategic focus to become a developer-operator where the Sponsor undertakes an equity stake in the Design, Build, Own and Operate (DBOO) environmental projects it handles, further demonstrating the Sponsor's belief in its own technologies and capabilities.

Some of the Sponsor's notable recent and on-going projects include:

(a) Combined Heat and Power WTE Plant in Sweden

The Sponsor is part of the Amotfors Energi AB consortium ("**Amotfors Energi**") that will build and operate a combined heat and power WTE plant in Sweden. The Sponsor, through its wholly-owned subsidiary, Keppel Seghers Holding B.V., will own 22% of Amotfors Energi.

Amotfors Energi has entered into a 20 year agreement to supply steam and electricity to Amotfors Bruk's papermill operations. With the exception of civil works, Keppel Seghers Belgium N.V. will design and build the entire plant on a turnkey basis, incorporating its proprietary technologies such as the air-cooled grate, semi-dry flue gas cleaning system and the rotary atomiser. The plant is designed to process approximately 190 tonnes of waste per day to generate steam and electricity, and will be able to satisfy the emission requirements of the European Union.

(b) Energy-from-Waste Combined Heat and Power Plant in Manchester, UK

In April 2009, the Sponsor, through its wholly owned subsidiaries, Keppel Seghers Belgium N.V. and Keppel Seghers UK Limited, secured an EPC contract worth approximately GBP233 million (or approximately S\$518 million), to build an EFW CHP Plant to serve the Greater Manchester region in the UK. This will be one of the largest waste and renewable energy projects in the UK.

The EFW CHP Plant is part of a Private Finance Initiative (“PFI”) waste management project by the Greater Manchester Waste Disposal Authority. Keppel Seghers will provide the technology and also build the plant for Ineos Runcorn TPS Ltd, a special purpose vehicle which was set up for the procurement, operation and maintenance of the plant. Ineos Runcorn TPS Ltd, is owned by Viridor Waste Management Limited, John Laing PLC and Ineos Chlor.

Featuring the Keppel Seghers Water-Cooled Grate, the horizontal boiler design integrated with Keppel Seghers Prism technology (for enhanced heat recovery) and the Keppel Seghers’ double dry flue gas cleaning system, the EFW CHP Plant will be one of the larger EFW facilities in the UK when completed in 2012.

The EFW CHP Plant will have a capacity to treat up to 420,000 tonnes per year of solid recovered fuel derived from household waste (also known as refuse derived fuel or RDF), and will be able to supply at full capacity some 270,000 MWh of electricity and 500,000 tonnes of steam per year into the internal network of the Ineos Runcorn site.

(c) *Integrated Domestic Solid Waste Management Complex in Doha, Qatar*

The Qatar Integrated Domestic Solid Waste Management Complex contract was awarded to the Sponsor for S\$1.7 billion in 2006 by the Ministry of Municipal Affairs and Agriculture in Qatar. Under the contract, the Sponsor will design, build and operate the entire complex for 20 years. The complex is designed to treat an initial capacity of more than 1,550 tonnes of waste a day. The complex, incorporating Keppel Seghers’ proprietary technologies, will comprise waste sorting and recycling facilities, landfill, composting plant and a 1,500 tonnes per day WTE incineration plant. It is the only integrated waste management facility in the Middle East and one of the few integrated waste management facilities in the world.

(d) *Doha North Water Project, Qatar*

The Sponsor has also been awarded a contract amounting to about S\$1.5 billion from ASHGHAL, the public works authority in Qatar, to design and build the largest green field wastewater treatment and water reuse facility in Qatar and the Middle East, and subsequently operate and maintain this facility for 10 years. The Doha North Water Project is also one of the largest water projects ever awarded to a Singapore company. The Doha North facility has peak design capacity to treat wastewater of up to 439,000 m³ per day. The treated water will be recycled for irrigation in the water scarce Emirate.

Research and Development

The Sponsor recognises that intellectual property and quality solutions is the key to sustaining the company’s competitive advantage. Through its subsidiary, Keppel Seghers, the Sponsor has two environmental technology research centres, one in Singapore and one in Belgium.

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICT OF INTERESTS

Interested Person Transactions

For the purposes of this section, any references to “interested person” are to (a) the Trustee-Manager (acting in its personal capacity); (b) a related corporation or a related entity of the Trustee-Manager (other than a subsidiary or a subsidiary entity of KGT); (c) an associated company or an associated entity of the Trustee-Manager (other than an associated company or an associated entity of KGT); (d) a director, the chief executive officer or a controlling shareholder of the Trustee-Manager; (e) an associate of a director, the chief executive officer or a controlling shareholder of the Trustee-Manager; (f) a controlling Unitholder; or (g) an associate of a controlling Unitholder. See “Definitions” for meanings of “associate”, “associated company”, “associated entity”, “controlling shareholder” and “controlling Unitholder”.

In general, transactions between any of the Trustee-Manager or any of the Sub-Trustees and any of the interested persons (as defined above) are known as interested person transactions. Details of such transactions for the period from the date of constitution of KGT up to the Latest Practicable Date, and which the Trustee-Manager considers material in the context of the Introduction, are described below. In line with the rules set out in Chapter 9 of the Listing Manual, a transaction with a value of less than S\$100,000 is not considered material in the context of the Introduction and is not taken into account for the purposes of aggregation in this section.

Save as disclosed below, no interested person was or is interested, directly or indirectly, in any transaction undertaken by any of the Trustee-Manager, Senoko Trustee, Tuas DBOO Trustee or Ulu Pandan Trustee for the period from the date of constitution of KGT up to the Latest Practicable Date which the Trustee-Manager considers material in the context of the Introduction.

PAST INTERESTED PERSON TRANSACTIONS

Assignment and novation of Senoko ISA, Senoko S&P Agreement and Senoko Option Agreement to Senoko Trustee

On 21 August 2009, the Senoko Trustee entered into deeds of assignment and novation with NEA and the Trustee-Manager (in its personal capacity) in respect of the Senoko ISA and the sale and purchase agreement between NEA and the Trustee-Manager (in its personal capacity) relating to the operational assets of Senoko Plant owned by NEA (“**Senoko S&P Agreement**”), where the Senoko Trustee undertook to perform and be bound by the terms of the Senoko ISA and the Senoko S&P Agreement in place of the Trustee-Manager (in its personal capacity). No amounts were paid by the Senoko Trustee to NEA or to the Trustee-Manager (in its personal capacity) in respect of these deeds of assignment and novation.

On 27 August 2009, the Senoko Trustee entered into a deed of assignment and novation with the Singapore Government and the Trustee-Manager (in its personal capacity) in relation to the put and call option agreement (“**Senoko Option Agreement**”) between the Singapore Government and the Trustee-Manager (in its personal capacity) relating to the Senoko Lease Agreements, where Senoko Trustee undertook to perform and be bound by the terms of the Senoko Option Agreement as lessee in place of the Trustee-Manager (in its personal capacity). No amount was paid by Senoko Trustee to the Singapore Government or the Trustee-Manager (in its personal capacity) in respect of the deed of assignment and novation.

The above transactions by Senoko Trustee were required as a part of the restructuring and transfer of Senoko Plant from the Singapore Government to Senoko Trustee and accordingly were not carried out on an arm's length basis. However, the Directors (including the Independent Directors) believe that the transactions by Senoko Trustee are not prejudicial to KGT's interests or those of the Unitholders.

Assignment and novation of Senoko 3rd Party Contracts to the Keppel O&M Operator

On 31 August 2009, the Senoko Trustee entered into deeds of assignment and novation with NEA and third party contractors relating to various contracts between NEA and such contractors (collectively, "**Senoko 3rd Party Contracts**"), where the Senoko Trustee undertook to perform and be bound by the terms of such Senoko 3rd Party Contracts in place of NEA. The Senoko 3rd Party Contracts relate to O&M works for Senoko Plant, including the maintenance, repair and replacement of equipment at Senoko Plant, the supply of chemicals used by Senoko Plant, and other operational works in respect of Senoko Plant. The payments made to these third party contractors pursuant to the Senoko 3rd Party Contracts were approximately S\$1.0 million and S\$2.6 million for FY2009 and the period from 1 January 2010 up to the Latest Practicable Date, respectively. These payments were made by the Keppel O&M Operator (instead of the Senoko Trustee) in view of its responsibility for the day-to-day operations, maintenance and repair of Senoko Plant under the Senoko O&M Agreement.

On 1 March 2010, the Senoko Trustee entered into a deed of assignment and novation with the Keppel O&M Operator and the relevant third party contractor in respect of the remaining 31 Senoko 3rd Party Contracts which had not expired or terminated as at 1 March 2010, where the Keppel O&M Operator undertook to perform and be bound by the terms of each remaining Senoko 3rd Party Contract in place of the Senoko Trustee. No amount was paid by the Senoko Trustee to the Keppel O&M Operator in respect of the assignment and novation of these Senoko 3rd Party Contracts.

The above transactions by Senoko Trustee were carried out as part of the restructuring and transfer of Senoko Plant from the Singapore Government to Senoko Trustee and accordingly were not carried out on an arm's length basis. However, the Directors (including the Independent Directors) believe that these transactions were not prejudicial to KGT's interests or those of the Unitholders.

Provision of loans by subsidiaries of KCL to the Trustee-Manager and the Senoko Trustee

On 31 August 2009, the Sponsor provided the Trustee-Manager an unsecured interest-free loan of S\$360.5 million ("**Senoko-Sponsor Loan**") which was lent to the Senoko Trustee to partially finance the Senoko Trustee's payments in connection with the Senoko S&P Agreement, the Senoko Option Agreement and the Senoko Lease Agreements. The largest amount outstanding under the Senoko-Sponsor Loan between 31 August 2009 to the Latest Practicable Date was S\$317.2 million. As at the Latest Practicable Date, the amount outstanding under the Senoko-Sponsor Loan was S\$317.2 million. This loan will be fully repaid on the Completion Date.

As the Senoko-Sponsor Loan was unsecured and interest-free, it was not carried out on an arm's length basis. However, the Directors (including the Independent Directors) believe that the loan is not prejudicial to KGT's interests or those of the Unitholders.

On 28 August 2009, Kephinance Investment Pte Ltd, a wholly-owned subsidiary of KCL ("**KIPL**"), extended to the Senoko Trustee a revolving credit loan facility ("**Senoko-KIPL Loan**") of up to S\$170.0 million to partially finance, among other things, the Senoko Trustee's payments in connection with the Senoko S&P Agreement and the Senoko Option Agreement. An amount of S\$150.0 million was drawn down on 31 August 2009 and will be fully repaid with interest, and the facility terminated, on the Completion Date. Interest is payable based on the outstanding balance

of the amount drawn down on the last day of each interest payment date, which is the last day of each three month period commencing from 31 August 2009. The interest rates, which had been notified by KIPL to the Senoko Trustee within two business days from the commencement of each three month period commencing from 31 August 2009, were 6.0% per annum. The largest amount outstanding under the Senoko-KIPL Loan between 28 August 2009 and the Latest Practicable Date was S\$150.0 million. As at the Latest Practicable Date, the amount outstanding under the Senoko-KIPL Loan was S\$142.2 million.

The Directors (including the Independent Directors) believe that the Senoko-KIPL Loan was carried out on an arm's length basis.

Acquisition of Tuas DBOO Plant by the Tuas DBOO Trustee and Ulu Pandan Plant by the Ulu Pandan Trustee and acquisition of Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC by the Trustee-Manager

The Trustee-Manager has entered into the Restructuring Agreements with KCL and certain of its subsidiaries and the Subscription Deeds with each of the Sub-Trustees. (See "Restructuring Exercise" for further details on the Restructuring Agreements and the Subscription Deeds.)

Based on the Independent Reporting Accountant's Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date, the Independent Reporting Accountant's Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection, the Independent Taxation Report, the Independent Valuation Summary Letter, the Independent Contracts Review Letter and "The "Green" Infrastructure Sector Industry", the Directors (including the Independent Directors) believe that the Restructuring Agreements and the Subscription Deeds were carried out on an arm's length basis.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Ulu Pandan-KETC Licence Agreement between KETC and the Ulu Pandan Trustee

On 27 May 2010, the Ulu Pandan Trustee entered into a licence agreement ("**Ulu Pandan-KETC Licence Agreement**") with KETC (a wholly-owned subsidiary of KCL) whereby KETC was granted the use of approximately 345 m² of land on which Ulu Pandan Plant is situated for use as a research and development centre for water treatment and/or to carry out ancillary or related activities (including, but not limited to, pilot testing and test bedding). The term of the licence is for three years commencing from the Completion Date, with an option for KETC to renew the licence for an additional term of three years by giving the Ulu Pandan Trustee notice in writing no less than nine months prior to the date of the expiration of the term, and the monthly licence fee is S\$6,220. As of the date of this Document, no amount has been paid to the Ulu Pandan Trustee in connection with the Ulu Pandan-KETC Licence Agreement.

The Directors (including the Independent Directors) believe that the Ulu Pandan-KETC Licence Agreement has been carried out on an arm's length basis. Any amendment to the agreement will be in accordance with Chapter 9 of the Listing Manual.

Assignment and novation of the Ulu Pandan-KEPL Electricity Retail Agreement to the Ulu Pandan Trustee

On 27 May 2010, the Ulu Pandan Trustee entered into a deed of assignment and novation with Ulu Pandan SPC and KEPL, a wholly-owned subsidiary of KCL, in relation to an electricity retail agreement dated 28 February 2005 between Ulu Pandan SPC and KEPL, as supplemented on 30 December 2008 between Ulu Pandan SPC and KEPL ("**Ulu Pandan-KEPL Electricity Retail Agreement**") whereby KEPL had agreed to supply electricity to Ulu Pandan Plant for its

commercial operations from the day following the Ulu Pandan PCOD until 31 December 2011. Pursuant to the deed of assignment and novation, the Ulu Pandan Trustee undertook to perform and be bound by the terms of the Ulu Pandan-KEPL Electricity Retail Agreement in place of Ulu Pandan SPC. The deed of assignment and novation will become effective on the Completion Date. No amounts were paid by the Ulu Pandan Trustee to Ulu Pandan SPC or to KEPL in respect of the deed of assignment and novation.

The charges paid by Ulu Pandan SPC to KEPL under the Ulu Pandan-KEPL Electricity Retail Agreement, which include charges for electricity, electricity transmission by SP PowerGrid Limited and the provision of metering services by SP Services Ltd, for FY2007, FY2008, FY2009 and the period from 1 January 2010 up to the Latest Practicable Date, were S\$2.5 million, S\$4.2 million, S\$3.5 million and S\$1.9 million, respectively.

The Directors (including the Independent Directors) believe that the deed of assignment and novation has been carried out on an arm's length basis. Any amendment to the deed will be in accordance with Chapter 9 of the Listing Manual.

Exempted Agreement — Payments to the Trustee-Manager under the Trust Deed

The Trustee-Manager has executed the Trust Deed. No amounts were paid by KGT to the Trustee-Manager (in its personal capacity) pursuant to the Trust Deed in FY2009 and from 1 January 2010 to the Latest Practicable Date. (See "The Constitution of KGT" for a summary of the terms of the Trust Deed.)

The Directors (including the Independent Directors) believe that the Trust Deed, including the fees and charges payable under it, has been entered into on an arm's length basis.

The fees and charges payable by KGT to the Trustee-Manager (in its personal capacity) under the Trust Deed (as disclosed in "The Trustee-Manager of KGT — Fees and Expenses Payable to the Trustee-Manager of KGT"), which constitutes an interested person transaction, will be deemed to be specifically approved by the Unitholders when the Distribution is approved by KCL Shareholders at the EGM and will therefore not be subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the rates or bases of the fees and charges payable thereunder which will adversely affect KGT. Any amendment to the Trust Deed, including any changes in the rates or bases of fees and charges, will be subject to Rules 905 and 906 of the Listing Manual. Where Unitholders' approval is required for such change, renewal or amendment, the relevant interested persons and their associates (such as the Trustee-Manager and any of its connected persons (as defined in the Listing Manual)) will be required to abstain from voting.

Exempted Agreement — Payments to the Keppel EPC Contractor under the Senoko EPC Contract

The Senoko Trustee has entered into the Senoko EPC Contract with the Keppel EPC Contractor for the Senoko Flue Gas System Upgrade. (See "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko EPC Contract" for a summary of the terms of the Senoko EPC Contract.) No amounts were paid by the Senoko Trustee to the Keppel EPC Contractor pursuant to the Senoko EPC Contract in FY2009 and from 1 January 2010 to the Latest Practicable Date.

The Directors have appointed MWH, an independent appraiser which is experienced in appraising infrastructure assets, to review and opine on whether the Senoko EPC Contract has been carried out on an arm's length basis. Based on the Senoko EPC Contract reviewed, MWH is of the opinion that: (a) the requirements of Clause 19 "Discriminatory Changes in Law" in the Senoko EPC Contract are more restrictive than would be normal market practice but nevertheless the requirements are not prejudicial to the interests of KGT and its minority unitholders; and (b) save for the foregoing, the Senoko EPC Contract has been entered into on an arm's length basis, follows general market practice, is on normal commercial terms and accordingly, based upon a consideration of these factors, the Senoko EPC Contract is not prejudicial to the interests of KGT and its minority Unitholders. (See Appendix G — "Independent Contracts Review Letter".)

Accordingly, the Directors (including the Independent Directors) believe that the Senoko EPC Contract, including the fees and charges payable under the Senoko EPC Contract, has been carried out on an arm's length basis.

The fees and charges payable by Senoko Trustee to the Keppel EPC Contractor under the Senoko EPC Contract, which constitutes an interested person transaction, will be deemed to be specifically approved by the Unitholders when the Distribution is approved by KCL Shareholders at the EGM and will therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the rates or bases of the fees charged thereunder which will adversely affect KGT. Any amendment to the Senoko EPC Contract, including changes in the rates or bases of fees, will be subject to Rules 905 and 906 of the Listing Manual. Where Unitholders' approval is required for such change, renewal or amendment, then the relevant interested persons and their associates will be required to abstain from voting.

Exempted Agreements — Payments to the Keppel O&M Operator under the O&M Agreements

Senoko Trustee has entered into the Senoko O&M Agreement with the Keppel O&M Operator in respect of the operation and maintenance of Senoko Plant. (See "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Senoko Plant — Senoko O&M Agreement" for a summary of the terms of the Senoko O&M Agreement.)

Tuas DBOO Trustee has entered into the Tuas DBOO O&M Agreement. (See "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Tuas DBOO Plant — Tuas DBOO O&M Agreement" for a summary of the terms of the Tuas DBOO O&M Agreement.)

Ulu Pandan Trustee has entered into the Ulu Pandan O&M Agreement with the Keppel O&M Operator in respect of the operation and maintenance of Ulu Pandan Plant. (See "Certain Agreements Relating to KGT — Contractual Arrangements Relating to Ulu Pandan Plant — Ulu Pandan O&M Agreement" for a summary of the terms of the Ulu Pandan O&M Agreement.)

The aggregate amounts paid to the Keppel O&M Operator in connection with the O&M Agreements for FY2009 and for the period from 1 January 2010 up to the Latest Practicable Date were S\$7.9 million and S\$7.9 million, respectively.

The Directors have also appointed MWH to review and opine on whether the O&M Agreements entered into by the Sub-Trustees have been carried out on an arm's length basis. Based on the O&M Agreements reviewed, MWH is of the opinion that each of the O&M Agreements has been entered into on an arm's length basis, follows general market practice, is on normal commercial terms and accordingly, based upon a consideration of these factors, the terms of the O&M Agreements are not prejudicial to the interests of KGT and its minority Unitholders. (See Appendix G — "Independent Contracts Review Letter".)

Accordingly, the Directors (including the Independent Directors) believe that the O&M Agreements, including the fees and charges payable under the O&M Agreements, have been carried out on an arm's length basis.

The fees and charges payable by the Sub-Trustees to the Keppel O&M Operator under the respective O&M Agreements, each of which constitutes an interested person transaction, will be deemed to be specifically approved by the Unitholders when the Distribution is approved by KCL Shareholders at the EGM and will therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there are no subsequent changes to the rates or bases of the fees charged thereunder which will adversely affect KGT. Any amendment to any of these agreements, including changes in the rates or bases of fees, will be subject to Rules 905 and 906 of the Listing Manual. Where Unitholders' approval is required for such change, renewal or amendment, the relevant interested persons and their associates will be required to abstain from voting.

Amounts payable under the Present and Ongoing Interested Person Transactions

Set forth below are the projected amounts to be paid by the Trustee-Manager and the Sub-Trustees to Keppel Seghers under the Senoko EPC Contract and the O&M Agreements, respectively, for the Forecast Period 2010 and the Projection Year 2011.

Agreement	Projected Amounts	
	Forecast Period	Projection Year
	2010	2011
	(S\$'000)	(S\$'000)
Senoko EPC Contract	30,624	15,084
O&M Agreements	18,200	35,190

FUTURE INTERESTED PERSON TRANSACTIONS

KGT is regulated by the Listing Manual and the BTA which regulate all its interested person transactions. Depending on the materiality of the transaction, KGT may be required to make a public announcement of the transaction (Rule 905 of the Listing Manual), or to make a public announcement of and to obtain Unitholders' prior approval for the transaction (Rule 906 of the Listing Manual). Section 86 of the BTA further requires (a) the Board to make a written statement in accordance with a resolution of the Board and signed by not less than two Directors on behalf of the Board certifying that, *inter alia*, the interested person transaction is not detrimental to the interests of all the Unitholders as a whole based on the circumstances at the time of the transaction, and (b) the Chief Executive Officer of the Trustee-Manager, in his personal capacity, to make a written statement certifying that he is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on KGT's business and the interests of all the Unitholders as a whole. These statements must be annexed to KGT's profit and loss accounts in its annual financial statements.

In addition to these written statements, Section 87 of the BTA also requires the Board to attach to KGT's profit and loss accounts, a statement of policies and practices in relation to its management and governance containing such information prescribed by Regulation 20 of the Business Trusts Regulations which includes, *inter alia*, a description of measures put in place by the Trustee-Manager to review interested person transactions in relation to KGT.

The Trust Deed requires the Trustee-Manager to comply with the provisions of the Listing Manual relating to interested person transactions as well as the BTA and such other guidelines relating to interested person transactions as may be prescribed by the MAS or the SGX-ST to apply to business trusts.

Both the BTA and the Listing Manual requirements would have to be complied with in respect of a proposed interested person transaction which is governed by both sets of rules. Where matters concerning KGT relate to transactions entered or to be entered into by the Trustee-Manager for and on behalf of KGT with an "interested person" under the Listing Manual or and/or the BTA of the Trustee-Manager or KGT, the Trustee-Manager is required to ensure that such transactions are conducted in accordance with applicable requirements of the Listing Manual, the BTA and/or such other applicable guidelines relating to the transaction in question.

In particular, when KGT acquires other "green" infrastructure assets from the Sponsor or parties related to the Sponsor in the future, the Trustee-Manager will have to obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the Listing Manual and the BTA. In any event, interested person transactions entered into by KGT in the future (including acquisitions of other "green" infrastructure assets from the Sponsor or parties related to the Sponsor), depending on the materiality of such transactions, may need to be publicly announced or, as the case may be, publicly announced and approved by Unitholders.

GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

The Sponsor is a controlling Unitholder as well as the controlling shareholder of the Trustee-Manager as at the Latest Practicable Date. The Sponsor is wholly-owned by KCL, which is listed on the SGX-ST. Temasek is a controlling shareholder of a number of publicly listed companies including KCL. Owing to the size of the KCL group of companies and the Temasek group of companies, the Trustee-Manager anticipates that it would, on and after the Listing Date, in the ordinary course of business, enter into certain transactions with interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group (as defined below) and KGT's interested persons, it would be advantageous for KGT to obtain a general mandate from its Unitholders pursuant to Chapter 9 of the Listing Manual ("**Unitholders' Mandate**") to enable any or all members of the EAR Group, in the ordinary course of their business, to enter into the Mandated Transactions (as defined below) with the Mandated Interested Persons (as defined below) which are necessary for the day-to-day operations of KGT, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of KGT and its minority Unitholders.

Unitholders' Mandate

Chapter 9 of the Listing Manual permits a listed business trust to obtain a mandate from its unitholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed business trust's interested persons.

Pursuant to Rule 920(2) of the Listing Manual, KGT may treat a general mandate as having been obtained from its unitholders for it to enter into interested person transactions with its interested persons, if the information required under Rule 920(1)(b) of the Listing Manual is included in this document. In relation to KGT, the information required by Rule 920(1)(b) is as follows:

- (i) the class of interested persons with which the Entity At Risk (as defined below) will be transacting;
- (ii) the nature of the transactions contemplated under the mandate;
- (iii) the rationale for, and benefit to the Entity At Risk;

- (iv) the methods or procedures for determining transaction prices;
- (v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and the interests of its minority Unitholders;
- (vi) an opinion from the Audit Committee if it takes a different view to the independent financial adviser; and
- (vii) a statement from KGT that it will obtain a fresh mandate from Unitholders if the methods or procedures in (iv) above become inappropriate.

The Unitholders' Mandate will not cover any transaction which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions which do not fall within the ambit of the Unitholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the Unitholders' Mandate are not separately subject to Rules 905 and 906 of the Listing Manual pertaining to threshold and aggregation requirements.

The Unitholders' Mandate will be effective until the earlier of the following: (i) the conclusion of KGT's first annual general meeting following its admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of KGT's admission to the Official List of the SGX-ST. Thereafter, KGT will seek the approval of Unitholders for a renewal of the Unitholders' Mandate at each subsequent annual general meeting.

Benefits to Unitholders

The Unitholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Unitholders' prior approval as and when potential Mandated Transactions (as defined below) with a specific class of Mandated Interested Persons (as defined below) arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

The Unitholders' Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of KGT and its minority Unitholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

Entities At Risk

For the purposes of the Unitholders' Mandate, an "Entity At Risk" means:

- (a) KGT;
- (b) a subsidiary of KGT (excluding subsidiaries listed on the SGX-ST or an approved exchange); and

- (c) an associated company of KGT (other than an associated company that is listed on the SGX-ST or an approved exchange) over which KGT and its subsidiaries ("**KGT Group**"), or the KGT Group and its interested person(s), has or have control

(together, the "**EAR Group**").

Mandated Interested Persons

The Unitholders' Mandate will apply to transactions which are carried out between any Entity At Risk and the following classes of interested persons:

- (a) the Sponsor, which is the controlling Unitholder as at the Latest Practicable Date, and its associates (as defined in the Listing Manual);
- (b) Temasek, which is a controlling shareholder of the Trustee-Manager as at the Latest Practicable Date, and its associates (as defined in the Listing Manual);
- (c) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (b) above);
- (d) Trustee-Manager or controlling Unitholder (other than the controlling Unitholder described in sub-paragraph (a) above); and
- (e) an associate of any of the persons or entities in (c) and (d) above

("Mandated Interested Persons" and each a "Mandated Interested Person", all being "interested persons" as defined in the Listing Manual).

For the avoidance of doubt, such Mandated Interested Persons would include such persons who may, during such period while such Unitholders' Mandate is effective, become Mandated Interested Persons where previously they were not so.

Categories of Mandated Transactions

The types of transactions with the Mandated Interested Persons to which the Unitholders' Mandate applies and the benefits to be derived therefrom ("**Mandated Transactions**") are as follows.

(a) General transactions

Within the ambit of this category are general transactions ("**General Transactions**") between any member within the EAR Group and any Mandated Interested Person relating to the provision or receipt of products and services in the normal course of business of the EAR Group within the Investment Mandate, for example, transactions relating to:

(i) Energy-related services

Such transactions include:

- (A) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plants and machinery for such projects;

- (B) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;
- (C) the hedging of electricity prices with electricity generating companies;
- (D) the retail or purchase of electricity;
- (E) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
- (F) the provision of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
- (G) the provision of guarantees in relation to obligations to be performed under the transactions described in sub-paragraphs (A) to (F) above.

(ii) Engineering services

Such transactions include:

- (A) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments within the Investment Mandate;
- (B) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;
- (C) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
- (D) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
- (E) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
- (F) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction.

(iii) Other services

Such transactions include:

- (A) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects within the Investment Mandate;
- (B) the purchase of services for the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;

- (C) the purchase of telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;
- (D) the purchase of technology solutions, including data storage, data centre and hosting services, software licences, design and other technology services;
- (E) the purchase of services relating to development and management of network infrastructure and automation devices;
- (F) the purchase of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products; and
- (G) the rental of premises, and the obtaining of building maintenance services and facility and property management services.

The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

(b) *Treasury transactions*

Within the ambit of this category are treasury transactions ("**Treasury Transactions**") between any member within the EAR Group and any Mandated Interested Person, for example:

- (i) the placement of funds with any Mandated Interested Person;
- (ii) the borrowing of funds from any Mandated Interested Person;
- (iii) the entry into foreign exchange, swap and option transactions with any Mandated Interested Person; and
- (iv) the subscription of debt securities issued by any Mandated Interested Person, the issue of debt securities to any Mandated Interested Person, the purchase from any Mandated Interested Person, or the sale to any Mandated Interested Person of debt securities previously issued by any member within the EAR Group.

The EAR Group can benefit from the more competitive rates and quotes offered by the Mandated Interested Persons by leveraging on the financial strength and credit standing of the Mandated Interested Persons for placement of funds with, borrowings from, foreign exchange, swap and option transactions with, and the subscription and purchase of debt securities to the Mandated Interested Persons. In respect of the issue or sale of debt securities to the Mandated Interested Persons, the EAR Group can benefit from the financial support of the Mandated Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the EAR Group than those issued or sold to other third parties.

(c) *Management and support services*

These transactions relate to the receipt of management and support services in the areas of finance, treasury, investment risk review, governmental relations, business development, management information systems, human resources and staff secondment, management and development, accounting, legal, corporate secretarial, public and investors relations,

tax, internal audit, central purchasing and other administrative services including computer-based services ("**Management and Support Services**").

By having access to such services, the EAR Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts enjoyed by the EAR Group on a group basis). In addition, the EAR Group is able to obtain expertise in the areas of investment risk review, governmental relations and business development through the extensive global network of the Mandated Interested Persons. The ability to tap on such expertise and experience, especially in relation to matters which are highly confidential, commercially sensitive or involve historical data, is particularly important for KGT's ability to respond in a timely manner to take advantage of opportunities as and when they arise.

Review Procedures for Mandated Transactions with Mandated Interested Persons

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at arm's length and on normal commercial terms, and will not be prejudicial to the interests of KGT and its minority Unitholders, the following procedures will be implemented for the review and approval of the Mandated Transactions under the Unitholders' Mandate:

(a) *Review procedures for all Mandated Transactions*

- (i) Quotations are to be obtained from the Mandated Interested Person and at least one other similar product or service provider or supplier. Mandated Transactions shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which are no more favourable to the Mandated Interested Person than those extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or on terms similar to the service or product providers' usual commercial terms, or otherwise in accordance with other applicable industry norms.
- (ii) In the event that it is not possible to obtain quotations from unrelated third parties or to determine whether the terms of the Mandated Transaction with the Mandated Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties, any two members of a committee comprising the executive Directors and the Chief Financial Officer of the Trustee-Manager for the time being and such other person as the Directors may from time to time appoint ("**Review Committee**") will evaluate and weigh the benefits of, and rationale for, transacting with the Mandated Interested Person before submitting a written recommendation to the Audit Committee. In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by KGT in transacting with the Mandated Interested Person compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Mandated Transaction before deciding to approve or reject the Mandated Transaction. In determining the terms of the transaction, the Audit Committee will evaluate such terms in accordance with prevailing industry norms (including the reasonableness of the terms).
- (iii) All Mandated Transactions must be consistent with the usual practices and policies of the EAR Group, and will be reviewed quarterly by the internal auditors who will report to the Audit Committee. To assist the Audit Committee in its review, the Trustee-Manager will maintain a Register of Mandated Transactions in which relevant particulars of all Mandated Transactions will be recorded.

(b) Review procedures for General Transactions

In addition to the procedures in paragraph (a) above, the following review and approval procedures for General Transactions will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

(c) Review procedures for Management and Support Services

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Management and Support Services will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

(d) Review procedures for Treasury Transactions

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Treasury Transactions will be implemented to supplement existing internal control procedures:

(i) Placements

In relation to any placement with any Mandated Interested Person by any member within the EAR Group of its funds, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT for interest rates for deposits with such bankers. Such member within the EAR Group will place its funds with such Mandated Interested Person only if the interest rate quoted is not less favourable than that quoted by such principal banker(s). In addition, such member shall comply with the procedures set out in paragraph (e)(ii) below.

(ii) Borrowings

In relation to the borrowings of funds from any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT for interest rates and conditions of loans from such bankers. Such member within the EAR Group will borrow funds from such Mandated Interested Person only if the interest rate and conditions quoted are not less favourable than those quoted by such principal banker(s). In cases where such principal banker(s) is/are unable to quote a rate for the loan for any reason whatsoever (for example, where the banks have reached their exposure, credit or lending limits in respect of their lending activities, or in respect of their lending limits to the EAR Group), the member within the EAR Group shall be able to borrow the funds from the Mandated Interested Person. In addition, such member shall comply with the procedures set out in paragraph (e)(i) below.

(iii) Foreign exchange, swap and option transactions

In relation to foreign exchange, swap and option transactions with any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT. Such member within the EAR Group will enter into such foreign exchange, swap or option transactions with such Mandated Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such member shall comply with the procedures in paragraph (e)(iii) below.

(iv) Debt securities

In relation to the subscription of debt securities issued by any Mandated Interested Person, or the purchase from any Mandated Interested Person of debt securities previously issued by such Mandated Interested Person, such transactions will be entered into by members within the EAR Group only if the consideration for such debt securities is not more than that at which such debt securities are subscribed or purchased by any other third parties. Conversely, members within the EAR Group will only issue new debt securities or sell debt securities (previously issued by any member within the EAR Group) to Mandated Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties.

In addition, in relation to debt securities issued or sold by a member within the EAR Group to any Mandated Interested Person, and to debt securities subscribed or purchased from any Mandated Interested Person, such member shall comply with the procedures in paragraph (e)(i) below.

(e) Monitoring procedures for Treasury Transactions

The Trustee-Manager will monitor Treasury Transactions entered into by the EAR Group as follows:

(i) Borrowings and debt securities issued or sold to Mandated Interested Persons

In relation to borrowings by a member within the EAR Group from the same Mandated Interested Person during the same financial year, or debt securities issued or sold by any member within the EAR Group to the same Mandated Interested Person during the same financial year:

- (A) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$500,000 but is less than S\$5,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Review Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$5,000,000;
- (B) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$5,000,000 but is less than S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee, and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Review Committee and the Chairman or Audit Committee member (as the case may be) shall have power in their discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$10,000,000; and
- (C) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by the Audit Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Audit Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly, having regard to the foreseeable requirements of KGT from the time of review until the next review, but in any event not more than five per cent. of the value of KGT's net tangible assets (based on the latest audited consolidated accounts).

(ii) *Placements with and subscription and purchase of debt securities from Mandated Interested Persons*

- (A) Where the aggregate of the principal amount of funds placed with and all debt securities subscribed and/or purchased from, the same Mandated Interested Person shall at any one time exceed S\$100,000,000, additional placements of funds with, subscription of debt securities issued by, or purchase of debt securities from, that Mandated Interested Person by any member within the EAR Group shall require the prior approval of the Audit Committee. The Audit Committee shall have power in its discretion to pre-approve any such further placements of funds with, subscription of debt securities issued by, or purchase of debt securities,

up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but in any event not more than five per cent. of the latest consolidated audited NTA value of KGT.

- (B) Placement of funds with, subscription of debt securities issued by, and/or purchase of debt securities from, the same Mandated Interested Person where the aggregate of the principal amounts thereof does not at any one time exceed the limit or interim sub-limits set out above or from time to time, will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KGT.

(iii) Foreign exchange, swap and option transactions

Where the aggregate of the principal amount of all foreign exchange, swap and option transactions entered into with the same Mandated Interested Person shall at any one time exceed S\$100,000,000, each additional foreign exchange, swap and option transaction entered into with the same Mandated Interested Person by any member within the EAR Group will require the prior approval of the Audit Committee.

Entry into foreign exchange, swap and option transactions with the same Mandated Interested Person where the aggregate of the principal amounts thereof do not at any one time exceed the limit set out above will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KGT.

(f) Review by internal auditors

The internal auditors of KGT shall, on a quarterly basis, review the Register of Mandated Transactions and the operation of the review procedures, report to the Audit Committee on all Mandated Transactions, and the bases of such transactions, entered into by the EAR Group with the Mandated Interested Persons.

(g) Review by Audit Committee

- (i) The Audit Committee shall have the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Trustee-Manager as it deems appropriate. If any member of the Review Committee or the Chairman of the Board has an interest in a Mandated Transaction to be reviewed, such member or the Chairman (as the case may be) will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Review Committee or a member of the Audit Committee (in place of the Chairman of the Board), where applicable. If a member of the Audit Committee has an interest in a Mandated Transaction to be reviewed by the Audit Committee, he will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

- (ii) Generally, the Review Committee, the Chairman and the Audit Committee will only approve a Mandated Transaction if the terms of the transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Review Committee or the Audit Committee or the Chairman may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.
- (iii) The Audit Committee will review the terms of the Mandated Transactions and the review procedures adopted on a quarterly basis.
- (iv) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Mandated Transactions will be on normal commercial terms, and will not be prejudicial to the interests of KGT and its minority Unitholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct KGT to revert to Unitholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons. In the event where KGT reverts to Unitholders for a fresh mandate, all Mandated Transactions proposed to be entered into pending the approval of the Unitholders for a fresh mandate shall be subject to the review and approval of the Audit Committee, and subject always to the applicable requirements of the Listing Manual.

Disclosure in Financial Statements and Annual Report

Disclosure will be made in KGT's financial statements for each of the first three quarters of its financial year, its full year financial statement and its annual report of the aggregate value of all Mandated Transactions conducted with Mandated Interested Persons pursuant to the Unitholders' Mandate during the financial year in accordance with the requirements of Chapter 9 of the Listing Manual.

Summary of opinion of the Independent Financial Adviser

PrimePartners Corporate Finance Pte. Ltd. ("IFA") has been appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual, to evaluate on whether the methods or procedures for determining transaction prices for the Mandated Transactions are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and its minority Unitholders.

Based on the analysis undertaken and subject to the qualification and assumptions made in the letter from the IFA set out in Appendix H, the IFA is of the opinion that the methods or procedures for determining transaction prices for the Mandated Transactions as set out above in "Interested Person Transactions and Potential Conflict of Interests — General Mandate for Interested Person Transactions — Review Procedures for Mandated Transactions with Mandated Interested Persons" are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and its minority Unitholders. (See Appendix H — "Letter from the Independent Financial Adviser".)

REVIEW PROCEDURES FOR NON-MANDATED INTERESTED PERSON TRANSACTIONS

The Trustee-Manager will establish an internal control system to ensure that all other future interested person transactions not subject to the Unitholder's Mandate will also be undertaken on normal commercial terms and will not be prejudicial to KGT's interests or those of the Unitholders. As a general rule, the management of the Trustee-Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Trustee-Manager, or obtaining one or more valuations from independent professional valuers.

The Trustee-Manager will maintain a register to record all interested person transactions which are entered into by the EAR Group and the bases, including any quotations from unrelated parties and independent valuations obtained to support such bases, on which they are entered into. The Trustee-Manager will also incorporate into its internal audit plan a review of all interested person transactions entered into by the EAR Group. The Audit Committee will review the internal audit reports at least quarterly to ascertain that the guidelines and procedures established to monitor and govern interested person transactions have been complied with.

The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit Committee. If a member of the Audit Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Further, the following procedures will be undertaken:

- (a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding S\$100,000 in value but below 3% of the value of KGT's net tangible assets (based on the latest audited consolidated accounts) will be subject to review by the Audit Committee at regular intervals;
- (b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3% but below 5% of the value of KGT's net tangible assets (based on the latest audited consolidated accounts) will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee-Manager with third parties which are unrelated to the Trustee-Manager; and
- (c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 5% of the value of KGT's net tangible assets (based on the latest audited consolidated accounts) will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning KGT relate to transactions entered into or to be entered into by members of the EAR Group with a related party of the Trustee-Manager (which would include relevant associates thereof), the Audit Committee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to KGT's interests or those of the Unitholders, and are in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in

question. If a member of the EAR Group is to sign any contract with a related party of the Trustee-Manager (which would include relevant associates thereof), the Audit Committee will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Save for the transactions described under “Interested Person Transactions and Potential Conflict of Interests — Past Interested Person Transactions”, “Interested Person Transactions and Potential Conflict of Interests — Present and Ongoing Interested Person Transactions — Exempted Agreement — Trust Deed”, “Interested Person Transactions and Potential Conflict of Interests — Present and Ongoing Interested Person Transactions — Exempted Agreement — Senoko EPC Contract” and “Interested Person Transactions and Potential Conflict of Interests — Present and Ongoing Interested Person Transactions — Exempted Agreement — O&M Agreements”, the Trustee-Manager will comply with Rule 905 of the Listing Manual by announcing any interested person transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3% or more of KGT’s net tangible assets (based on the latest audited consolidated accounts).

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in the annual report of KGT for the relevant financial year.

POTENTIAL CONFLICT OF INTERESTS

There may be potential conflict of interests between KGT, the Sponsor and other Sponsor Group Entities.

The Sponsor, with its related corporations and associates, has a proven track record in sourcing and developing infrastructure assets. The Sponsor will hold the Sponsor Units (such Units representing approximately 49.0% of the total number of Units in issue as at the Listing Date) immediately prior to the Listing.

Although the Trustee-Manager is a wholly-owned subsidiary of the Sponsor, its Board composition includes four Independent Directors which make up the majority of the Board. All the Directors 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 proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless the Audit Committee (in the case of interested person transactions) or the Conflicts Resolution Committee (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 KGT which KCL, the Sponsor and/or their subsidiaries have an interest, direct or indirect, the non-independent Directors (including the Chairman and CEO) shall abstain from voting in view of their directorship/employment with KCL, the Sponsor and/or their subsidiaries. In such matters, the quorum will comprise a majority of the Independent Directors of the Trustee-Manager and shall exclude the non-independent Directors. Such matters will fall also within the purview of the Audit Committee.

The Sponsor 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 the Sponsor 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 KGT 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.

To mitigate the risks of potential competition with KGT, the Sponsor has entered into the ROFR Deed with the Trustee-Manager. (See "Certain Agreements relating to KGT — ROFR Deed" for more details.)

In addition, the Board has formed a Conflicts Resolution Committee. The committee's terms of reference are to review conflicts or potential conflicts of interest that may arise from time to time in the course of KGT's business or operations between (i) KGT 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. An example of such conflicts or potential conflicts of interest would be in the context of the Trustee-Manager identifying, pursuing and executing opportunities to acquire or dispose of assets for KGT, but would exclude review of interested person transactions which fall within the purview of the Audit Committee.

This committee consists entirely of Independent Directors. The committee has developed a framework whereby conflicts or potential conflicts may be identified, their nature and extent assessed and evaluated and appropriate measures to control, avoid or mitigate such conflicts or potential conflicts are developed and implemented. (For more details, see "Corporate Governance — Audit Committee, Nominating Committee, Remuneration Committee and Conflicts Resolution Committee — Formation of the Audit Committee, the Nominating Committee, the Remuneration Committee and the Conflicts Resolution Committee — Conflicts Resolution Committee".)

THE CONSTITUTION OF KGT

The following is a summary of the Trust Deed and is qualified in its entirety by, and is subject to, the contents of the Trust Deed. Investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of KGT. The Trust Deed is available for inspection at the principal place of business of the Trustee-Manager at 2 Corporation Road, #02-07, Corporation Place, Singapore 618494.

BACKGROUND

KGT was constituted as a business trust on 23 July 2009 by the Trust Deed under the laws of Singapore. KGT was registered under the BTA (Registration Number 2010002) with the MAS on 27 May 2010.

When the Distribution is approved by KCL Shareholders at the EGM, Unitholders are deemed to have:

- (a) approved the issuance of the Fee Units and the Units in connection with the Introduction under Section 36 of the BTA and Clause 6.1 of the Trust Deed;
- (b) given a general mandate, pursuant to Section 36 of the BTA, Rule 806 of the Listing Manual and Clause 6.1 of the Trust Deed, to the Trustee-Manager to:
 - (i) (A) issue Units whether by way of rights, bonus or otherwise; and/or
 - (B) make or grant offers, agreements or options over Units (collectively, “**Instruments**”) that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units,at any time and on such terms and conditions and for such purposes and to such persons as the Trustee-Manager may in its absolute discretion deem fit; and
 - (ii) (notwithstanding the authority conferred by this general mandate may have ceased to be in force) issue Units in pursuant of any Instrument made or granted by the Trustee-Manager while this general mandate was in force, provided that:
 - (A) the aggregate number of Units to be issued pursuant to this general mandate (including Units to be issued in pursuant of the Instruments made or granted pursuant to this general mandate):
 - (x) by way of renounceable rights issue on a *pro rata* basis to Unitholders (“**Renounceable Rights Issues**”) shall not exceed 100% of the total number of Units in issue immediately prior to the Listing (as calculated in paragraph (ii)(C) below); and
 - (y) otherwise than by Renounceable Rights Issues (“**Other Unit Issues**”) shall not exceed 50% of the total number of Units in issue immediately prior to the Listing (as calculated in paragraph (ii)(C) below) of which the aggregate number of Units to be issued on a non *pro rata* basis to Unitholders shall not exceed 20% of the total number of Units in issue immediately prior to the Listing (as calculated in paragraph (ii)(C) below);

- (B) the Renounceable Rights Issues and Other Unit Issues shall not, in aggregate, exceed 100% of the total number of Units in issue immediately prior to the Listing (as calculated in paragraph (ii)(C) below); and
- (C) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Units to be issued that may be issued under paragraphs (ii)(A) and (ii)(B) above, the percentage of issued Units shall be based on the total number of Units in issue immediately prior to the Listing, after adjusting for:
 - (x) new Units arising from the conversion or exercise of any convertible securities or Unit options or vesting of Unit awards which are outstanding or subsisting at the time of the Listing (if any); and
 - (y) any subsequent bonus issue, consolidation or subdivision of Units; and
- (c) given a general mandate to the Trustee-Manager, to allot and issue to itself Units instead of cash in the event that the Trustee-Manager elects in accordance with Clause 12 of the Trust Deed to receive all or any part of the Management Fee, the Performance Fee, the Acquisition Fee and/or the Divestment Fee due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed,

and subject to the BTA and any other relevant applicable laws, regulations and guidelines. Unless revoked or varied by the Unitholders in general meeting, such authority shall continue in full force until the conclusion of the first annual general meeting of KGT or the date by which the first annual general meeting is required by law to be held, whichever is the earlier.

The first financial period of KGT is from the date of its constitution to 31 December 2009. KGT will hold its first annual general meeting on or prior to 30 April 2011, being the period falling within 18 months after the date of its registration as a registered business trust under the BTA. These mandates will be in force until that date.

THE UNITS ARE PRIMARILY NOT REDEEMABLE

It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Unitholders will not have the right to redeem Units or require the redemption of Units by the Trustee-Manager, though it is provided in the Trust Deed that the Trustee-Manager may repurchase Units in accordance with Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed).

THE TRUST DEED

KGT is a registered business trust constituted by the Trust Deed and is principally regulated by the SFA and the BTA.

The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder (and persons claiming through such Unitholder) as if such Unitholder had been a party to the Trust Deed and as if the Trust Deed and such supplemental deeds contain covenants by such Unitholder to observe and be bound by the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager to do.

The provisions of the BTA prescribe certain terms of the Trust Deed and certain rights, duties and obligations of the Trustee-Manager and Unitholders under the Trust Deed.

The Units and Unitholders

The rights and interests of Unitholders are contained in the Trust Deed and all deeds supplemental to it. These rights and interests are safeguarded by the Trustee-Manager.

Each Unit represents an undivided interest in KGT and shall be in registered form. A Unitholder has no proprietary interest in the Trust Property and is not entitled to require the transfer to it of any asset (or any part thereof) or any interest in any asset (or any part thereof) of KGT. A Unitholder's right is limited to the right to require due administration of KGT in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager.

Under the Trust Deed, each Unitholder acknowledges and agrees that it will not commence or pursue any action against the Trustee-Manager by seeking an order for specific performance or for injunctive relief in respect of the Trust Property (or any part thereof), and waives any rights it may otherwise have to such relief. If the Trustee-Manager breaches or threatens to breach its duties or obligations to a Unitholder under the Trust Deed, the Unitholder's recourse against the Trustee-Manager is limited to a right to recover damages or compensation from the Trustee-Manager in a court of competent jurisdiction, and each Unitholder acknowledges and agrees that damages or compensation is an adequate remedy for such breach or threatened breach.

Further, unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the rights, powers, authority or discretion of the Trustee-Manager, exercise any right in respect of the Trust Property or any part thereof, or lodge any caveat or other notice affecting the Trust Property (or any part thereof), or require that any Trust Property be transferred to such Unitholder.

No certificate shall be issued to Unitholders by the Trustee-Manager in respect of Units issued to Unitholders. For so long as KGT is listed, quoted and traded on the SGX-ST, the entries in the Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by CDP and each Unitholder (other than depositors). In addition, the Trustee-Manager shall, pursuant to the Depository Services Agreement to be entered into between the Trustee-Manager and CDP, appoint CDP as the unit depository for KGT in respect of all scripless Units, and all Units issued will be represented by entries in the Register kept by the Trustee-Manager or the agent appointed by it and/or by entries in the Depository Register. The Trustee-Manager or the agent appointed by it shall also issue to CDP and each Unitholder (other than depositors) not more than 10 Business Days after the issue of Units a confirmation note confirming the date of issue and the number of Units so issued and, if applicable, also stating that the Units are issued under a moratorium and the expiry date of such moratorium and for the purposes of the Trust Deed, such confirmation note shall be deemed to be a certificate evidencing title to the Units issued.

There are no restrictions under the Trust Deed or Singapore law on a person's right to purchase (or subscribe for) Units and to own Units except in the case of rights issue where the Trustee-Manager has the right under the Trust Deed to elect not to extend an offer of Units under any rights issue to Unitholders whose addresses are outside Singapore.

Changes in Unitholders' equity

The Trustee-Manager may at any time and on prior written notice (such notice period to be determined by the Trustee-Manager in its absolute discretion) to each Unitholder or to CDP for onward delivery to Unitholders, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and Unitholders shall be bound accordingly.

The Register shall be altered accordingly to reflect the new number of Units held by each Unitholder as a result of such sub-division or consolidation and the Trustee-Manager shall cause CDP to alter the Depository Register accordingly in respect of each relevant Unitholder's Securities Account to reflect the new number of Units held by such Unitholder as a result of such sub-division or consolidation.

Rights, preferences and restrictions attaching to each class of Units

The Trust Deed provides that if, at any time, different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the provisions of any applicable laws, regulations and guidelines, be varied or abrogated with the sanction of a Special Resolution passed at a separate meeting of Unitholders of that class.

Currently, there is only one class of Units and every Unit carries the same voting rights. Under the Trust Deed, only persons registered in the Register are recognised as registered holders of the Units in issue. For so long as KGT is listed, the Trustee-Manager or the agent appointed by it shall record in the Register (a) CDP as the registered holder of all Units in issue which are deposited with CDP and (b) a holder (other than CDP) as the registered holder of Unit(s) which are held by such holder and not deposited with CDP. The Trustee-Manager or the agent appointed by it shall pursuant to the Trust Deed record in the Register the following information in relation to each registered holder, and CDP shall pursuant to the Depository Services Agreement record in the Depository Register the following information in relation to each Unitholder having Units credited into their respective Securities Accounts:

- (a) the names and addresses of the Unitholders;
- (b) the number of Units held by each Unitholder;
- (c) the class of Units held by each Unitholder;
- (d) the date on which every such person entered in respect of the Units standing in his name became a Unitholder and, where practicable, a sufficient reference to enable the name and address of the transferor to be identified;
- (e) the date on which any transfer is registered and the name and address of the transferee;
- (f) the date on which any person ceased to be a Unitholder; and
- (g) the date on which any Units have been repurchased or redeemed pursuant to the provisions of the Trust Deed.

Under the Trust Deed, each Unitholder named in the Depository Register shall for such period as the Units are entered against his name in the Depository Register, be deemed to be the owner in respect of the number of Units entered against such Unitholder's name in the Depository Register and the Trustee-Manager shall be entitled to rely on any and all such information in the Depository Register.

The entries in the Depository Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each Unitholder and, in the event of any discrepancy between the entries in the Depository Register and the details appearing in any confirmation note or monthly statement issued by CDP, the entries in the Depository Register shall prevail unless the Unitholder proves to the satisfaction of the Trustee-Manager and CDP that the Depository Register is incorrect.

Distributions

Subject to the Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed) and the Trust Deed, the Trustee-Manager may make regular distributions to Unitholders of such amounts to be payable out of Trust Property and on such distribution dates as the Trustee-Manager may think fit. All distributions are paid *pro rata* among Unitholders in proportion to the number of fully-paid up Units held by the relevant Unitholder. The Trustee-Manager shall, from time to time, make payments to any Unitholder claiming any monies payable to the Unitholder under the Trust Deed which was previously unclaimed ("**Unclaimed Monies**"). For the avoidance of doubt, no interest shall be payable to a Unitholder on such Unclaimed Monies.

In the case where any Unit is not fully paid up, the distribution declared shall be allocated and paid in such proportions as provided for in the terms of issue of such partially paid up Units, and failing such provision, in such proportions as the Trustee-Manager may think fit.

Subject to the winding-up provisions in the Trust Deed, the Trustee-Manager may, if practicable, cause such sums which represent Unclaimed Monies which remain unclaimed for six years after the date on which such Unclaimed Monies are due to be paid, to be paid into the courts of Singapore after deducting from such sums all fees, costs and expenses incurred in relation to such payment into the courts of Singapore.¹ If the said monies are insufficient to meet all such fees, costs and expenses, the Trustee-Manager shall be entitled to have recourse to the Trust Property. The Trustee-Manager may, if practicable, cause such sums which represent Unclaimed Monies which remain unclaimed for six years after the date on which such Unclaimed Monies are due to be paid, to be forfeited and the Trustee-Manager may, at any time thereafter at its absolute discretion and if practicable, annul any such forfeiture and pay the monies so forfeited to the Unitholder entitled thereto prior to the forfeiture. For the avoidance of doubt, the relevant Unitholder shall not have any right or claim in respect of such monies against KGT or the Trustee-Manager if a period of six years has elapsed from the date such monies are first payable.

Voting Rights

A Unitholder is entitled to attend, speak and vote at any general meeting of Unitholders in person or by proxy and a Unitholder may appoint not more than two proxies to attend and vote at the same general meeting as a Unitholder if his name appears on the Depository Register as at 48 hours before the time of the relevant general meeting as certified by CDP to KGT. Except as otherwise provided in the Trust Deed, not less than two Unitholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Trust Deed, on a show of hands, every Unitholder present in person or by proxy shall have one vote, and on a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the general meeting or by five or more Unitholders (including their proxies) having the right to vote at the general meeting or by Unitholder(s) (including their proxies) representing not less than 10% of the total voting rights of all the Unitholders having the right to vote at the general meeting.

¹ The Trustees Act, Chapter 337 of Singapore, allows a trustee to discharge its liabilities towards unclaimed monies by paying such monies into Singapore courts, although it does not prescribe the period for which the monies must be unclaimed before they may be paid into the courts. Although the Trustees Act is not applicable to a registered business trust, as a matter of prudence, the Trust Deed has provided that the Trustee-Manager may pay unclaimed monies into the courts.

Variation of rights of respective classes of Units

If at any time different classes of Units are issued, the rights attached to any class (unless otherwise provided by the terms of issue of the Units of that class) may, subject to the Relevant Laws, Regulations and Guidelines, whether or not KGT is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate meeting of Unitholders of that class. To every such separate meeting of Unitholders of that class the provisions of the Trust Deed relating to general meetings of the Unitholders shall *mutatis mutandis* apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued Units of the class and that any Unitholder of that class present in person or by proxy or by attorney may demand a poll.

The rights conferred upon Unitholders of the Units of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Units of that class or by the Trust Deed as are in force at the time of such issue, be deemed to be varied by the creation or issue of further Units ranking equally therewith.

The Trust Deed does not impose more stringent conditions for variation of rights of various classes of Units than those required by the applicable law.

Issue of Units

Only the Trustee-Manager has the right to issue Units for the account of KGT. For so long as KGT is listed on the SGX-ST, the Trustee-Manager may, subject to the provisions of the Listing Manual, the Trust Deed, the BTA and any other Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed), issue Units. In particular, the issuance of Units will be subject to Section 36 of the BTA which will require the approval by a majority of the number of votes of Unitholders who, being entitled to do so, vote in person or by proxy present at a general meeting of Unitholders and will also be subject to the limits imposed by the Listing Manual, as set out under “The Constitution of KGT — Background” above.

Rights and Liabilities of Unitholders

The rights of Unitholders include the rights to:

- (a) receive income and other distributions attributable to the Units held;
- (b) receive audited accounts and the annual reports of KGT; and
- (c) participate in the termination of KGT by receiving a share of all net cash proceeds derived from the realisation of the Trust Property less any liabilities, in accordance with their proportionate interests in KGT.

No Unitholder has a right to require that any or all Trust Property be transferred to it.

Further, Unitholders 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:

- (a) KGT or the Trustee-Manager ceasing to comply with the Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed) or any other applicable laws and regulations; or
- (b) the exercise of any discretion expressly conferred on the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the issue price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient to indemnify the Trustee-Manager.

Limitation on right to issue Units to Persons Resident Outside Singapore

In relation to any rights issue, the Trustee-Manager may in its absolute discretion elect not to extend an offer of Units under the rights issue to those Unitholders whose addresses are outside Singapore. In such event, the rights or entitlements to the Units of such Unitholders will be offered for subscription by the Trustee-Manager as the nominee and authorised agent of each such relevant Unitholder in such manner and at such price as the Trustee-Manager may determine. Where necessary, the Trustee-Manager shall have the discretion to impose such other terms and conditions in connection with the sale. The proceeds of any such sale, if successful, will be paid to the relevant Unitholders whose rights or entitlements have been thus sold, provided that where such proceeds payable to the relevant Unitholders are less than S\$10.00, the Trustee-Manager shall be entitled to retain such proceeds as part of the Trust Property.

Modification of the Trust Deed

Any modification, alteration or addition to the Trust Deed shall be made by deed supplemental to the Trust Deed, with the prior approval of the relevant authorities and in accordance with the Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed).

Unless the Trustee-Manager shall certify in writing that, in its opinion, such modification, alteration or addition:

- does not materially prejudice the interests of the Unitholders and does not operate to release to any material extent the Trustee-Manager from any responsibility to the Unitholders;
- is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including, without limitation, requirements under the Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed); or
- is made to correct a manifest error,

no such modification, alteration or addition shall be made without the sanction of a Special Resolution of a meeting of Unitholders, duly convened and held in accordance with the provisions contained in the Trust Deed. In any event, no such modification, alteration or addition shall impose upon any Unitholder any obligation to make further payments in respect of his Units (where the issue price of such Units has already been fully paid) or to accept any liability in respect thereof.

The BTA currently provides that the trust deed of a registered business trust may be amended by a resolution passed by the unitholders of that trust holding in the aggregate not less than 75% of the voting rights of all the unitholders of that trust who, being entitled to do so, vote in person or by proxy present at a general meeting of which not less than 21 days' written notice specifying the intention to propose the resolution as a Special Resolution has been duly given.

Circumstances under which the Trustee-Manager may be indemnified out of the Trust Property

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager, the Trustee-Manager is entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put to as trustee-manager of KGT, to have recourse to the Trust Property or any part thereof, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by fraud, wilful default or breach of trust by the Trustee-Manager where the Trustee-Manager fails to exercise Due Care.

Circumstances under which the Directors and Executive Officers may be indemnified by the Trustee-Manager

Subject to the provisions of the BTA, every Director and Executive Officer of the Trustee-Manager shall be entitled to be indemnified by the Trustee-Manager against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto and in particular and, without prejudice to the generality of the foregoing, no Director or Executive Officer of the Trustee-Manager shall be liable for the acts, receipts, neglects, fraud, defaults, breach of duty or breach of trust of any other Director or Executive Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to KGT through the insufficiency or deficiency of title to any property acquired by order of the Trustee-Manager for or on behalf of KGT or for the insufficiency or deficiency of any security in or upon which any of the monies of the Trustee-Manager shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any monies, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, fraud, default, breach of duty or breach of trust.

Circumstances under which the Trustee-Manager may exclude liability in relation to carrying out of its duties with respect to KGT

Subject to the duties and obligations of the Trustee-Manager under the Trust Deed, the Trustee-Manager shall not be liable for any act or omission of in relation to KGT save where there is, on the part of the Trustee-Manager, fraud, wilful default, or breach of trust where the Trustee-Manager fails to exercise Due Care.

In the absence of fraud, wilful default and breach of trust by the Trustee-Manager where the Trustee-Manager fails to exercise Due Care, the Trustee-Manager shall not incur any liability to the Unitholders by reason of any error of law or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Removal of the Trustee-Manager and appointment of new trustee-manager

The Trust Deed provides that the appointment and removal of the Trustee-Manager shall only be in accordance with the Relevant Laws, Regulations and Guidelines (as defined in the Trust Deed). (See “The Trustee-Manager of KGT — Other Rights and Obligations of the Trustee-Manager — Retirement or Removal of the Trustee-Manager” for details.)

Changes in the fees and charges payable to the Trustee-Manager

A Special Resolution is required to modify the Trust Deed to approve any change in the Management Fee, the Performance Fee, the Acquisition Fee and/or the Divestment Fee (See “The Trustee-Manager of KGT— Fees and Expenses Payable to the Trustee-Manager of KGT” for details.)

Winding-up

There is no provision in the Trust Deed which provides that KGT shall be wound up at a specified time, in specified circumstances or on the happening of a specified event.

Under the Trust Deed, KGT shall be of indefinite duration. However, in the event that any law shall be passed which renders KGT illegal or, in the opinion of the Trustee-Manager, impracticable or inadvisable to continue KGT, KGT may be wound up by the Trustee-Manager. Notwithstanding the time, circumstances or event specified in the Trust Deed, the winding up of KGT by the Trustee-Manager would still be subject to approval by way of an Ordinary Resolution duly passed by the Unitholders.

TAXATION

The following is a summary of certain tax matters arising under the current tax laws in Singapore, and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws, regulations, rulings and decisions now in effect, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur.

This summary is relevant for investors who hold the Units on capital account as investment assets. The income tax consequences for investors may differ where investors hold the Units for dealing purposes, as trading assets or part of a profit-making undertaking or scheme. This summary does not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units and does not purport to apply to all categories of investors, some of which may be subject to special rules.

Prospective investors should consult their own tax advisers concerning the application of Singapore tax and other tax consequences to their particular situations as well as any consequences of the purchase, ownership and disposition of the Units arising under the laws of any other taxing jurisdiction.

See “Independent Taxation Report” as set out in Appendix E.

TAXATION OF THE SUB-TRUSTS

The income of the Sub-Trusts will be derived mainly from the operations of the Plants. The Sub-Trusts may also earn interest income from the placement of their income that is not immediately distributed in fixed deposits with banks located in Singapore.

The chargeable income of the Sub-Trusts, after deduction of allowable expenses and permitted allowances under the Income Tax Act, would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0%. In this respect, the IRAS has confirmed, on the basis that the Sub-Trusts are required to account for the acquisition cost of the Plants as service concession receivables under INT FRS 112 — *Service Concession Arrangements*, that the portion of the Fixed Capital Cost and Recovery Components received by the Sub-Trusts under the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement during the concession period which is recognised as finance income from service concession arrangements under INT FRS 112 will be taxable under Section 10(1)(a) of the Income Tax Act at the prevailing corporate tax rate, currently 17.0%, and the remaining portion of the Fixed Capital Cost and Recovery Components which is recognised as a repayment of the service concession receivables under INT FRS 112 will not be taxable.

Any tax on the chargeable income of the Sub-Trusts is assessed on the respective Sub-Trustees. The after-tax amount may subsequently be distributed to KGT free of Singapore withholding tax or tax deduction at source.

TAXATION OF KGT

The receipts of KGT, a registered business trust, will comprise substantially receipts from distributions made by the Sub-Trusts and the principal repayments and interest payments received on the Notes issued by the Sub-Trusts.

KGT's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, and after deducting the applicable tax exemption on the first S\$300,000 of chargeable income would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0%.

Distributions from the Sub-Trusts

Based on Sections 35(15) and 35(16)(c) of the Income Tax Act, distributions made by the Sub-Trusts out of their income from trade or business carried on by the respective Sub-Trustees would not be subject to tax in the hands of KGT as a unitholder of the Sub-Trusts.

Principal repayments and interest payments from the Notes

Principal repayments on the Notes received from the Sub-Trusts are not taxable since they are capital in nature.

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is the exemption from tax of interest income in respect of qualifying project debt securities. The Notes issued by the Sub-Trusts will qualify as qualifying project debt securities if they meet the following conditions:

- (a) the Notes are issued on a non-recourse or limited recourse basis, i.e. interest payment on the debt is funded primarily from the cash flows of the qualifying infrastructure projects/assets;
- (b) the cash raised from the debt security can only be used to acquire, develop or invest in qualifying infrastructure projects/assets or pay down bondholders, shareholders and loan providers of qualifying infrastructure projects/assets;
- (c) either:
 - (i) the issue of the debt security is lead managed by, or the debt security is issued under a programme arranged by a Financial Sector Incentive (Project Finance) company ("FSI-PF") or a Financial Sector Incentive (Bond Market) ("FSI-BM") company; or
 - (ii) the issue of the debt security is arranged by a financial institution in Singapore where the Singapore-based staff play a leading and substantial role in origination, structuring and distribution of the debt security;
- (d) the Notes are issued during the period from 1 November 2006 to 31 December 2011 (both dates inclusive);
- (e) approval has been given by the MAS on the level of gearing in the case of an onshore qualifying infrastructure project/asset;
- (f) less than 50% of the issue of the qualifying project debt security is beneficially held or funded directly or indirectly at any time during the life of the issue by related parties of the issuer of the qualifying project debt security; and
- (g) the Notes are issued to and held by 4 or more persons at any time during the life of the issue.

If condition (g) cannot be met, a waiver will be granted if the entire issue of the qualifying project debt security is held by entities which are Singapore tax residents and listed in Singapore or to be listed in Singapore within 6 months of the issuance of the qualifying project debt security. Where the MAS approval has been obtained for the waiver, interest income from the qualifying project

debt security will continue to be tax exempt only if it is onward-declared for distribution to the shareholders, unitholders or other equivalent security holders of the entities within 6 months from the end of the financial year in which the interest income was actually received by those entities (the “onward-declaration of interest income condition”).

With regard to the Notes issued by the Sub-Trusts, approval has been obtained from the MAS/Ministry of Finance on the waiver of condition (g), as well as on the appropriate level of gearing under condition (e). With this approval, the Notes should qualify as qualifying project debt securities if conditions (b), (c) and (d) are met and conditions (a), (f) and the “onward-declaration of interest income condition” are met throughout the life of the Notes.

Gain on disposal of units in the Sub-Trusts

Singapore does not impose tax on capital gains. In the event that KGT disposes of its units in the Sub-Trusts, gains arising from the disposal will not be subject to Singapore income tax unless the gains are considered income of a trade or business carried on by KGT. The gains may also be subject to tax if the units in the Sub-Trusts were acquired with the intent or purpose of making a profit from their subsequent disposal and not for long-term investment purposes.

TAXATION OF UNITHOLDERS

Distributions from Units

KGT is a registered business trust. In this regard, distributions from Units received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and are also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager on the income of KGT.

Gain on disposal of Units

Singapore does not impose tax on capital gains. If a Unitholder has held the Units as investment assets on capital account, any gains arising from subsequent sales of the Units should generally be considered capital gains not subject to Singapore income tax. However, if the Units have been held on trading account, the gains arising from a subsequent sale will be taxed as income under Section 10(1)(a) of the Income Tax Act. Where the Unitholder has no intention to hold the Units for purposes of long-term investment, any gains arising from a subsequent sale could be construed as “gains or profits of an income nature” liable to tax under Section 10(1)(g) of the Income Tax Act even if the Units are not held as trading or business assets. Because the precise tax status will vary from Unitholder to Unitholder, Unitholders should consult their own professional adviser on the Singapore tax consequences that may apply to their individual circumstances.

Stamp Duty

Stamp duty may be imposed on instruments of transfers relating to the Units. In the event of a change of trustee-manager of KGT, stamp duty on any document effecting the appointment of a new trustee-manager and the transfer of trust assets from the incumbent trustee-manager to the new trustee-manager should be charged at a nominal rate not exceeding S\$10 as specified under Article 3(g)(ii) of the First Schedule to the Stamp Duties Act (Chapter 312).

Goods and Services Tax ("GST")

The sale of the Units by a GST-registered investor through an SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the GST-registered investor in respect of this exempt supply is not recoverable from the Comptroller of GST, unless certain conditions or requirements under the GST legislation are satisfied.

Where the Units are sold by a GST-registered investor to a person belonging outside Singapore, or through an overseas exchange, the sale would generally be a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this taxable supply in the course or furtherance of a business may generally be recoverable from the Comptroller of GST, subject to the provisions of the GST legislation.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of the Units will be subject to GST at the prevailing rate applicable under the Goods and Services Tax Act (Chapter 117A) (currently 7.0%). Similar services rendered to an investor belonging outside Singapore should generally be subject to GST at zero-rate, provided that the investor is outside Singapore when the services are performed and the services provided do not directly benefit any Singapore persons.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

CLEARANCE, SETTLEMENT AND TRADING

INTRODUCTION

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of the Units. For the purpose of trading on the SGX-ST, a board lot for the Units will comprise 1,000 Units.

Upon listing and quotation on the SGX-ST, the Units will be traded under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of the Units through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

CLEARANCE AND SETTLEMENT UNDER THE DEPOSITORY SYSTEM

The Units will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the Depository Register maintained by CDP will be treated as Unitholders in respect of the number of Units credited to their respective Securities Accounts.

Transactions in the Units under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Units sold and the buyer's Securities Account being credited with the number of Units acquired on the date of settlement and no transfer stamp duty is currently payable for the transfer of Units that are settled on a book-entry basis.

Units credited to a Securities Account may be traded on the SGX-ST on the basis of a price between a willing buyer and a willing seller. Units credited into a Securities Account may be transferred to any other Securities Account with CDP, subject to the terms and conditions for the operation of Securities Accounts and the applicable transfer fee payable to CDP. All persons trading in the Units through the SGX-ST should ensure that the relevant Units have been credited into their Securities Account, prior to trading in such Units. If the Units have not been credited into the Securities Account by the due date for the settlement of the trade, the buy-in procedures of the SGX-ST will be implemented.

Clearing Fees

A clearing fee for the trading of Units on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S\$600.00 per transaction. The clearing fee, deposit fee and unit withdrawal fee may be subject to GST (currently 7.0%).

Dealings in the Units will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the Units is generally settled on the following Market Day. CDP holds securities on behalf of investors in

Securities Accounts. An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Other Fees

As the Units will be listed and traded on the SGX-ST and Unitholders have no right to request the Trustee-Manager to redeem their Units, no subscription fee, preliminary charge, realisation fee or switching fee is payable in respect of the Units.

Trading

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 1,000 Units. An application has been made and the approval of the SGX-ST obtained for the establishment of a temporary counter for the trading of Units in board lots of 100 Units for a period of one calendar month from the Listing Date ("**Concession Period**") for the convenience of Unitholders.

To provide Unitholders a more economical avenue to trade and/or round up their odd lots of Units, KCL has arranged for DBS Vickers Securities (S) Pte Ltd, OCBC Securities Private Limited, Phillip Securities Pte Ltd and UOB Kay Hian Pte Ltd to offer concessionary brokerage rates for the trading in the Units during the Concession Period. The brokerage fee payable by those who trade on the temporary odd-lot counter during the Concession Period through the four securities houses above are as follows:

	DBS Vickers Securities (S) Pte Ltd	OCBC Securities Private Limited	Phillip Securities Pte Ltd	UOB Kay Hian Pte Ltd
Minimum brokerage fee, provided the number of Units traded in any one contract does not exceed 999 Units	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract (via a broker or the Internet).	S\$20.00 per contract if transacted via a broker. S\$10.00 per contract if transacted via the Internet.	S\$20.00 per contract (via a broker or the Internet).

For trades in board lots of 1,000 Units or higher, the usual brokerage fee applies. After the Concession Period, Unitholders who hold odd lots of Units can continue to trade in odd lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY THE DIRECTORS AND THE ISSUE MANAGER

1. This Document has been seen and approved by the Directors and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed herein are fair and accurate in all material respects as at the date hereof and there are no material facts the omission of which would make any statement in this Document misleading, and that this Document constitutes full and true disclosure of all material facts about the Introduction and KGT.
2. The Hongkong and Shanghai Banking Corporation Limited acknowledges that, to the best of its knowledge and belief that this Document constitutes a full and true disclosure of all the material facts about the Introduction, KGT and its subsidiaries and that it is not aware of any other facts, the omission of which would make any statements herein misleading.
3. The profit and cash flow forecast and profit and cash flow projection contained in "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" have been stated by the Directors after due and careful enquiry. The Hongkong and Shanghai Banking Corporation Limited is satisfied that the profit and cash flow forecast and profit and cash flow projection contained in "Profit and Cash Flow Forecast and Profit and Cash Flow Projection" have been stated by the Directors after reasonable enquiry.

MATERIAL BACKGROUND INFORMATION

4. None of the Directors, key executives or controlling shareholders of the Trustee-Manager, or the controlling Unitholder, was or is involved in any of the following events:
 - (a) at any time during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction 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 two years from the date he ceased to be a partner;
 - (b) at any time during the last 10 years, an application or a petition under any law of any jurisdiction 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 or at any time within two 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;
 - (c) any unsatisfied judgment against him;
 - (d) a conviction 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;
 - (e) a conviction 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;

- (f) at any time during the last 10 years, judgment 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 any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) disqualification 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;
- (i) 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;
- (j) 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;
 - (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;
 - (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 the period when he was so concerned with the entity or business trust; or
- (k) the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

ORDER BOOK

5. Due to the nature of the business of KGT, there is no order book maintained by KGT.

MATERIAL CONTRACTS

6. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Trustee-Manager from the date of constitution of KGT to the date of this Document and may or may not be material:
 - (a) the ROFR Deed;
 - (b) the Restructuring Agreements; and
 - (c) the Subscription Deeds.

DOCUMENTS FOR INSPECTION

7. For a period of six months from the date of this Document, the following documents (or copies thereof as the case may be), may be inspected at the principal place of business of the Trustee-Manager in Singapore:
 - (a) the Trust Deed;
 - (b) the material contracts referred to under “General and Statutory Information — Material Contracts”;
 - (c) the reports and letters set out in Appendices B, C, D, E, F, G and H;
 - (d) the letters of consent set out in “General and Statutory Information — Consents” and “Experts”; and
 - (e) the audited financial statements of Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC for FY2009.

MISCELLANEOUS

8. When KGT is listed on the SGX-ST, investors may check the SGX-ST website <http://www.sgx.com> for the prices at which Units are being traded on the SGX-ST. Investors may also check one or more major Singapore newspapers such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*, for the price range within which Units were traded on the SGX-ST on the preceding day.
9. There have been no public takeover offers by a third party in respect of the Units or by the Trustee-Manager in respect of the shares of a corporation or the units of another business trust, which has occurred up to the Latest Practicable Date.
10. There is no governmental law, decree or regulatory requirement or any other requirement which may affect the repatriation of capital and remittance of profits by or to the Trustee-Manager.
11. No expert is interested, directly or indirectly, in promotion of, or in any property or assets which have, within the two years preceding the date of this Document, been acquired or disposed of by or leased to KGT or are proposed to be acquired or disposed of by or leased to KGT.
12. There is no arrangement or understanding with a substantial shareholder of the Trustee-Manager, substantial Unitholder, customer or supplier of the Trustee-Manager, pursuant to which any Director or any Executive Officer was selected as a Director or Executive Officer.
13. Save as disclosed in this Document, unless otherwise permitted under the Listing Manual, none of the Trustee-Manager or any of its associates is or will be entitled to receive any part of any brokerage charged to KGT, or any part of any fees, allowances or benefits received on purchases charged to KGT.
14. There is no known arrangement the operation of which may, at a subsequent date, result in a change of control in the Trustee-Manager.
15. As at the Latest Practicable Date, KGT has no principal bankers.

16. KGT was constituted on 23 July 2009 with one initial issued Unit at S\$1.00. As at the date of this Document, the issued equity of KGT is one Unit. Except as disclosed herein, there has been no change in the equity of KGT since its constitution.

Senoko Trust was constituted on 23 July 2009, Tuas DBOO Trust was constituted on 16 April 2010 and Ulu Pandan Trust was constituted on 27 May 2010, each with one initial issued unit at S\$1.00. As at the date of this Document, the issued equity of each Sub-Trust is one unit. Except as disclosed herein, there has been no change in the equity of each Sub-Trust since their constitution.

17. The concept of seasonality is not applicable to the business of KGT.
18. To the best of its knowledge and belief, the Trustee-Manager is not aware of any legal or arbitration proceedings pending or known to be contemplated which may have a material effect on the financial position or profitability of the KGT Group. There have also been no legal or arbitration proceedings which have had in the last 12 months immediately preceding the date of this Document, a material effect on the financial position or profitability of the KGT Group.
19. The Issue Manager and certain of its affiliates may have performed commercial banking, investment banking and other advisory services for KGT, the Trustee-Manager, the Sponsor and their affiliates from time to time for which they received customary fees and expenses. The Issue Manager may, from time to time, trade in the securities of KGT, engage in transactions with, and perform services for KGT, the Trustee-Manager, the Sponsor and their affiliates in the ordinary course of their business.

TREND INFORMATION AND PROFIT AND CASH FLOW FORECAST

20. Save as disclosed under the sections entitled "Risk Factors", "Capitalisation and Indebtedness", "Profit and Cash Flow Forecast and Profit and Cash Flow Projection", "Factors Affecting Results of Operations and Discussion of Liquidity and Market Risk", "K-Green Trust", "The Portfolio of KGT" of this Document, the financial condition and operations of KGT is not likely to be affected by any of the following:
- (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in KGT's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any insignificant economic changes that will materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that KGT reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
21. Audited consolidated financial statements of KGT have been prepared for FY2009.

CONSENTS

22. The Hongkong and Shanghai Banking Corporation Limited, named as the Issue Manager in relation to the Introduction, has given and not withdrawn its written consent to the issue of this Document with the inclusion herein of, and all references to, its name and all references thereto in the form and context in which it appears in this Document, and to act in such capacity in relation to this Document.
23. Each of the Issue Manager, Allen & Gledhill LLP, Allen & Overy LLP and the Unit Registrar and Unit Transfer Office does not make, or purport to make, any statement in this Document or any statement upon which a statement in this Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Document.

EXPERTS

1. Deloitte & Touche LLP, the Independent Reporting Accountants and Auditors, was responsible for preparing the Independent Reporting Accountants' Report on the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date and the Independent Reporting Accountants' Report on the Profit and Cash Flow Forecast and Profit and Cash Flow Projection found in Appendix B and Appendix D of this Document respectively, which had been prepared for the purpose of incorporation in this Document.
2. Ernst & Young Solutions LLP, the Independent Tax Adviser, was responsible for preparing the Independent Taxation Report found in Appendix E, which had been prepared for the purpose of incorporation in this Document.
3. Stone Forest Corporate Advisory Pte Ltd, the Independent Valuer, was responsible for preparing the Independent Valuation Summary Letter found in Appendix F, which had been prepared for the purpose of incorporation in this Document.
4. MWH Consultants (S) Pte Ltd, the Independent Industry Expert and the Independent Contracts Review Consultant, was responsible for preparing the section of this Document entitled "The "Green" Infrastructure Sector Industry" and the Independent Contracts Review Letter found in Appendix G, which had been prepared for the purpose of incorporation in this Document.
5. PrimePartners Corporate Finance Pte. Ltd., the IFA, was responsible for preparing the Letter from the Independent Financial Adviser found in Appendix H, which had been prepared for the purpose of incorporation in this Document.
6. The Independent Reporting Accountants and Auditors, the Independent Tax Adviser, the Independent Valuer, the Independent Industry Expert, the Independent Contracts Review Consultant and the IFA have each given and have not withdrawn their written consents to the issue of this Document with the inclusion herein of their names and their respective write-ups and reports and all references thereto in the form and context in which they respectively appear in this Document, and to act in such capacity in relation to this Document.
7. None of the Independent Reporting Accountants and Auditors, the Independent Tax Adviser, the Independent Valuer, the Independent Industry Expert, the Independent Contracts Review Consultant and the IFA:
 - (a) is employed on a contingent basis by the Trustee-Manager;
 - (b) has a material interest, whether direct or indirect, in the Units; or
 - (c) has a material economic interest, whether direct or indirect, in KGT, including an interest in the success of the Introduction.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of KGT's business, the following glossary provides an explanation on some of the technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

180cST HSFO	180 Centistoke Heavy Sulphur Fuel Oil
availability factor for incineration capacity or availability factor	A measure of the availability of a Plant which is computed based on boiler operating days
available incineration capacity	The incineration capacity of a Plant (tonnes/day) which is calculated by multiplying the Tested Incineration Capacity by the availability factor for incineration capacity
COD	Chemical oxygen demand
CUEE	Contracted units of electricity exported
DBOO	Design, build, own and operate
EFW CHP Plant	Energy-from-waste combined heat and power plant
EPC	Engineering, procurement and construction
greenfield asset or project	An asset or project that is under construction
MW	Megawatt
Net Calorific Value or NCV	Quantity of heat released when a combustible burns completely
NEWater	High grade reclaimed water produced from treated used water that is further purified using advanced membrane technologies making the water safe to drink and ultra-clean for industrial and commercial use
O&M	Operation and maintenance
Reverse osmosis	Process of applying pressure for water to flow from a concentrated side to a less concentrated side through a semi-permeable membrane to remove undesirable contaminants
RT	Refrigeration tonnes
Tested Incineration Capacity or TIC	Quantity of waste that can be incinerated per day at reference conditions
WTE	Waste-to-energy

DEFINITIONS

Unless the context otherwise requires, capitalised terms defined in this Document have the meanings defined below:

%	Per centum or percentage
Acquisition Fee	The acquisition fee payable to the Trustee-Manager under the Trust Deed
Amotfors Energi	Amotfors Energi AB consortium
Approvals	Such regulatory or other approvals as may be required or advisable in connection with the Restructuring Exercise, the Distribution and the Introduction (including but not limited to the approvals of NEA and PUB for the Restructuring Exercise as well as the approval by KCL Shareholders at the EGM for the Distribution)
associate	Has the meaning ascribed to it in the SF BT Regulations and in the Listing Manual
associated company	Has the meaning ascribed to it in the Listing Manual
associated entity	Has the meaning ascribed to it in the SF BT Regulations
Audit Committee	The audit committee of the Trustee-Manager
Availability Payments	The fixed payment payable under the NEWater Agreement for the provision of production capacity
Board	The board of directors of the Trustee-Manager
Books Closure Date	22 June 2010 at 5.00 p.m. (or such other time and date as the directors of KCL may determine), being the time and date at and on which, subject to the Approvals having been obtained, the register of members and transfer books of KCL kept in accordance with Section 190 of the Companies Act will be closed to determine the entitlement of KCL Shareholders to Units pursuant to the Distribution
BTA	Business Trusts Act (Chapter 31A) (including all subsidiary legislation made thereunder)
Business Day	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
Business Trusts Regulations	Business Trusts Regulations
CDP	The Central Depository (Pte) Limited
Chief Executive Officer or CEO	The chief executive officer of the Trustee-Manager
Chief Financial Officer or CFO	The chief financial officer of the Trustee-Manager
Companies Act	Companies Act (Chapter 50)
Company Secretary	The company secretary of the Trustee-Manager

Completion Date	29 June 2010 (or such other date as the parties to the Restructuring Agreements may determine)
Concession Period	A period of one calendar month from the Listing Date allowing trading in board lots of 100 Units on a temporary odd-lot counter
Concessionary Rate	The concessionary brokerage fee payable by those who trade in odd-lots of Units on the temporary odd-lot counter during the Concession Period where each trade does not exceed 999 Units
Contracted Incineration Capacity . .	800 tonnes/day at 9,000 kJ/kg (NCV) in the case of Tuas DBOO Plant and 2,100 tonnes/day at 9,000 kJ/kg (NCV) in the case of Senoko Plant
Control	Unless the context otherwise requires, “control” has the meaning ascribed to it in the Listing Manual and “controlling Unitholder” and “controlling shareholder” shall be construed accordingly
CPF Funds	CPF account savings under the CPF Investment Scheme — Ordinary Account
CPF Investment Accounts	Investment accounts maintained with a CPF approved agent bank for the purpose of investment of CPF Funds
CPFIS Investors	Investors who have subscribed for or purchased KCL Shares using CPF Funds
CPIS	Consumer Price Index of Singapore
Depository Register	The electronic register of book entry securities maintained by CDP
Depository Services Agreement . . .	The depository services agreement to be entered into on or prior to the Listing Date between CDP and the Trustee-Manager relating to the deposit of the Units in CDP
Directors	The directors of the Trustee-Manager
Distribution	The dividend <i>in specie</i> of up to 325,900,000 Units to KCL Shareholders by KCL
Divestment Fee	The divestment fee payable to the Trustee-Manager under the Trust Deed
Document	This Introductory Document issued by the Trustee-Manager in connection with the Introduction
DPU	Distribution per Unit
Due Care	The degree of care and diligence required of a trustee-manager of a business trust registered under the BTA
EGM	The extraordinary general meeting of KCL proposed to be convened on 16 June 2010 (and any adjournment thereof)
Electricity Act	Electricity Act (Chapter 89A)

Electricity Generation Incentive Payment	Variable electricity generation incentive payments payable by NEA to Senoko Trustee under the Senoko ISA or Tuas DBOO Trustee under the Tuas DBOO ISA, as the case may be, for electricity that is exported to the NEMS
EMA	Energy Market Authority of Singapore
EMC	Energy Market Company Pte Ltd
EPHA	Environmental Public Health Act (Chapter 95)
EPMA	Environmental Protection and Management Act (Chapter 94A)
Executive Officers	The key executive officers of the Trustee-Manager
Fee Units	The Units which may be issued to the Trustee-Manager from time to time, in accordance with the Trust Deed, in full or part payment of the Trustee-Manager's fees
Feedwater	Effluent supplied by PUB from the Ulu Pandan Water Reclamation Plant to Ulu Pandan Plant pursuant to the NEWater Agreement
Feedwater Quality Specification	The quality specifications for Feedwater supplied by PUB as set out in the NEWater Agreement
Fixed Capacity Payments	Fixed payments payable by NEA to the Senoko Trustee under the Senoko ISA or the Tuas DBOO Trustee under the Tuas DBOO ISA, as the case may be
Fixed Capital Cost and Recovery Components	Fixed capital cost component of the Fixed Capacity Payments and the fixed capital cost recovery component of the Availability Payments
Flue Gas Treatment Upgrade	The upgrading of the flue gas treatment system of Senoko Plant pursuant to the Senoko EPC Contract
Forecast DPU	The forecast and projected DPU of KGT for FY2010 and FY2011, as the case may be
Forecast Period 2010	The period from 29 June 2010 to 31 December 2010
Foreshores Act	Foreshores Act (Chapter 113)
FSA	Fire Safety Act (Chapter 109A)
FY	The financial year ended or ending on 31 December of the relevant year
GST	Goods and Services Tax
immediate family member	in relation to an individual, means the individual's spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister
Income Tax Act	Income Tax Act (Chapter 134)
Independent Contracts Review Consultant, Independent Industry Expert or MWH	MWH Consultants (S) Pte Ltd

Independent Directors	Independent Directors for the purposes of the BTA
Independent Financial Adviser or IFA	PrimePartners Corporate Finance Pte. Ltd.
Independent Reporting Accountants	Deloitte & Touche LLP
Independent Tax Adviser	Ernst & Young Solutions LLP
Independent Valuer	Stone Forest Corporate Advisory Pte Ltd
INT FRS 112	Interpretation of Financial Reporting Standard 112
interested person	Has the meaning ascribed to it in the BTA and, where applicable, includes an “interested person” as defined in the Listing Manual and in the SF BT Regulations
interested person transaction	Has the meaning ascribed to it in the BTA and, where applicable, includes an “interested person transaction” as defined in the Listing Manual and the SF BT Regulations
Introduction	The listing of the Units on the SGX-ST by way of introduction without any offer being made of the Units for subscription or sale
Investment Mandate	The investment mandate of KGT to invest in “green” infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East
IRAS	Inland Revenue Authority of Singapore
Issue Manager	The Hongkong and Shanghai Banking Corporation Limited
KCL	Keppel Corporation Limited
KCL Options	The share options granted under the KCL Share Option Scheme, adopted at an extraordinary general meeting of the Company on 7 May 1987 and as modified or altered from time to time
KCL Shareholders	The shareholders of KCL
KCL Shares	Ordinary shares in the share capital of KCL
KEPL	Keppel Electric Pte Ltd
Keppel DHCS	Keppel DHCS Pte Ltd
Keppel Group	KCL and its subsidiaries
Keppel Seghers, Keppel EPC Contractor or Keppel O&M Operator.	Keppel Seghers Engineering Singapore Pte. Ltd.
KETC	Keppel Environmental Technology Centre Pte. Ltd.
KFMO	Keppel FMO Pte Ltd
KGT	K-Green Trust

KGT Entity	Any of the Trusts or such other special purpose vehicles holding or constituted to hold KGT's investments
KGT Group	KGT and its subsidiaries
KIPL	Kephinance Investment Pte Ltd
Latest Practicable Date	24 May 2010, being the latest practicable date prior to the date of this Document
Listing	The admission of KGT to the Official List of the SGX-ST pursuant to the Introduction
Listing Date	The date of commencement of dealing in the Units on the SGX-ST
Listing Manual	The Listing Manual of the SGX-ST
Lock-Up Period	The period of 12 months commencing from the Listing Date
Management Fee	The management fee payable to the Trustee-Manager under the Trust Deed
Management team	The management team of the Trustee-Manager comprising the Executive Officers
Market Day	A day on which the SGX-ST is open for trading in securities
MAS	Monetary Authority of Singapore
Minimum Unitholding	30% of the total number of Units in issue at any time on and after the Completion Date
NEA	National Environment Agency, a body corporate established pursuant to the National Environment Agency Act (Chapter 195)
NEA Step-in Rights	The rights of NEA under the Senoko ISA and the Tuas DBOO ISA to take possession and control of the whole or part of Senoko Plant or Tuas DBOO Plant, as the case may be, for the purpose of operating Senoko Plant or Tuas DBOO Plant as it deems necessary for the continued operation of Senoko Plant or Tuas DBOO Plant
NEMS	National Electricity Market of Singapore
NEWater Agreement	The amended and restated NEWater agreement dated 20 January 2005 between Ulu Pandan SPC and PUB, as novated, further amended and restated on 27 May 2010 among Ulu Pandan SPC, the Ulu Pandan Trustee and PUB
NEWater Output Payments	The variable monthly payment payable under the NEWater Agreement
NEWater Quality Specification	The quality specifications for NEWater as set out in the NEWater Agreement
NEWater warranted capacity	The obligation of the Ulu Pandan Trustee to make available the capacity to produce and supply NEWater at 148,000 m ³ /day
Nominating Committee	The nominating committee of the Trustee-Manager

Non-Executive Directors	Directors who do not have any executive role in the Trustee-Manager
Non-Independent Directors	Directors who are not Independent Directors
Notes	Senoko Notes, Tuas DBOO Notes and Ulu Pandan Notes
O&M Agreements	Senoko O&M Agreement, Tuas DBOO O&M Agreement and Ulu Pandan O&M Agreement
Ordinary Resolution	A resolution proposed and passed as such by a majority being more than 50% of the total number of votes cast for and against such resolution at a meeting of Unitholders or, to the extent permitted by law, a resolution in writing signed by or on behalf of more than 50% of the Unitholders for the time being entitled to receive notice of any meeting of Unitholders
Overseas Shareholders	KCL Shareholders whose registered addresses as at the Books Closure Date, as recorded in the KCL's register of members or in the Depository Register maintained by CDP (as the case may be) for the service of notice and documents, are outside Singapore
Output Payments	The variable payment payable under the NEWater Agreement for the volume of Feedwater treated
Performance Fee	The performance fees payable to the Trustee-Manager under the Trust Deed
PFI	Private Finance Initiative
PMC	Payment for Energy Market Charges
Plants	Senoko Plant, Tuas DBOO Plant and Ulu Pandan Plant
Profit and Cash Flow Forecast	The forecast consolidated income statement and cash flow statement of KGT for the Forecast Period 2010
Profit and Cash Flow Projection . . .	The projected consolidated income statement and cash flow statement of KGT for the Projection Year 2011
Pro Forma Valuation	The pro forma valuation undertaken by the Independent Valuer of the future operating cash flows of the Sub-Trusts
Projection Year 2011	The period from 1 January 2011 to 31 December 2011
PUB	Public Utilities Board, a body corporate established pursuant to the Public Utilities Act (Chapter 261)
PUB Step-in Rights	The rights of PUB under the NEWater Agreement to take possession and control of the whole or part of Ulu Pandan Plant for the purpose of operating Ulu Pandan Plant as it deems necessary for the continued supply of NEWater by Ulu Pandan Plant
Quarter	A calendar quarter ended or ending on 31 March, 30 June, 30 September or 31 December of each year
Register	The register of Unitholders kept in accordance with the Trust Deed

Registrar	Such person as may from time to time be appointed by the Trustee-Manager to, <i>inter alia</i> , keep and maintain the Register
Remuneration Committee	The remuneration committee of the Trustee-Manager
Restructuring Agreements	Senoko Restructuring Agreement, Tuas DBOO Restructuring Agreement and Ulu Pandan Restructuring Agreement
Restructuring Exercise	The restructuring of Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC as described in "Restructuring Exercise"
ROFR	The rights of first refusal contained in the ROFR Deed
ROFR Deed	Deed of Right of First Refusal dated 27 May 2010 executed by the Sponsor in favour of the Trustee-Manager
ROFR Assets	Any asset (a) in which one or more Sponsor Group Entities hold, in aggregate, a voting interest of more than 50.0% and (b) which is of such type, carries out such activities or provides such services, and is located within such geographical area, as to fall within the Investment Mandate
S\$ or SGD or Singapore dollars and cents	Singapore dollars and cents, the lawful currency of Singapore
SDA	Sewerage and Drainage Act (Chapter 294)
Securities Account	Securities account or sub-account maintained by a Depositor (as defined in Section 130A of the Companies Act) with CDP
Senoko 3rd Party Contracts	The 84 contracts between NEA and various third party contractors relating to O&M works for Senoko Plant which were effective on 31 August 2009
Senoko civil works	Works which relate to or are necessary for the structural adequacy or stability of the flue gas treatment upgrading system of Senoko Plant
Senoko Electricity Licence	The electricity licence dated 24 August 2009 granted to Senoko SPC by EMA under the Electricity Act
Senoko EPC Contract	The EPC agreement dated 28 August 2009 between Senoko Trustee and Keppel Seghers relating to the Flue Gas System Upgrade, amended and restated on 27 May 2010 among Senoko SPC, the Senoko Trustee and Keppel Seghers
Senoko EPC Price	The fixed lump sum contract price received by the Keppel EPC Contractor pursuant to the Senoko EPC Contract
Senoko EPHA Licence	The licence dated 1 September 2009 granted to Senoko SPC under the EPHA
Senoko Foreshore Area Lease	The foreshore area lease dated 25 February 2010 between the Senoko Trustee and the President of Singapore and his successors in office

Senoko ISA	The incineration services agreement dated 17 September 2008 between NEA and the Trustee-Manager, as supplemented on 31 August 2009, as amended and restated on 27 May 2010 among the Trustee-Manager, the Senoko Trustee and NEA
Senoko ISA Conditions Satisfaction Date	1 September 2009
Senoko Lease Agreements	The Senoko State Land Lease and the Senoko Foreshore Area Lease
Senoko Notes	S\$152.4 million notes due 31 August 2024 to be issued by the Senoko Trustee to the Trustee-Manager on the Completion Date
Senoko O&M Agreement	The O&M agreement dated 28 August 2009 between the Senoko Trustee and Keppel Seghers, as amended and restated on 27 May 2010 among Senoko SPC, the Senoko Trustee and Keppel Seghers
Senoko Option Agreement	The put and call option agreement dated 17 September 2008 between the Trustee-Manager (in its personal capacity) and the Singapore Government relating to the Senoko Lease Agreements
Senoko Plant	Senoko Waste-to-Energy Plant (formerly known as Senoko Incineration Plant), including its business undertakings
Senoko Restructuring Agreement	The restructuring agreement dated 27 May 2010 among KCL, the Sponsor, the Trustee-Manager, Senoko SPC and the Senoko Trustee
Senoko S&P Agreement	The sale and purchase agreement dated 17 September 2008 between the Trustee-Manager (acting in its personal capacity) and NEA relating to Senoko Plant
Senoko SPC	Senoko Waste-To-Energy Pte. Ltd.
Senoko State Land Lease	The state lease agreement dated 25 February 2010 between the Senoko Trustee and the President of Singapore and his successors in office
Senoko Subscription Deed	The subscription deed dated 27 May 2010 between the Senoko Trustee and the Trustee-Manager
Senoko Trust	The trust constituted to hold the assets and business undertakings relating to Senoko Plant
Senoko Trustee	Senoko SPC, acting in its capacity as trustee of Senoko Trust
Senoko-KIPL Loan	The revolving credit loan facility granted by KIPL to the Senoko Trustee on 28 August 2009
Senoko-Sponsor Loan	The unsecured interest-free loan of S\$360.5 million granted by the Sponsor to the Trustee-Manager on 31 August 2009
SF BT Regulations	Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005

SFA or Securities and Futures Act	Securities and Futures Act (Chapter 289)
SGX-ST	Singapore Exchange Securities Trading Limited
Singapore	The Republic of Singapore
Singapore Government	The government of Singapore
Singapore Take-over Code	The Singapore Code on Take-Overs and Mergers
SLA	Singapore Land Authority
SPCs	Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC
Special Resolution	A resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders or, to the extent permitted by law, a resolution in writing signed by or on behalf of 75% or more of the Unitholders for the time being entitled to receive notice of any meeting of Unitholders
Sponsor or KIE	Keppel Integrated Engineering Limited
Sponsor Group Entity	The Sponsor or a subsidiary entity, trust or undertaking of the Sponsor, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings
Sponsor Units	Up to 313,200,000 Units to be held by the Sponsor immediately prior to the Listing
Standard & Poor's	Standard & Poor's Rating Services
Step-in Event	Situations in which NEA is entitled to exercise the NEA Step-in Rights or PUB is entitled to exercise the PUB Step-in Rights
Sub-Trustees	The Senoko Trustee, the Tuas DBOO Trustee and the Ulu Pandan Trustee
Sub-Trusts	Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust
Subscription Deeds	Senoko Subscription Deed, Tuas DBOO Subscription Deed and Ulu Pandan Subscription Deed
Substantial Shareholder	Persons who have an interest in the shares, the nominal amount of which is not less than 5.0% of the aggregate of the nominal amount of all the voting shares of the company
Substantial Unitholder	Any Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units in issue
taking-over certificate	The certificate to be issued to the Keppel EPC Contractor upon the completion of the work in accordance with, the Senoko EPC Contract and the taking over of the work by Senoko SPC, or the Tuas DBOO EPL Contract and the taking over of the work by Tuas DBOO SPC
Temasek	Temasek Holdings (Private) Limited

Trading Day	A day when the Units are traded on the SGX-ST for a full Market Day
Transaction Bid Costs	The costs incurred, including costs incurred by agents appointed, by the Trustee-Manager in a specific transaction authorised by the Board of the Trustee-Manager, for the benefit of KGT
Trust Deed	The trust deed constituting KGT executed by the Trustee-Manager on 23 July 2009, as amended and restated on 25 May 2010
Trust Property	Has the meaning ascribed thereto in the BTA
Trustee-Manager	Keppel Infrastructure Fund Management Pte. Ltd., acting in its capacity as trustee-manager of KGT
Tuas DBOO Electricity Licence	The electricity licence dated 19 July 2006 granted to Tuas DBOO SPC by EMA under the Electricity Act
Tuas DBOO EPC Contract	The EPC agreement dated 28 August 2006 between Tuas DBOO SPC and Keppel Seghers
Tuas DBOO EPHA Licence	The licence dated 1 July 2006 granted to the Tuas DBOO SPC under the EPHA
Tuas DBOO ISA	The incineration services agreement dated 20 January 2006 between Tuas DBOO SPC and NEA, as novated, amended and restated on 27 May 2010 among Tuas DBOO SPC, the Tuas DBOO Trustee and NEA
Tuas DBOO Lease Agreements	The state lease agreements dated 23 August 2006 and dated 12 August 2008 between the Tuas DBOO SPC and the President of Singapore and his successors in office
Tuas DBOO O&M Agreement	The O&M agreement dated 28 August 2006 between Tuas DBOO SPC and KFMO, as amended by a deed of novation dated 30 October 2009 among Tuas DBOO SPC, KFMO and Keppel Seghers, as amended and restated on 27 May 2010 among Tuas DBOO SPC, the Tuas DBOO Trustee and Keppel Seghers
Tuas DBOO Notes	S\$91.5 million notes due 31 December 2028 to be issued by the Tuas DBOO Trustee to the Trustee-Manager on the Completion Date
Tuas DBOO PCOD	30 October 2009
Tuas DBOO Plant	Keppel Seghers Tuas Waste-to-Energy Plant, including its business undertakings
Tuas DBOO Restructuring Agreement	The restructuring agreement dated 27 May 2010 among KCL, the Sponsor, the Trustee-Manager, Tuas DBOO SPC and the Tuas DBOO Trustee
Tuas DBOO SPC	Keppel Seghers Tuas Waste-to-Energy Plant Pte. Ltd.
Tuas DBOO Subscription Deed	The subscription deed dated 27 May 2010 between the Tuas DBOO Trustee and the Trustee-Manager

Tuas DBOO Trust	The trust constituted to hold the assets and business undertakings relating to Tuas DBOO Plant
Tuas DBOO Trustee	Tuas DBOO SPC, acting in its capacity as trustee of Tuas DBOO Trust
U.S.	The United States of America
Ulu Pandan-KEPL Electricity Retail Agreement	The electricity retail agreement dated 28 February 2005 and supplemented on 30 December 2008 between Ulu Pandan SPC and KEPL
Ulu Pandan-KETC Licence Agreement	The licence agreement dated 27 May 2010 between KETC and the Ulu Pandan Trustee
Ulu Pandan EPC Contract	The EPC agreement dated 4 March 2005 between Ulu Pandan SPC and Keppel Seghers
Ulu Pandan Lease Agreement	The lease agreement entered into by Ulu Pandan SPC and PUB on 10 March 2005
Ulu Pandan Notes	S\$46.3 million notes due 31 December 2023 to be issued by the Ulu Pandan Trustee to the Trustee-Manager on the Completion Date
Ulu Pandan O&M Agreement	The O&M agreement dated 4 March 2005 between Ulu Pandan SPC and Keppel Seghers, as novated, amended and restated on 27 May 2010 among Ulu Pandan SPC, the Ulu Pandan Trustee and Keppel Seghers
Ulu Pandan Plant	Ulu Pandan NEWater Plant, including its business undertakings
Ulu Pandan Restructuring Agreement	The restructuring agreement dated 27 May 2010 among KCL, the Sponsor, the Trustee-Manager, Ulu Pandan SPC and the Ulu Pandan Trustee
Ulu Pandan PCOD	28 March 2007
Ulu Pandan SPC	Keppel Seghers NEWater Development Co Pte. Ltd.
Ulu Pandan Subscription Deed	The subscription deed dated 27 May 2010 between the Ulu Pandan Trustee and the Trustee-Manager
Ulu Pandan Trust	The trust constituted to hold the assets and business undertakings relating to Ulu Pandan Plant
Ulu Pandan Trustee	Ulu Pandan SPC, acting in its capacity as trustee of Ulu Pandan Trust
Unaudited Pro Forma Consolidated Balance Sheet	The Unaudited Pro Forma Consolidated Balance Sheet of KGT and its subsidiaries as at the Listing Date
Unclaimed Monies	Any monies payable to a Unitholder under the Trust Deed which is unclaimed
Unit	An undivided interest in KGT, as provided for in the Trust Deed

Unitholders	Persons who are registered as holders of Units in the Register including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholders” shall, in relation to such Units, mean the persons named as depositors in the Depository Register and whose Securities Account are credited with Units
Valuation Report	The valuation report issued by the Independent Valuer setting out its opinion as to the pro forma valuation of the future operating cash flows of the Sub-Trusts
Valuation Summary Letter	Summary of the Valuation Report
Variable Payments	Variable payment payable by NEA to the Senoko Trustee under the Senoko ISA or to the Tuas DBOO Trustee under the Tuas DBOO ISA, as the case may be
WSHA	Workplace Safety and Health Act (Chapter 354A)

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Document to any enactment is a reference to that enactment for the time being amended or re-acted.

Any reference to a time of day in this Document is made by reference to Singapore time unless otherwise stated.

Any reference to any enactment in this Document shall be deemed also to refer to any statutory modification, codification or re-enactment thereof.

KEPPEL CORPORATION LIMITED'S DISTRIBUTION

1. Introduction

On 26 January 2010, KCL announced that its wholly-owned subsidiary, KIE, was sponsoring the listing of the units of a business trust known as KGT on the Main Board of the SGX-ST by way of an introduction and that it was proposing, subject to the Approvals, to undertake the Distribution of approximately 51.0% of the total number of Units in issue and held directly by KCL immediately prior to the Listing to be distributed to entitled KCL Shareholders.

For every 5 KCL Shares as at the Books Closure Date, entitled KCL Shareholders will receive 1 Unit, free of encumbrances and together with all rights attaching thereto on and from the date of the Distribution. No payment will be required from entitled KCL Shareholders for the Distribution.

2. Rationale for the Establishment of KGT and the Distribution

The establishment of KGT and the Distribution have direct benefits for KCL as follows:

- (a) **New Investment Vehicle.** KGT will provide KCL with a new investment vehicle that has direct access to the equity market as an additional source of capital with which to make future investments in "green" infrastructure assets. Such a listed vehicle which offers greater transparency will provide KCL with a competitive advantage over other companies and equity funds in the sector in obtaining bids to acquire and/or manage "green" infrastructure assets.
- (b) **Increased Fee Income From an Expanded "Green" Infrastructure Assets Management Platform.** KCL's existing "green" infrastructure asset management platform was expanded with the establishment of KGT and its acquisition of Senoko Plant. The Listing with three Plants will generate additional streams of fee-based income for KCL.

3. Benefits to the entitled KCL Shareholders

The establishment of KGT and the Listing have the following direct benefits for entitled KCL Shareholders:

- (a) **Special dividend *in specie* for entitled KCL Shareholders.** KCL will distribute approximately S\$366.9 million to entitled KCL Shareholders in the form of up to 325,900,000 Units which will be separately listed and traded on the SGX-ST. This translates into an implied value of approximately S\$1.13 per Unit (before taking into account expenses relating to the establishment of KGT, the Introduction and the issue of the Units). Accordingly, the distribution value per KCL Share is approximately 23 cents (on the basis of 1 Unit for every 5 KCL Shares).
- (b) **Additional Investment Choice.** KGT will provide entitled KCL Shareholders with an opportunity to invest directly in "green" infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East. A "green" focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure universe, as waste management, water and wastewater treatment, renewable energy, energy

efficiency and other “green” initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies. Entitled KCL Shareholders will become Unitholders without the need for any cash outlay. Separate listing of the KCL Shares and the Units will give greater transparency on valuations of the different components of the business of the KCL group of companies. The creation of another listed instrument will give an additional choice and more flexibility for entitled KCL Shareholders on how they invest in the KCL group of companies.

- (c) **Tax Incentives.** The capital structure of KGT will be optimised by utilising the qualifying project debt security incentive introduced by the MAS. As Unitholders, entitled KCL Shareholders stand to benefit from this tax incentive which they would otherwise not receive.

4. Steps to the Distribution

The Distribution will involve the following key steps:

- (a) KCL will distribute all or substantially all the Units held directly by KCL immediately prior to the Listing to entitled KCL Shareholders by way of a dividend *in specie* on the basis of 1 Unit for every 5 KCL Shares held by entitled KCL Shareholders, fractional entitlements to be disregarded.

As at the Latest Practicable Date, the share capital of KCL comprises 1,600,364,880 KCL Shares and there are 60,148,300 outstanding KCL Options granted to directors and employees of the Keppel Group under the KCL Share Option Scheme. Assuming that all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and assuming there will not be any rounding up or rounding down of the number of Units to be distributed to each entitled KCL Shareholder who holds odd-lots of Shares under the Distribution, up to 639,100,000 Units will be issued by KGT immediately prior to the Listing and up to 325,900,000 Units (representing approximately 51.0% of the total number of Units immediately prior to the Listing) will be distributed to entitled KCL Shareholders.

- (b) The pro forma net book value of KGT (with the three Plants) is approximately S\$719.4 million as at 29 June 2010, which translates into an implied value of approximately S\$1.13 per Unit (before taking into account the expenses relating to the establishment of KGT, the Introduction and the issue of the Units). Accordingly, the distribution value per KCL Share is approximately 23 cents (on the basis of 1 Unit for every 5 Shares).
- (c) The Units will be listed on the Main Board of the SGX-ST by way of an introduction and trading of the Units will commence on or about 29 June 2010. Entitled KCL Shareholders will then hold listed investments in both KCL and KGT.

The Distribution will be effected by way of a dividend *in specie* to entitled KCL Shareholders on the basis of 1 Unit for every 5 Shares held by an entitled KCL Shareholder, fractional entitlements to be disregarded, except that Units which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution will be dealt with in the manner described in paragraph 5(i) below. The number of Units to be received by each entitled KCL Shareholder will depend on the number of issued KCL Shares held by the entitled KCL Shareholder as at the Books Closure Date. The Units will be distributed to entitled KCL Shareholders free of encumbrances and together with all rights attaching to them on and from the date of the Distribution.

For the avoidance of doubt, the share capital of KCL will remain the same after the Distribution, and accordingly there will be no change in the number of KCL Shares held by the KCL Shareholders immediately after the Distribution.

5. KCL Shareholders' Entitlement to Units

- (a) **Books Closure Date.** Subject to the Approvals being obtained and remaining in force, the Transfer Books and the Register of Members of KCL will be closed on 22 June 2010 at 5.00 p.m., or such other date as the directors of KCL may determine, for the purpose of determining the entitlements of KCL Shareholders to Units pursuant to the Distribution.
- (b) **Entitlement to Units.** Pursuant to the Distribution, entitled KCL Shareholders will receive 1 Unit for every 5 KCL Shares held by them, with any fraction of a Unit arising from the Distribution to be disregarded, except that Units which would otherwise be distributed to Overseas Shareholders pursuant to the Distribution will be dealt with in the manner described in paragraph 5(i) below.
- (c) **Date of Crediting.** Subject to the Approvals having been obtained, it is expected that the Securities Accounts of entitled KCL Shareholders who are Depositors will be credited with Units on or about 29 June 2010. Entitled KCL Shareholders who are not Depositors will be credited with Units on or about 29 June 2010 by the entry of their names on the Register maintained by the Unit Registrar and Unit Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd.
- (d) **KCL Shareholders (being Depositors) whose KCL Shares are deposited with CDP.** In the case of KCL Shareholders (being Depositors), entitlements to the Units will be determined on the basis of the number of KCL Shares standing to the credit of their respective Securities Accounts as at the Books Closure Date.

KCL Shareholders (being Depositors) who have not already done so, are requested to take the necessary action to ensure that the KCL Shares owned by them are credited to their Securities Account by the Books Closure Date. Following the Books Closure Date, CDP will credit their Securities Accounts with the relevant number of Units and will send each such Depositor a notification letter confirming the number of Units that has been credited to his Securities Account.

- (e) **Scrip-based KCL Shareholders whose KCL Shares are not deposited with CDP.** In the case of Scrip-based KCL Shareholders, entitlements to the Units will be determined on the basis of their holdings of KCL Shares appearing in the register of members of KCL as at the Books Closure Date.

Scrip-based KCL Shareholders who have not already done so, are requested to take the necessary action to ensure that the KCL Shares owned by them are registered in their names or in the names of their nominees by the Books Closure Date.

Scrip-based KCL Shareholders should note that they will not be able to trade in such Units on the SGX-ST unless they open Securities Accounts with CDP for such Units to be held by CDP and recorded as such in the Register maintained by the Unit Registrar and Unit Transfer Office. Scrip-based KCL Shareholders are therefore encouraged to open Securities Accounts with the CDP.

Scrip-based KCL Shareholders who wish to trade their Units on the SGX-ST on or immediately after the Listing should deposit with CDP their physical share certificates of KCL together with the duly executed instruments of transfer in favour of CDP no

later than 5.00 p.m. on 8 June 2010, which is 10 Market Days prior to the Books Closure Date, so as to enable CDP to credit their Securities Accounts with their KCL Shares and thereafter, for CDP to credit their Securities Accounts with the Units.

In the case of Scrip-based KCL Shareholders who have not opened their Securities Account with CDP, the Unit Registrar and Unit Transfer Office will send to each such Scrip-based KCL Shareholder at his address as recorded in the register of members of KCL a confirmation note indicating the number of Units he is entitled to and his entitlements shall be recorded in the Register. The entries in the Register shall (save in the case of manifest error) be conclusive evidence of the number of Units held by each such Scrip-based KCL Shareholder.

- (f) **CPFIS Investors.** In the case of CPFIS Investors, entitlements to the Units will be determined on the basis of the number of KCL Shares held by the CPF agent banks on behalf of each CPFIS Investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the Units attributable to CPFIS Investors pursuant to the Distribution to the Securities Accounts of their CPF agent banks, and the CPF agent banks will update their records accordingly.

CPFIS Investors should however note that the Units are not included as a type of investment under the CPF Investment Scheme. Accordingly, CPFIS Investors will not be permitted to use their CPF Funds to purchase (a) Units traded on the Main Board of the SGX-ST (the Listing thereof subject to the Approvals having been obtained) or (b) any entitlements in respect of the Units standing to the credit of their respective CPF Investment Accounts which are offered to them at a cost, such as additional Units offered to them at a cost by way of a rights issue.

Where any entitlements in respect of the Units standing to the credit of their respective CPF Investment Accounts are offered to them at a cost, CPFIS Investors who wish to purchase these entitlements will need to make cash payment in accordance with the instructions of their respective CPF approved agent banks where they hold their respective CPF Investment Accounts. The purchased entitlements may not be held through their respective CPF Investment Accounts.

- (g) **Investors whose KCL Shares were purchased using Supplementary Retirement Scheme ("SRS") funds.** In the case of investors who have purchased KCL Shares using their SRS funds, entitlements to the Units will be determined on the basis of the number of KCL Shares held by the relevant approved banks on behalf of each such investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the Units attributable to such investors pursuant to the Distribution to the Securities Accounts of the relevant approved banks, and the relevant approved banks will update their records accordingly.
- (h) **Investors whose KCL Shares are held through a finance company and/or a Depository Agent.** In the case of investors who hold KCL Shares through a finance company and/or a Depository Agent, entitlements to the Units will be determined on the basis of the number of KCL Shares held by the finance companies and/or the Depository Agents on behalf of each such investor as at the Books Closure Date. Following the Books Closure Date, CDP will credit the Units attributable to such investors pursuant to the Distribution to the Securities Accounts of the finance companies and/or the Depository Agents.
- (i) **Overseas Shareholders.** The distribution of this Document and the Distribution may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain

jurisdictions under the relevant securities laws of those jurisdictions. Overseas Shareholders are required to inform themselves of and to observe any such prohibition or restriction at their own expense and without liability to KCL.

For practical reasons and in order to avoid violating applicable securities law outside Singapore, Units will not be distributed to Overseas Shareholders who have not at least three market days prior thereto provided KCL's Share Registrar (B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758) or CDP, as the case may be, with addresses in Singapore for the service of notices or documents in accordance with the foregoing.

Arrangements will be made for the distribution of Units which would otherwise have been distributed to such Overseas Shareholder to be distributed to such person(s) as the directors of KCL may appoint, who shall sell these Units at prices prevalent at the time of sale and thereafter distribute the aggregate amount of the net proceeds, after deducting all dealing and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to the Units as at the Books Closure Date in full satisfaction of their rights to the Units.

Where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10.00, such net proceeds shall be retained for the benefit of KCL, and no Overseas Shareholder shall have any claim whatsoever against KCL or CDP in connection therewith.

KCL Shareholders should note that the special arrangements described above will apply only to Overseas Shareholders.

For the avoidance of doubt, even if an Overseas Shareholder has provided a Singapore address as aforesaid, the distribution of Units to him will be subject to compliance with applicable securities laws outside of Singapore to the extent reasonably practicable.

6. Indicative Timetable for the Distribution

Last date and time for lodgement of Proxy Forms for the EGM	:	14 June 2010 at 10.30 a.m.
Date and time of the EGM	:	16 June 2010 at 10.30 a.m.
Books Closure Date for the Distribution	:	22 June 2010 at 5.00 p.m.
Expected date for crediting Units into the Securities Accounts of entitled Shareholders (being Depositors)	:	29 June 2010
Expected date and time for commencement of trading of Units on the SGX-ST	:	29 June 2010 at 9.00 a.m.
Expected date and time for commencement of trading of odd lots of Units	:	29 June 2010 at 9.00 a.m.
Expected last day of trading of odd lots of Units	:	28 July 2010

Note:

The above timetable is indicative only and the actual dates of the above events may be subject to change. For the "expected" events listed above, please refer to future announcement(s) by KCL and/or the SGX-ST for the exact dates of these events.

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**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON
THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT THE LISTING DATE**

May 31, 2010

The Board of Directors
Keppel Infrastructure Fund Management Pte Ltd
(in its capacity as Trustee-Manager of K-Green Trust)
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

Dear Sirs

Unaudited Pro Forma Consolidated Balance Sheet of K-Green Trust and its Subsidiaries as at the Listing Date

This letter has been issued for inclusion in the Introductory Document (the "Document") to be issued in connection with the listing of K-Green Trust on Singapore Exchange Securities Trading Limited (the "SGX-ST") by way of an introduction (the "Introduction").

We report on the unaudited pro forma consolidated balance sheet (the "Unaudited Pro Forma Consolidated Balance Sheet") of K-Green Trust and its subsidiaries (collectively, the "Group") as at the date (the "Listing Date") K-Green Trust is admitted to the Official List of the SGX-ST set out in the section entitled "Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date" in Appendix C of the Document, which has been prepared for illustrative purposes only and based on certain assumptions after making certain adjustments.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared on the basis of the assumptions set out in Section D and E of Appendix C of the Document to provide information on the financial position of the Group, had K-Green Trust, on the Listing Date, acquired the Plants pursuant to the terms set out in the Document on the Listing Date.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the Group's actual financial position.

The Unaudited Pro Forma Consolidated Balance Sheet is the responsibility of the management of Keppel Infrastructure Fund Management Pte Ltd (the "Management"). Our responsibility is to express an opinion on the Unaudited Pro Forma Consolidated Balance Sheet based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice ("SSAP") 24 *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the underlying financial information, consisted primarily of comparing the Unaudited Pro Forma Consolidated Balance Sheet to the balance sheets of K-Green Trust, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd and Keppel Seghers Newater Development Co Pte Ltd, considering the evidence supporting the pro forma adjustments and discussing the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date with the Management.

In our opinion:

- (a) the Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date has been properly prepared from the audited financial statements of K-Green Trust, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd and Keppel Seghers Newater Development Co Pte Ltd, for the financial year ended December 31, 2009 (which were prepared in accordance with Singapore Financial Reporting Standards) on the basis of the assumptions set out in Section D and E of Appendix C of the Document;
- (b) the Unaudited Pro Forma Consolidated Balance Sheet has been properly prepared in a manner consistent with both the format of the balance sheet and the accounting policies to be adopted by the Group; and
- (c) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Consolidated Balance Sheet is appropriate for the purpose of preparing such a balance sheet and in accordance with SSAP 24.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore

Lim Kuan Meng
Partner

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

A INTRODUCTION

K-Green Trust ("KGT") was constituted as a business trust in Singapore pursuant to a trust deed dated 23 July 2009 ("Trust Deed"). KGT is registered (Registration No. 2010002) under the Business Trust Act, Cap 31A with The Monetary Authority of Singapore on 27 May 2010. The Trust Deed is principally regulated by the Business Trusts Act and the Securities and Futures Act.

KGT's principal investment strategy is to invest in "green" infrastructure assets (including, but not limited to, waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East which will provide long-term, regular and predictable distributions to the Unitholders.

A "green" focused business trust offers investors the ability to invest in a fast growing sub-segment of the infrastructure universe, as waste management, water and wastewater treatment, renewable energy, energy efficiency and other "green" initiatives are fast gaining acceptance from both governments and the public as viable alternatives to conventional technologies.

KGT will be managed by Keppel Infrastructure Fund Management Pte Ltd (the "Trustee-Manager"), a wholly-owned subsidiary of Keppel Integrated Engineering Limited (the "Sponsor"). Under the trust deed, the Trustee-Manager, will hold all its assets (including businesses) acquired, as well as other assets acquired in future, on trust for the unitholders as the trustee-manager of KGT. The Trustee-Manager is responsible for safeguarding the interests of Unitholders and for carrying out KGT's investment and financing strategies, asset acquisition and disposal policies and for the overall management of KGT's assets. The registered address of the Trustee-Manager is at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

The Trustee-Manager intends to invest in a diverse range of "green" infrastructure businesses in Singapore and globally with a focus on Asia, Europe and the Middle East, such as:

- **Waste management** infrastructure assets including but not limited to waste pre-treatment plants, waste to energy plants and bio-solids/sludge treatment plants;
- **Water and wastewater treatment** plants including but not limited to wastewater treatment plants, process water treatment plants, drinking water treatment plants, water reclamation plants, desalination plants and water re-use plants;
- **Renewable energy** infrastructure assets including but not limited to wind and solar farms; and
- **Energy efficient** infrastructure assets including but not limited to district heating and cooling systems.

B RESTRUCTURING EXERCISE

Overview

Senoko Waste-To-Energy Pte Ltd ("Senoko SPC"), Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd ("Tuas DBOO SPC") and Keppel Seghers NEWater Development Co Pte Ltd ("Ulu Pandan SPC") have put in place arrangements for a restructuring exercise (the "Restructuring Exercise") in preparation for, and which will be effected immediately prior to, the listing of KGT.

As at the date of this Document, KGT owns the Senoko Trust. Immediately prior to the Listing, KGT will own the Keppel Seghers Tuas Waste-to-Energy Plant ("Tuas DBOO Plant") and the Ulu Pandan NEWater Plant ("Ulu Pandan Plant") (collectively the "Plants") and the business undertakings in relation to the Plants via various sub-trusts, on the following basis:

Senoko Restructuring Agreement and Senoko Subscription Deed

As at the date of this Document, Senoko SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Senoko Plant on trust ("Senoko Trust") in its capacity as trustee ("Senoko Trustee") for KGT, which owns 100% of the beneficial interest in Senoko Trust.

Immediately prior to the Listing, the Senoko Trustee will repay a loan taken out with a subsidiary of Keppel Corporation Limited to partially finance, among other things, the Senoko Trustee's payments in connection with the Senoko S&P Agreement, the Senoko Option Agreement, the Senoko Lease Agreements and the Senoko Flue Gas Upgrade. The Senoko Trustee will fund the repayment of the loan by issuing the Senoko Notes referred to below and new units in Senoko Trust to KGT pursuant to the Senoko Subscription Deed and the Senoko Restructuring Agreement respectively. KGT will pay for the Senoko Notes and units issued by Senoko Trust partly in cash and partly by capitalising an existing interest-free loan from KGT to Senoko Trust. KGT will fund the subscription of the Senoko Notes and new units in Senoko Trust by issuing Units to KCL and the Sponsor pursuant to the Senoko Restructuring Agreement. KCL will pay for such Units in cash while the Sponsor will pay for such Units by capitalising an existing loan from KIE to KGT.

In addition, the Trustee-Manager will acquire the shares in Senoko SPC from the Sponsor pursuant to the Senoko Restructuring Agreement, whereupon Senoko SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Senoko Trustee will continue to be the legal owner of the assets and business undertakings relating to Senoko Plant and the contracting party to the material agreements for carrying on the business relating to Senoko Plant.

Tuas DBOO Restructuring Agreement and Tuas DBOO Subscription Deed

As at the date of this Document, Tuas DBOO SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Tuas DBOO Plant in its personal capacity.

On 16 April 2010, Tuas DBOO SPC constituted Tuas DBOO Trust and allotted and issued one unit in Tuas DBOO Trust to KGT at an issue price of S\$1.00.

Immediately prior to the Listing, Tuas DBOO SPC, in its capacity as trustee ("Tuas DBOO Trustee"), will acquire and hold the assets and business undertakings relating to Tuas DBOO Plant on trust ("Tuas DBOO Trust") for KGT, which owns 100% of the beneficial interest in Tuas DBOO Trust. The Tuas DBOO Trustee will fund the acquisition by issuing the Tuas DBOO Notes referred to below and new units in Tuas DBOO Trust to KGT pursuant to the Tuas DBOO Subscription Deed and the Tuas DBOO Restructuring Agreement respectively. KGT will fund the subscription of the Tuas DBOO Notes and new units in Tuas DBOO Trust by issuing Units to KCL and the Sponsor pursuant to the Tuas DBOO Restructuring Agreement. In addition, the Trustee-Manager will acquire the shares in Tuas DBOO SPC from the Sponsor pursuant to the Tuas DBOO Restructuring Agreement, whereupon Tuas DBOO SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Tuas DBOO Trustee will continue to be the legal owner of the assets and business undertakings relating to Tuas DBOO Plant and the contracting party to the material agreements for carrying on the business relating to Tuas DBOO Plant.

Ulu Pandan Restructuring Agreement and Ulu Pandan Subscription Deed

As at the date of this Document, Ulu Pandan SPC is a wholly-owned subsidiary of the Sponsor and holds the assets and business undertakings relating to Ulu Pandan Plant in its personal capacity.

On 27 May 2010, Ulu Pandan SPC constituted Ulu Pandan Trust and allotted and issued one unit in Ulu Pandan Trust to KGT at an issue price of S\$1.00.

Immediately prior to the Listing, Ulu Pandan SPC, in its capacity as trustee ("Ulu Pandan Trustee"), will acquire and hold the assets and business undertakings relating to Ulu Pandan Plant on trust ("Ulu Pandan Trust") for KGT, which owns 100% of the beneficial interest in Ulu Pandan Trust. The Ulu Pandan Trustee will fund the acquisition by issuing the Ulu Pandan Notes referred to below and new units in Ulu Pandan Trust to KGT pursuant to the Ulu Pandan Subscription Deed and the Ulu Pandan Restructuring Agreement respectively. KGT will fund the subscription of the Tuas DBOO Notes and new units in Tuas DBOO Trust by issuing Units to KCL and the Sponsor pursuant to the Ulu Pandan Restructuring Agreement. In addition, the Trustee-Manager will acquire the shares in Ulu Pandan SPC from the Sponsor pursuant to the Ulu Pandan Restructuring Agreement, whereupon Ulu Pandan SPC will become a wholly-owned subsidiary of the Trustee-Manager.

The Ulu Pandan Trustee will continue to be the legal owner of the assets and business undertakings relating to Ulu Pandan Plant and the contracting party to the material agreements for carrying on the business relating to Ulu Pandan Plant.

Issue of Notes

Immediately prior to the Listing, KGT will apply part of the issue proceeds of the Units issued to KCL and the Sponsor to subscribe for S\$152.4 million notes due 31 August 2024 ("Senoko Notes") to be issued by the Senoko Trustee, S\$91.5 million notes due 31 December 2028 ("Tuas DBOO Notes") to be issued by the Tuas DBOO Trustee and S\$46.3 million notes due 31 December 2023 ("Ulu Pandan Notes", and together with the Senoko Notes and the Tuas DBOO Notes, "Notes") to be issued by the Ulu Pandan Trustee. The Senoko Trustee will apply the issue proceeds of the Senoko Notes to repay loans taken out with subsidiaries of KCL. The Tuas DBOO Trustee and the Ulu Pandan Trustee will apply the issue proceeds of the Tuas DBOO Notes and the Ulu Pandan Notes to pay part of the purchase price of the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, respectively.

Set forth below is a summary of the key terms of the Notes.

The Senoko Notes, the Tuas DBOO Notes and the Ulu Pandan Notes will mature in 31 August 2024, 31 December 2028 and 31 December 2023, respectively, but may be fully or partially redeemed at any time prior to maturity by the relevant issuer. Interest on the Notes will be payable semi-annually in arrears at a fixed rate.

No amount under the Notes shall be due or payable on any date if the relevant issuer is not able to meet its liabilities after payment of such amount ("solvency condition"). Such non-payment will not constitute a default under the Notes. However, any interest not paid due to the solvency condition not being met will continue to accrue and will bear interest at the rate applicable to the Notes. In addition, if the Notes cannot be redeemed in full upon maturity due to the solvency condition not being met, the Notes and other obligations ranking *pari passu* with them will be redeemed or repaid in equal proportion out of and to the extent of surplus assets available after paying all obligations ranking senior to the Notes.

The Notes will be direct and unsecured obligations of the relevant issuer. On winding-up, holders of the respective Notes rank senior to the holders of units in the respective Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust.

All payments in respect of the Notes will be made without deduction or withholding of any taxes, unless such deduction or withholding is required by law. In that event (and subject to the solvency condition being met), such payments shall be grossed-up so as to ensure that holders of the Notes will receive the same amount had such deduction or withholding not been required, subject to customary exceptions.

The Notes are intended to qualify for concessionary tax treatment under the proposed qualifying project debt security scheme by the MAS as described in a circular issued on 1 November 2006.

Purchase Price of Tuas DBOO Plant and Ulu Pandan Plant

In connection with the Restructuring Exercise, Tuas DBOO SPC and Ulu Pandan SPC have each agreed that the purchase price of the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, respectively, to be acquired by the Tuas DBOO Trustee and the Ulu Pandan Trustee, respectively, will be determined by the net book value (being the net asset value) of Tuas DBOO SPC and Ulu Pandan SPC, respectively.

Accounting for Restructuring Exercise

Pursuant to the Restructuring Exercise, the beneficial interests in the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant, as well as Tuas DBOO SPC and Ulu Pandan SPC, will be transferred from the Sponsor to KGT. As these transactions are considered transfers of equity interests between entities under common control, the transfers are accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of Tuas DBOO Plant, Ulu Pandan Plant, Tuas DBOO SPC and Ulu Pandan SPC have been included in the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date at their carrying value.

Subsidiaries and Subsidiary Entities of KGT

The details of each subsidiary and subsidiary entity of KGT on the Listing Date are as follows:

Name	Date and Country of Incorporation or constitution	Principal business	Principal place of business	Type of Securities/ Percentage owned/ Voting rights
Senoko SPC	31 December 2007 Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager
Senoko Trust	23 July 2009 Singapore	Waste incineration and electricity generation	Singapore	Units and Senoko Notes — 100% held by the Trustee-Manager
Tuas DBOO SPC	14 October 2005 Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager
Tuas DBOO Trust	16 April 2010 Singapore	Waste incineration and electricity generation	Singapore	Units and Tuas DBOO Notes — 100% held by the Trustee-Manager
Ulu Pandan SPC	1 July 2003 Singapore	Trust management services	Singapore	Shares — 100% held by the Trustee-Manager
Ulu Pandan Trust	27 May 2010 Singapore	Production of NEWater	Singapore	Units and Ulu Pandan Notes — 100% held by the Trustee-Manager

C THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

No Pro Forma Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Consolidated Balance Sheet have been prepared to show the pro forma historical financial performance of the Group as:

- (i) there will not be any audited financial information available for disclosure as at the Latest Practicable Date because:

For Senoko Plant

- Historical financial statements for Senoko Plant are not available save for the last four months of FY2009;
- The accounting basis for Senoko Plant before and after its acquisition by KGT is different and any historical pro forma financials relating to Senoko Plant will be misleading to KCL shareholders. Senoko Plant has, from its commencement of operations, been owned and operated by the Singapore Government on a “not-for-profit” basis and as a public service;
- The Ministry of the Environment and Water Resources, which oversees NEA, has confirmed on 16 December 2008 that it does not have financial statements for Senoko Plant; and

- The Trustee-Manager does not have any historical financial statements relating to Senoko Plant upon which to construct any meaningful pro forma financial information in relation to Senoko Plant.

For Tuas DBOO Plant

- Tuas DBOO Plant has only two months of operating records for FY2009 and historical pro forma financials in respect of such short operating period will not be meaningful to KCL shareholders and will not accurately reflect the financial performance of Tuas DBOO Plant. Under INT FRS 112 — *Service Concession Arrangements* ("INT FRS 112"), prior to the plant commenced operation date ("PCOD") on 30 October 2009, the revenue generated was classified as construction revenue in the income statement of Tuas DBOO Plant. However, such revenue ceased upon attaining PCOD and revenue generated by Tuas DBOO Plant after PCOD will be of a different income stream (in the form of Operating & Maintenance revenue). Accordingly, any attempt to construct historical pro forma financial information based on historical financial statements of Tuas DBOO Plant before PCOD would be misleading and not meaningful for comparison purposes as the revenue recognition model for Tuas DBOO Plant is very different after its PCOD.

For Ulu Pandan Plant

- While historical financial statements for Ulu Pandan Plant are available, they are not meaningful to KCL shareholders when considered across the three Plants.

For KGT

- KGT would have been in existence for slightly over five months as at the end of its first financial period from 23 July 2009 to 31 December 2009;
 - while the audited accounts of KGT would be available for its first financial period, the accounts would only reflect KGT's ownership of Senoko Plant which was only acquired on 31 August 2009, as Ulu Pandan Plant and Tuas DBOO Plant would only be acquired by KGT immediately prior to the Listing Date;
 - as the Trustee-Manager does not have any historical financial statements on Senoko Plant save for the last four months of FY2009, the audited financial statements of KGT will only reflect financial information on Senoko Plant for the last four months of FY2009; and
 - it will not be meaningful to KCL Shareholders to show the audited accounts of KGT for the financial period from 23 July 2009 to 31 December 2009 when such financial statements will contain financial information for only one out of three Plants and only the last four months of FY2009 for that one Plant.
- (ii) historical pro forma financials based on the current or projected operating capacity of the Plants may be of little value to investors; and
- (iii) the Introductory Document will contain an Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date, a profit and cash flow forecast for the financial period from 29 June 2010 to 31 December 2010 ("Forecast Period 2010") and for the financial year ending 31 December 2011 ("Projection Year 2011"). The provision of an Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date will be useful to the investors as it provides a snapshot of the assets of KGT as at the Listing Date.

In lieu of such pro forma historical financial information, the Trustee-Manager has prepared the Unaudited Pro Forma Consolidated Balance Sheet as at the Listing date, immediately prior to the Listing and upon completion of Tuas DBOO Plant and Ulu Pandan Plant.

SGX-ST has granted KGT a waiver from the requirements to prepare historical Unaudited Pro Forma Statement of Comprehensive Income, Unaudited Pro Forma Consolidated Statement of Cash Flows and Unaudited Pro Forma Consolidated Balance Sheet, conditional upon the following information being included in the Introductory Document:

- (a) the Unaudited Pro Forma Consolidated Balance Sheet of KGT as at the Listing Date;
- (b) the forecast Consolidated Statement of Comprehensive Income and for KGT for the financial period from 29 June 2010 to 31 December 2010 and the year from 1 January 2011 to 31 December 2011;
- (c) the forecast statement of cashflow and distribution statement;
- (d) a statement disclosing why pro forma financial information for KGT based on historical financial results of KGT, as required under Rule 608 and 609 of the Listing Manual read with paragraphs 23 to 34 of Part X of the Fourth Schedule to the Securities and Futures (Offer of Investments) (Business Trusts) (No. 2) Regulations 2005, is not provided in the Document; and
- (e) a statement disclosing why audited financial statements of KGT for FY2009, as required under Rule 608 of the Listing Manual read with paragraph 2(b) of Part X of the Fourth Schedule to the Securities and Futures (Offer of Investments) (Business Trusts) (No.2) Regulations 2005, is not provided in the Document.

**D BASIS OF PREPARATION OF UNAUDITED PRO FORMA
CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE**

An Unaudited Pro Forma Consolidated Balance Sheet of KGT and its subsidiaries (the "Group") as at the Listing Date (the "Unaudited Pro Forma Consolidated Balance Sheet") is set out in this Document. The Unaudited Pro Forma Consolidated Balance Sheet is prepared for illustrative purposes only, after making certain assumptions and incorporating the adjustments necessary to reflect the financial position of the Group as at the Listing Date as if KGT had acquired the Plants on the Listing Date, pursuant to the terms set out in the Documents to be issued in connection with the Introduction.

The Unaudited Pro Forma Consolidated Balance Sheet as at Listing Date has been compiled based on:

- (1) the audited financial statements of:
 - Keppel Seghers NEWater Development Co Pte Ltd;
 - Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd;
 - Senoko Waste-To-Energy Pte Ltd;
 - KGT; and
 - Senoko Trust.

for the financial year 31 December 2009 which were prepared in accordance with Singapore Financial Reporting Standards and audited by Deloitte & Touche LLP, in accordance with

Singapore Standards on Auditing. The auditors' reports on the financial statements described above do not contain any qualification.

(2) the unaudited management accounts as at listing date of:

- Tuas DBOO Trust; and
- Ulu Pandan Trust.

The Unaudited Pro Forma Consolidated Balance Sheet has been prepared on the basis of assumptions and the accounting policies set out in Section E and is to be read in conjunction with Section F.

The objective of the Unaudited Pro Forma Consolidated Balance Sheet of KGT is to show what the financial position would have been at the Listing Date, had KGT, on the Listing Date, acquired the Plants pursuant to the terms set out in the Document. However, the Unaudited Pro Forma Consolidated Balance Sheet is not necessarily indicative of the actual financial position that would have been attained by the KGT on the Listing Date. The Unaudited Pro Forma Consolidated Balance Sheet, because of its nature, may not give a true picture of the KGT's financial position and there can be no assurance that the Plants will be able to generate sufficient revenue for KGT to make distributions to Unitholders or that such distributions will be in line with those set out in "Profit and Cash Flow Forecast and Profit and Cash Flow Projection".

In addition to the assumptions described above, the Unaudited Pro Forma Consolidated Balance Sheet has been prepared after incorporating the following key adjustments and assumptions:

- The Listing Date is 29 June 2010;
- The interest rate for the Qualifying Project Debt Security ("QPDS") will be 6% per annum;
- Up to 639,100,000 units in K-Green Trust will be issued immediately prior to the Listing Date, including the units under the distribution *in specie*;
- Listing costs (including goods and services tax) relating to the Introduction which are estimated to be S\$6 million, will be incurred;
- The purchase price of the assets and business undertakings of Tuas DBOO Plant and Ulu Pandan Plant is determined by the net book value (being the net asset value) of Tuas DBOO SPC and Ulu Pandan SPC respectively. The acquisitions assumed to be occurred as at Listing Date and shall be funded by the proceeds from the issuance of Units. Net proceeds from the issuance of Units are assumed to be S\$713,377,000, net of Listing expenses;
- Keppel Infrastructure Fund Management Pte Ltd shall subscribe for S\$152.4 million, S\$91.5 million and S\$46.3 million of Notes issued by Senoko SPC, Tuas DBOO SPC and Ulu Pandan SPC respectively in its capacity as trustee-manager for KGT on the date of listing; and
- The Trustee-Manager is entitled to a fixed fee of S\$2.0 million per annum. The Trustee-Manager is also entitled to receive a performance fee which is calculated at 4.5% per annum of cash inflow received by KGT from subsidiaries, associates, sub-trusts and its investments.

E UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET AS AT THE LISTING DATE

The Unaudited Pro Forma Consolidated Balance Sheet of the Pro Forma Group has been prepared for inclusion in the Document and is presented below. The assumptions used to prepare the Unaudited Pro Forma Consolidated Balance Sheet are consistent with those described in Section D — Basis of Preparation of Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date.

		As at December 31, 2009	Pro Forma Adjustments			Unaudited Pro Forma as at Listing Date
	Notes	S\$'000 Note ⁽¹⁾	S\$'000 Note ⁽²⁾	S\$'000 Note ⁽³⁾	S\$'000 Note ⁽⁴⁾	S\$'000
Plant and equipment	3	1,128	(117)	—	—	1,011
Service concession receivables	4	616,953	(13,973)	(13,219)	—	589,761
		<u>618,081</u>	<u>(14,090)</u>	<u>(13,219)</u>	<u>—</u>	<u>590,772</u>
Current assets						
Cash and bank balances . .	5	5,257	23,099	20,777	1,385	50,518
Trade and other receivables	6	23,515	— ⁽⁵⁾	(5,366)	—	18,149
Amount due from related companies	2	—	—	—	—	—
Inventories	7	15,371	—	(1,526)	—	13,845
Service concession receivables	4	54,956	—	—	—	54,956
		<u>99,099</u>	<u>23,099</u>	<u>13,885</u>	<u>1,385</u>	<u>137,468</u>
Current liabilities						
Trade and other payables .	8	8,675	— ⁽⁶⁾	2,737	—	11,412
Amount due to related companies	2	1,356	5,777	302,883	(306,565)	3,451
Financial derivative		4,166	—	(4,166)	—	—
Taxation		1,387	585	—	(1,972)	—
		<u>15,584</u>	<u>6,362</u>	<u>301,454</u>	<u>(308,537)</u>	<u>14,863</u>
Net current assets		<u>83,515</u>	<u>16,737</u>	<u>(287,569)</u>	<u>309,922</u>	<u>122,605</u>
Non-current liabilities						
Amount due to related companies	2	200,488	—	(200,488)	—	—
Borrowings		100,300	—	(100,300)	—	—
Qualifying project debt security	9	—	—	—	—	—
Deferred taxation		12,949	—	—	(12,949)	—
		<u>313,737</u>	<u>—</u>	<u>(300,788)</u>	<u>(12,949)</u>	<u>—</u>
Net assets attributable to Unitholders		<u>387,859</u>	<u>2,647</u>	<u>—</u>	<u>322,871</u>	<u>713,377</u>

	Notes	As at December 31, 2009	Pro Forma Adjustments			Unaudited Pro Forma as at Listing Date
		S\$'000 Note ⁽¹⁾	S\$'000 Note ⁽²⁾	S\$'000 Note ⁽³⁾	S\$'000 Note ⁽⁴⁾	S\$'000
Shareholders' fund						
Shareholders' loan.		317,219	—	—	(317,219)	—
Retained earnings		12,580	2,647	—	(15,227)	—
Share capital.		58,060	—	—	(58,060)	—
		<u>387,859</u>	<u>2,647</u>	<u>—</u>	<u>(390,506)</u>	<u>—</u>
Unitholders' funds						
Units in issue	10	*	—	—	719,377	719,377
Issue costs.		—	—	—	(6,000)	(6,000)
		<u>*</u>	<u>—</u>	<u>—</u>	<u>713,377</u>	<u>713,377</u>
Total		<u>387,859</u>	<u>2,647</u>	<u>—</u>	<u>322,871</u>	<u>713,377</u>
Units in issue ('000)						<u>639,100</u>
Net asset value per Unit (S\$)						<u>1.12</u>

* Less than S\$1,000.

Notes:

- (1) This represents the Aggregated Consolidated Balance Sheet of the Plants as at 31 December 2009.
- (2) Being adjustments to reflect the availability payments and operating results of the Plants during the period from 1 January 2010 to the Listing Date.
- (3) Being adjustment to reflect movements in amount due to/due from related companies and movements in other working capital during the period from 1 January 2010 to the Listing Date.
- (4) Being adjustments to reflect the Restructuring Exercise and the costs incurred in relation to the issuance of units in KGT.
- (5) Net of billing and receipts.
- (6) Net of charges and payments.

F NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET

- 1 SIGNIFICANT ACCOUNTING POLICIES** — The significant accounting policies of the Group, which have been consistently applied in preparing the Unaudited Pro Forma Consolidated Balance Sheet set out in this report, are as follows:

BASIS OF PREPARATION OF UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET — The Unaudited Pro Forma Consolidated Balance Sheet has been prepared in accordance with the basis set out in Section D and applied to financial information prepared in accordance with the Singapore Financial Reporting Standards.

The Unaudited Pro Forma Consolidated Balance Sheet is presented in Singapore dollars which is the functional currency of KGT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

The Unaudited Pro Forma Consolidated Balance Sheet as at the Listing Date has been prepared using merger accounting. Under merger accounting, the assets, liabilities, revenue, expenses and cash flows of all the entities within the Group are combined after making such adjustments as are necessary to achieve consistency of accounting policies. This manner of presentation reflects the economic substance of combining companies, which were under common control throughout the relevant period, as a single economic enterprise.

At the date of authorisation of these financial statements, the management have considered and anticipated that the adoption of the FRSs, INT FRSs and amendments to FRS that were issued but not yet effective until future periods, will have no material impact on the financial statements of the Group in the period of their initial adoption.

BASIS OF CONSOLIDATION — The consolidated financial statements incorporate the financial statements of the KGT, Senoko Trust, Tuas DBOO Trust, Ulu Pandan Trust, Senoko SPC, Tuas DBOO SPC, and Ulu Pandan SPC controlled by the KGT (its subsidiaries). Control is achieved where KGT has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

FINANCIAL INSTRUMENTS — Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments.

Financial assets

Financial receivables

The above that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and bank balances

This is subject to an insignificant risk of changes in value.

Service concession arrangements

The Group has entered into a service concession arrangement with governing agencies (the grantor) of the Government of the Republic of Singapore to operate a water treatment plant and two waste-to-energy plants in the Republic of Singapore. Under the concession arrangements, the Group will build and operate the plant for a concession period between 15 to 25 years and transfer the plant to the grantor at the end of the concession period. Such concession arrangements fall within the scope of INT FRS 112 and are accounted for as service concession receivables.

The Group recognised a financial 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 financial receivable (if any), which will be used to reduce the carrying amount of the financial receivable on its statement of financial position, (ii) interest income, which will be recognised as finance income in its profit or loss (iii) revenue from operating and maintaining the infrastructure to be recognised in its profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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 risk 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 ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and unitholders' funds

Classification as debt or unitholders' funds

Financial liabilities and unitholders' funds issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and unitholders' funds.

Unitholders' funds

Unitholders' funds are any contracts that evidence a residual interest in the assets of the Group after deducting all of its liabilities. Unitholders' funds are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in interest rates.

The Group uses derivative financial instruments (primarily interest rate swap contracts) to manage its risks associated with interest rate fluctuations relating to certain firm commitments and forecasted transactions.

The use of financial derivatives is governed by the Group's policies, approved by the board of directors, on the use of financial derivatives consistent with the Group's risk management strategy.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the profit or loss. The Group's policy with respect to hedging the interest rate risk of a firm commitment is to designate it as a cash flow hedge. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the profit or loss in the same period in which the hedged item affects the profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred 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 cumulative gain or loss that was deferred in equity is recognised immediately in the profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

PLANT AND EQUIPMENT — Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following basis:

Office equipment — 33⅓%

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.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

IMPAIRMENT OF ASSETS — At the end of each reporting date, the Group reviews the carrying amounts of its 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 entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation increase.

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. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

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.

REVENUE RECOGNITION — Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebate and other similar allowances.

Finance income from service concession arrangements

Finance income from service concession arrangement represents the interest income on the service concession receivables arising from a service concession arrangement, and is recognised using effective interest method.

Operating and maintenance income

Revenue from provision of operating and maintenance service is recognised when the services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that assets' net carrying amount.

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.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS — Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT — Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX — Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss 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 by the end of the reporting period.

Deferred tax is recognised on 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, and are accounted for using the balance sheet liability method. 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.

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 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 the profit or loss, except when they relate to items credited or debited directly to Unitholders' Funds, in which case the tax is also recognised directly in Unitholders' Funds, 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.

FOREIGN CURRENCY TRANSACTIONS — 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 financial statements of the Group are presented in Singapore dollars, which is the functional currency of KGT and the presentation currency for the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. 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 directly in Unitholders' Funds. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in Unitholders' Funds.

ISSUE COSTS — Expenses incurred directly in connection with the issue of units in K-Green Trust are recognised directly in Unitholders' Funds.

SEGMENT REPORTING — A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

2 HOLDING COMPANIES AND RELATED COMPANY TRANSACTIONS

KGT's immediate holding company (also known as the Sponsor) is Keppel Integrated Engineering Limited, which is, in turn wholly-owned ultimately by Keppel Corporation Limited. These companies are incorporated in the Republic of Singapore. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of KGT's transactions and arrangements are between members of the group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are non-trade in nature, unsecured, interest-free and repayable on demand unless otherwise stated.

	Unaudited Pro Forma as at Listing Date
	<u>S\$'000</u>
Due to related companies	<u>3,451</u>

3 PLANT AND EQUIPMENT

	Unaudited Pro Forma as at Listing Date
	<u>S\$'000</u>
Office equipment	<u>1,011</u>

4 SERVICE CONCESSION RECEIVABLES

	Unaudited Pro Forma as at Listing Date
	S\$'000
Service concession receivables:	
— Senoko Waste-To-Energy Plant (Note a)	419,784
— Tuas Waste-To-Energy Plant (Note b)	149,334
— Ulu Pandan NEWater Plant (Note c)	75,599
Total	<u>644,717</u>
Presentation on the Unaudited Pro Forma Consolidated Balance Sheet:	
Current assets	54,956
Non-current assets	<u>589,761</u>
Total	<u>644,717</u>

Notes:

- (a) a 15 year Build-Operate-Transfer (“BOT”) contract to design, upgrade, own and operates an incinerator plant.
- The Plant has incineration capacity of 2,100 tonnes per day.
 - The company has a contractual right under the concession arrangement to receive a fixed and determinable amount of payments during the concession period if the available incineration capacity of the Plant is greater or equal to 2,100 tonnes per day.
- (b) a 25-year BOT contract to build and operate a waste-to-energy plant.
- The Plant has incineration capacity of 888 tonnes per day and one condensing turbine-generator with a power generation capacity of 22MW.
 - The company has a contractual right under the concession arrangement to receive a fixed and determinable amount of payments during the concession period if the available incineration capacity of the Plant is greater or equal to 800 tonnes per day.
- (c) a 20-year BOT contract to build and operate a water treatment plant.
- The Plant has the capacity to produce 148,000 m³ of NEWater daily.
 - The company has a contractual right under the concession arrangement to receive a fixed and determinable amount of payments during the concession period if the available incineration capacity of the Plant is greater or equal to 148,000 m³/day.

The management is of the opinion that the carrying amount of the above approximates its fair value.

5 CASH AND BANK BALANCES

	Unaudited Pro Forma as at Listing Date
	S\$'000
Cash at bank.	<u>50,518</u>

6 TRADE AND OTHER RECEIVABLES

	Unaudited Pro Forma as at Listing Date
	S\$'000
Trade receivables.	18,149

7 INVENTORIES

	Unaudited Pro Forma as at Listing Date
	S\$'000
Spare parts and consumables, at cost	13,845

8 TRADE AND OTHER PAYABLES

	Unaudited Pro Forma as at Listing Date
	S\$'000
Trade payables	11,412

9 QUALIFYING PROJECT DEBT SECURITY

The qualifying project debt securities ("QPDS") are issued to KGT by Senoko Trust, Tuas DBOO Trust and Ulu Pandan Trust to finance the acquisition of business from the Sponsor. These QPDS are eliminated at consolidation. The QPDS are unsecured, repayable over 10 to 20 years and bear interest at 6% per annum.

10 UNITS IN ISSUE

	Number of Units		Unaudited Pro Forma as at Listing Date
	'000	%	S\$'000
Sponsor ⁽¹⁾	313,200 ⁽³⁾	49	352,495
Public and institutional investors ⁽²⁾	325,900 ⁽³⁾	51	366,882
Total	639,100 ⁽³⁾	100	719,377

Notes:

- (1) KCL is the beneficial holder of 100.0% of the issued share capital of the Sponsor as at the Latest Practicable Date. Accordingly, KCL is deemed under Section 4 of the Securities and Futures Act to be interested in all of the Units held by the Sponsor.
- (2) "Public and institutional investors" refers to the KCL Shareholders as at the Books Closure Date who will receive Units pursuant to the Distribution.
- (3) In arriving at this number, it has been assumed that (a) all outstanding KCL Options that have vested on or before the Books Closure Date will be exercised and (b) there will not be any rounding up or rounding down of the number of Units to be distributed to each KCL Shareholder who holds odd-lots of KCL Shares under the Distribution.

Each unit in KGT represents an undivided interest in KGT and shall be registered form. The rights and interests of Unitholders are contained in the Trust Deed. Under the Trust Deed, these rights and interests are safeguarded by the Trustee-Manager. The rights of Unitholders include rights to:

- (i) Receive income and other distributions attributable to the Units held;
- (ii) Receive audited financial statements and the annual reports of KGT; and
- (iii) Participate in the termination of KGT by receiving a share of all net cash proceeds derived from the realisation of the assets of KGT less any liabilities, in accordance with their proportionate interests in KGT.

The restrictions of a Unitholder include the following:

- (a) No Unitholder has a right to require that any or all assets of KGT be transferred to it;
- (b) 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:
 - KGT or the Trustee-Manager ceasing to comply with applicable laws and regulations; or
 - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

The Trust Deed contains provisions that are designed to limit the liability of a Unitholder to the amount paid or payable for any Unit. The provisions seek to ensure that if the Issue Price of the Units held by a Unitholder has been fully paid, no such Unitholder, by reason alone of being a Unitholder, will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of KGT exceed its assets.

11 COMMITMENTS

	Unaudited Pro Forma as at Listing Date
	S\$'000
Capital expenditure not provided for in the Unaudited Pro Forma Consolidated Balance Sheet:	
In respect of contracts placed for construction of flue gas treatment system for incineration plant	48,113

12 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 1 to the notes to the Unaudited Pro Forma Consolidated Balance Sheet, management 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.

(i) Critical judgements in applying the Group's accounting policies

The management is of the opinion that any instances of application of judgement are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) 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.

Classification between financial asset and/or intangible asset under INT FRS 112 Service Concession Arrangements

The Group recognises the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset under public-to-private concession arrangement. However, if the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, it is necessary to account separately for each component of the operator's consideration. The consideration received or receivable for both components shall be recognised initially at the fair value of the consideration received or receivable.

The segregation of the consideration for a service concession arrangement between the financial asset component and the intangible asset component, if any, requires the Group to make an estimate of a number of factors, which include, *inter alia*, fair value of the construction services, expected future sewage treatment volume of the relevant sewage treatment plant over its service concession period, future guaranteed receipts and unguaranteed receipts, and also to choose a suitable discount rate in order to calculate the present value of those cash flows. No tangible assets have been recognised regarding to service concession arrangements during the Track Record Period as the management considers the chance to exceed the guaranteed tonnage is low. These estimates are determined by the Group's management based on their experience and assessment on current and future market condition. Changes in these estimates could impact the amounts of revenue, deemed interest income and expenses recognised in profit or loss in the period in which the change is made and in subsequent periods. Such impact could potentially be significant.

13 FINANCIAL RISKS MANAGEMENT

Exposure to foreign exchange, credit, liquidity, interest rate and capital risks arises in the normal course of the Group's business. The Group's risk management policies and guidelines set out its overall business strategies, tolerance of risk and general risk management philosophy.

Foreign exchange risk

The Group does not have any foreign exchange risk as it does not have any foreign currency denominated balances at the date of Listing. Accordingly, no sensitivity analysis is performed.

However, KGT might be exposed to foreign exchange fluctuations if it acquires future assets with cash flow denominated in foreign currencies. To hedge against the volatility of future cash flows caused by changes in foreign currency rates, the Trustee-Manager may utilise forward foreign currency contracts and other foreign currency hedging instruments or by borrowing in foreign currency to hedge KGT's exposure to specific currency risks relating to future investments, receivables, payables and other commitments.

Credit risk

Credit risk refers to the risk that receivables will default on their obligation to repay the amount owing to the Group. As at Listing Date, there is a significant concentration of credit risk to the Group's customers, which are Singapore government agencies, for the duration of the service concession contract entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted date. The maximum exposure to credit risk is the carrying amount of financial assets which are mainly trade and other receivables and bank balances and cash.

Liquidity risk

The Group's main exposure to liquidity risk is in respect of its project costs and other operating expenses.

The Group maintains a level of cash and cash equivalents deemed adequate by management to finance its operations.

Interest rate risk

The Group does not have any variable interest-bearing financial assets and liabilities. Accordingly, no sensitivity analysis is performed.

The Group may be exposed to interest rates risks on the loans drawn under the working capital facility or additional loans that the Group may undertake. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. However, the management of the Trustee-Manager will monitor the interest rate exposure of the Group and will consider restructuring the Group's credit facilities or use derivative financial instruments to hedge interest rate risks should the need arises.

Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to Unitholders through the optimisation of the debt and Unitholders' Funds balance.

14 OPERATING SEGMENTS

On the Listing Date, KGT has two reportable segments, which are Waste Management and Water and Wastewater Treatment. The accounting policies of the reportable segments are the same as described in Note 1.

Segment assets and liabilities include items directly attributable to a segment. Unallocated items comprise mainly cash and cash equivalents.

No geographical segment information has been prepared as KGT's assets and operation are all located in Singapore.

Information about reportable segments

	Waste Management	Water and Wastewater Treatment	Total
	S\$'000	S\$'000	S\$'000
Reportable segmental assets.	648,891	79,349	728,240
Reportable segmental liabilities	12,633	2,230	14,863

G TRUSTEE-MANAGER'S FEES

Management Fee and Performance Fee

The Trustee-Manager (in its personal capacity) is entitled under the Trust Deed to a Management Fee and a Performance Fee for its provision of services to KGT. These fees will be payable for each calendar quarter ending on 31 March, 30 June, 30 September and 31 December of each year (each referred to as a "Quarter").

The Management Fee comprises a fixed fee of S\$2.0 million per annum and covers the on-going operating costs of the Trustee-Manager. To provide for inflation, the Management Fee is subject to increase each year by such percentage representing the percentage increase (if any) in the average of the monthly Singapore Consumer Price Index ("CPI") for the 12 calendar months immediately preceding the beginning of each FY over the average of the monthly CPI for FY2010.

The Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by KGT 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).

The Management Fee and the Performance Fee will be payable to the Trustee-Manager Quarterly in arrears, for each of the first three Quarters in a FY, within 55 calendar days after the end of that Quarter, and for the last Quarter in a FY, within 70 calendar days after the end of that Quarter. The first Management Fee and the first Performance Fee will be calculated in respect of the period from the Listing Date to 31 December 2010 and based on the number of days in the said period.

The Trustee-Manager may elect for Units in lieu of all or a portion of the Management Fee and/or the Performance Fee payable in respect of the relevant Quarter.

Acquisition Fee and Divestment Fee

In addition to the Management 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 (other than the Plants) acquired by KGT or a KGT Entity and a Divestment Fee in respect of any investment sold or divested by KGT or a KGT Entity.

The Acquisition Fee will be calculated as follows:

- (a) 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investment acquired, where the investment is acquired:
 - (i) from one or more Sponsor Group Entities; or
 - (ii) partly from one or more Sponsor Group Entities and partly from one or more third parties, and the Sponsor Group Entity(ies) had in aggregate direct or indirect interests of more than 50.0% in such investment prior to the acquisition; and
- (b) in all other cases, 1.0% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of such investment.

The Acquisition Fee is payable within 10 Business Days after the date of completion of the acquisition, and the Trustee-Manager may elect to receive all or part of the Acquisition Fee in Units instead of cash. When paid in the form of Units, the Trustee-Manager is entitled to receive the number of Units as may be purchased with the relevant portion of the Acquisition Fee at the issue price of Units issued to finance or part finance the acquisition in respect of which the Acquisition Fee is payable or, where Units are not issued to finance or part finance the acquisition, at the issue price equal to the volume weighted average price of Units for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST over the last five Trading Days prior to the date of completion of the acquisition. The volume weighted average trading price shall be the total value of transactions in the Units (for each transaction, the Unit price multiplied by the volume) for the five Trading Days divided by the total volume transacted for the five Trading Days.

The Divestment Fee is calculated at the rate of 0.5% (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) of the Enterprise Value of any investment sold or divested by KGT or a KGT Entity.

The Divestment Fee is payable within 10 Business Days after the date of completion of the sale or divestment, and the Trustee-Manager may elect to receive all or part of the Divestment Fee in Units instead of cash.

**INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON
THE PROFIT AND CASH FLOW FORECAST AND
PROFIT AND CASH FLOW PROJECTION**

May 31, 2010

The Board of Directors
Keppel Infrastructure Fund Management Pte Ltd
(in its capacity as Trustee-Manager of K-Green Trust)
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

Dear Sirs

Letter from the Independent Reporting Accountants on the Profit and Cash Flow Forecast for the Financial Period from June 29, 2010 to December 31, 2010 and the Profit and Cash Flow Projection for the Year Ending December 31, 2011

This letter has been prepared for inclusion in the Introductory Document ("Document") to be issued in connection with the listing of K-Green Trust ("KGT") on Singapore Exchange Securities Trading Limited by way of an introduction ("Introduction").

The management of Keppel Infrastructure Fund Management Pte Ltd ("Management") is responsible for the preparation and presentation of the forecast consolidated statement of comprehensive income and consolidated statements of cash flow of KGT and its subsidiaries ("Group") for the financial period from June 29, 2010 to December 31, 2010 ("Profit and Cash Flow Forecast") and the year ending December 31, 2011 ("Profit and Cash Flow Projection") as set out on pages 41 and 42 of the Document, which have been prepared on the basis of the assumptions set out on pages 44 to 52 of the Document.

We have examined the Profit and Cash Flow Forecast for the financial period from June 29, 2010 to December 31, 2010 and the Profit and Cash Flow Projection for the year ending December 31, 2011 as set out on pages 41 and 42 of the Document in accordance with Singapore Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* ("SSAE 3400"). The Management is solely responsible for the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection including the assumptions set out on pages 44 to 52 of the Document on which they are based.

Profit and Cash Flow Forecast

Based on our examination of the evidence supporting the relevant assumptions and in accordance with SSAE 3400, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cash Flow Forecast. Further, in our opinion the Profit and Cash Flow Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions set out on pages 44 to 52 of the Document, is consistent with the accounting policies set out on pages C-11 to C-17 of the Document, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by the Group in the preparation of its financial statements.

Profit and Cash Flow Projection

The Profit and Cash Flow Projection is intended to show a possible outcome based on the stated assumptions. As KGT is newly established with a short history of activities and because the length of the period covered by the Profit and Cash Flow Projection extends beyond the period covered by the Profit and Cash Flow Forecast, the assumptions used in the Profit and Cash Flow Projection (which include hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit and cash flow forecast. The Profit and Cash Flow Projection does not therefore constitute a profit and cash flow forecast.

Based on our examination of the evidence supporting the relevant assumptions and in accordance with SSAE 3400, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit and Cash Flow Projection. Further, in our opinion the Profit and Cash Flow Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions set out on pages 44 to 52 of the Document, is consistent with the accounting policies set out on pages C-11 to C-17 of the Document, and is presented in accordance with Singapore Financial Reporting Standards (but not all the required disclosures), which is the framework to be adopted by the Group in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to be different from the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection.

Attention is drawn, in particular, to the risk factors set out on pages 15 to 31 of the Document which describe the principal risks associated with the Introduction, to which the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection relate and the sensitivity analysis of the Profit and Cash Flow Forecast and the Profit and Cash Flow Projection set out on pages 52 to 54 of the Document.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore

Lim Kuan Meng
Partner

INDEPENDENT TAXATION REPORT

31 May 2010

The Board of Directors
Keppel Infrastructure Fund Management Pte Ltd
as Trustee-Manager of K-Green Trust ("KGT")
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

THE SINGAPORE TAXATION REPORT

Dear Sirs:

This letter has been prepared at the request of Keppel Infrastructure Fund Management Pte Ltd (as Trustee-Manager of KGT) for inclusion in the Introductory Document to be issued in connection with the listing of units in KGT ("**Units**") on the Singapore Exchange Securities Trading Limited by way of an introduction.

The purpose of this letter is to provide prospective investors in the Units with an overview of the Singapore income tax consequences of the purchase, ownership and disposition of the Units. This letter addresses principally investors who hold the Units as investment assets. Investors who acquire the Units for dealing purposes should consult their own tax advisers concerning the tax consequences of their particular situations.

This letter is not a tax advice and does not attempt to describe comprehensively all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Units. Prospective investors in the Units should consult their own tax advisers to take into account the tax law applicable to their particular situations. In particular, prospective investors who are not Singapore tax residents are advised to consult their own tax advisers to take into account the tax laws of their respective countries of tax residence and the existence of any tax treaty which their countries of tax residence may have with Singapore.

This letter is based on Singapore income tax laws and relevant interpretations thereof current as at the date of this letter, all of which are subject to change, possibly with retroactive effect.

Words and expressions defined in the Introductory Document have the same meaning in this letter. In addition, unless the context requires otherwise, words in the singular include the plural and the other way around and words of one gender include the other gender.

Singapore taxation of trusts in general

Under current Singapore income tax law, the trustee of a trust is liable to income tax on the taxable income of the trust arising from:

- (a) income accruing in or derived from Singapore; and
- (b) income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law.

Singapore income tax is imposed on the chargeable income of a trust. The chargeable income of a trust is ascertained in accordance with the provisions of the Singapore income tax law, after deduction of all allowable expenses and any other allowances permitted under the law.

The chargeable income of a trust, or part thereof, is taxed at the prevailing corporate rate of income tax (currently 17.0%) and the tax is assessed on the trustee in the following circumstances:

- (a) where the income is derived from any trade or business carried on by the trustee, in its capacity as the trustee of the trust;
- (b) where the beneficiaries of the trust are not resident in Singapore; or
- (c) where the beneficiaries are not entitled to the income of the trust.

Any distribution made out of income which has been assessed to tax on the trustee is not taxable in the hands of the beneficiaries. The tax paid by the trustee on such income is not imputed as a credit to the beneficiaries for Singapore income tax purposes.

Where the taxable income of a trust is income other than that derived from any trade or business carried on by the trustee, such income may be assessed to tax directly on the beneficiaries of the trust where the beneficiaries are resident in Singapore and are entitled to the income of the trust.

Singapore taxation of trusts registered under the Business Trusts Act (Chapter 31A) ("Business Trusts Act")

A trust registered under the Business Trusts Act is treated like a company under the one-tier system for income tax purposes. This tax treatment is effective from the first year such a trust commences operation as a registered business trust. Accordingly, like a company under the one-tier system, a registered business trust is subject to Singapore income tax in accordance with the same provisions of the income tax laws applicable to a company.

The income of a registered business trust is taxed at the trust level. Taxable income comprises income accruing in or derived from Singapore as well as income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law unless such income is otherwise exempt from tax. There is no capital gains tax in Singapore. However, gains from the sale of investments are chargeable to tax if such gains arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

Singapore income tax is imposed on the chargeable income of a registered business trust after deduction of allowable expenses and any allowances permitted under the law. The tax is assessed on the trustee-manager of the registered business trust.

The first S\$300,000 of chargeable income of a registered business trust is exempt from tax as follows:

- (a) 75.0% of up to the first S\$10,000 of chargeable income (excluding Singapore dividends); and
- (b) 50.0% of up to the next S\$290,000 of chargeable income (excluding Singapore dividends).

The remaining chargeable income (after deducting the applicable tax exemption on the first S\$300,000 of chargeable income) will be taxed at the prevailing corporate rate, currently 17.0%.

The distributions made by a registered business trust to its unitholders are exempt from Singapore income tax in the hands of the unitholders, regardless of their nationality, corporate identity or tax residence status. No credit will be allowed to the unitholders for the tax paid by the trustee-manager of the registered business trust.

For tax purposes, a registered business trust is considered a tax resident of Singapore if:

- (a) the trustee-manager of the registered business trust in his capacity as such carries on a trade or business in Singapore; and
- (b) the control and management of the business is in Singapore.

Taxation of the Sub-Trusts

The income of the Sub-Trusts will be derived mainly from the operations of the Plants. The Sub-Trusts may also earn interest income from the placement of their income that is not immediately distributed in fixed deposits with banks located in Singapore.

The chargeable income of the Sub-Trusts, after deduction of allowable expenses and permitted allowances under the Income Tax Act, would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0%. In this respect, the IRAS has confirmed, on the basis that the Sub-Trusts are required to account for the acquisition cost of the Plants as service concession receivables under INT FRS 112, that:

- (a) the portion of the Fixed Capital Cost and Recovery Components received by the Sub-Trusts during the concession period which is recognised as finance income from service concession arrangements under INT FRS 112 will be taxable under Section 10(1)(a) of the Income Tax Act; and
- (b) the remaining portion of the Fixed Capital Cost and Recovery Components which is recognised as a repayment of the service concession receivables under INT FRS 112 will not be taxable.

Any tax on the chargeable income of the Sub-Trusts is assessed on the respective Sub-Trustees. The after-tax amount may subsequently be distributed to KGT free of Singapore withholding tax or tax deduction at source.

Taxation of KGT

The receipts of KGT, a registered business trust, will comprise substantially distributions made by the Sub-Trusts, and the principal repayments and interest payments on the Notes issued by the Sub-Trusts.

KGT's chargeable income after deduction of allowable expenses and permitted allowances under the Income Tax Act, if any, would be subject to Singapore income tax at the prevailing corporate tax rate, currently 17.0% (after deducting the applicable tax exemption on the first S\$300,000 of chargeable income).

Specifically, the tax treatment of each of KGT's receipts from the Sub-Trusts is described below.

Distributions from the Sub-Trusts

Based on Section 35(15) and 35(16)(c) of the Income Tax Act, distributions made by the Sub-Trusts out of their income from trade or business carried on by the respective Sub-Trustees would not be subject to tax in the hands of KGT as a unitholder of the Sub-Trusts.

Principal repayments on the Notes

Principal repayments on the Notes received from the Sub-Trusts are not taxable since they are capital in nature.

Interest payments on the Notes

On 1 November 2006, the MAS issued a circular to introduce a package of tax incentives to catalyse the growth of the project finance industry through Singapore's capital markets. One of the tax incentives is the exemption from tax of interest income from qualifying project debt securities. The Notes issued by the Sub-Trusts will qualify as qualifying project debt securities if they meet the following conditions:

- (a) the Notes are issued on a non-recourse or limited recourse basis, i.e. interest payment on the debt is funded primarily from the cash flows of the qualifying infrastructure projects/assets;
- (b) the cash raised from the debt security can only be used to acquire, develop or invest in qualifying infrastructure projects/assets or pay down bondholders, shareholders and loan providers of qualifying infrastructure projects/assets;
- (c) either:
 - (i) the issue of the debt security is lead managed by, or the debt security is issued under a programme arranged by a Financial Sector Incentive (Project Finance) company ("FSI-PF") or a Financial Sector Incentive (Bond Market) ("FSI-BM") company; or
 - (ii) the issue of the debt security is arranged by a financial institution in Singapore where the Singapore based staff play a leading and substantial role in origination, structuring and distribution of the debt security;
- (d) the Notes are issued during the period from 1 November 2006 to 31 December 2011 (both dates inclusive);
- (e) approval has been given by MAS on the level of gearing in the case of an onshore qualifying infrastructure project/asset;
- (f) less than 50.0% of the issue of the qualifying project debt security is beneficially held or funded directly or indirectly at any time during the life of the issue by related parties of the issuer of the qualifying project debt security; and
- (g) the Notes are issued to and held by 4 or more persons at any time during the life of the issue.

If condition (g) cannot be met, a waiver will be granted if the entire issue of the qualifying project debt security is held by entities which are Singapore tax residents and listed in Singapore or to be listed in Singapore within 6 months of the issuance of the qualifying project debt security. Where MAS approval has been obtained for the waiver, interest income from the qualifying project debt security will continue to be tax exempt only if it is onward-declared for distribution to the shareholders, unitholders or other equivalent security holders of the entities within 6 months from the end of the financial year in which the interest income was actually received by those entities (the "onward-declaration of interest income condition").

With regard to the Notes issued by the Sub-Trusts, approval has been obtained from the MAS/Ministry of Finance on the waiver of condition (g), as well as the appropriate level of gearing under condition (e). With this approval, the Notes should qualify as qualifying project debt securities if:

- (a) conditions (b), (c) and (d) are met; and
- (b) conditions (a), (f) and the “onward-declaration of interest income condition” are met throughout the life of the Notes.

Taxation of Unitholders

Distributions from Units

Distributions from KGT received by either Singapore tax resident Unitholders or non-Singapore tax resident Unitholders are exempt from Singapore income tax and are also not subject to Singapore withholding tax. The Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager on the income of KGT.

Gain on disposal of Units

Singapore does not impose tax on capital gains. However, gains from the sale of investments are chargeable to tax if such gains arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

If a Unitholder has held the Units as investment assets on capital account, any gains arising from subsequent sales of the Units should generally be considered capital gains not subject to Singapore income tax. However, if the Units have been held on trading account, the gains arising from a subsequent sale may be taxed as income. Where the Unitholder has no intention to hold the Units for purposes of long-term investment, any gains arising from a subsequent sale could be construed as “gains or profits of an income nature” liable to tax even if the Units are not held as trading or business assets. Because the precise tax status will vary from Unitholder to Unitholder, Unitholders should consult their own professional adviser on the Singapore tax consequences that may apply to their individual circumstances.

Yours faithfully

Lim Gek Khim
Partner, Tax
For and on behalf of
Ernst & Young Solutions LLP
Singapore

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INDEPENDENT VALUATION SUMMARY LETTER

31 May 2010

The Board of Directors
Keppel Infrastructure Fund Management Pte. Ltd.
(in its capacity as trustee-manager of K-Green Trust)
1 HarbourFront Avenue #18-01
Keppel Bay Tower
Singapore 098632

Dear Sirs

1. INTRODUCTION

Stone Forest Corporate Advisory Pte Ltd ("SFCA") has been appointed by the Board of Directors ("Directors") of Keppel Infrastructure Fund Management Pte. Ltd. ("KIFM") in its capacity as trustee-manager ("Trustee-Manager") of the K-Green Trust ("KGT") to undertake an independent valuation of the future operating cash flows in entirety of three Sub-Trusts (as defined in Section 2 below), which represented the portfolio of KGT as at 31 March 2010.

This letter has been prepared for the purpose of incorporation in the Introductory Document dated 31 May 2010 ("the Introductory Document") to be issued in relation to the listing of KGT on the Main Board of the Singapore Exchange Securities Trading Limited, and is a summary of the information contained in our full valuation report ("Valuation Report") dated 24 May 2010. Accordingly, this letter should be read in conjunction with the full text of the Valuation Report.

This letter and the Valuation Report are addressed strictly to the Directors and for the intended purpose as set out above and accordingly neither the Valuation Report nor this letter may be used or relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective unit-holders of KGT).

Unless otherwise stated, words and expressions defined in the Introductory Document in connection with the Introduction have the same meaning in this letter.

2. TERMS OF REFERENCE

SFCA has been appointed by the Directors to undertake an independent valuation ("Pro Forma Valuation") of the future operating cash flows of the following three sub-trusts ("Sub-Trusts"):

- (a) Senoko Trust;
- (b) Tuas DBOO Trust; and
- (c) Ulu Pandan Trust.

The valuation is conducted for the three Sub-Trusts in entirety on a stand alone going concern under the following pro forma basis as instructed:

- (a) disregarding any cash out flows towards construction and development costs that have or are to be incurred for the Plants; and
- (b) assuming that all the cash flows as generated from the Sub-Trusts are free for and will not be restricted from distribution or otherwise being returned to the investors.

Our Pro Forma Valuation range hence represents the present value as at 31 March 2010 of the expected cash flow streams from the Sub-Trusts till the end of the respective concession terms of the Senoko ISA, the Tuas DBOO ISA and the NEWater Agreement, on the basis stated above.

Our Pro Forma Valuation is based on various management assumptions with respect to the Sub-Trusts including their present and future financial condition, business strategies and the environment in which the Sub-Trusts will operate in the future. These assumptions are based on the information provided by and discussions with or on behalf of the management of the Trustee-Manager and Keppel Integrated Engineering Limited ("Sponsor"), and reflect current expectations and views regarding future events and therefore, necessarily involve known and unknown risks and uncertainties.

Neither the Valuation Report nor this letter is an opinion on the commercial merits and structure of the Introduction, nor is it an opinion, express or implied, as to the future trading price of Units in or the financial condition of the KGT upon the Listing.

The Valuation Report is also not intended to be and is not included in the Introductory Document, and does not purport to contain all the information that may be necessary or desirable to fully evaluate the Introduction or an investment in KGT or the Sub-Trusts. We did not conduct a comprehensive review of the business, operational or financial condition of any of KGT or the Sub-Trusts and accordingly make no representation or warranty, expressed or implied, in this regard. We were not required to and have not visited the Plants.

Further, we do not provide any assurance that the valuation prepared by us reflects the true value of Senoko Trust, Tuas DBOO Trust or Ulu Pandan Trust or that other independent valuers will arrive at the same valuation.

Our Pro Forma Valuation conclusion is based upon prevailing market, economic, industry, monetary and other conditions and on the information made available to us as of the date of the Valuation Report. Such conditions may change significantly over a relative short period of time and we assume no responsibility and are not required to update, revise or reaffirm our Pro Forma Valuation conclusion set out in this letter to reflect events or developments subsequent to the date of this letter and the Valuation Report.

In conducting our review and for the purpose of preparing our Pro Forma Valuation and the Valuation Report, we have held discussions with management of the Sponsor and KIFM and we have read the information provided by them (including information contained in the Introductory Document) and other publicly available information, upon which our Pro Forma Valuation analysis is based.

We have relied upon assurances of the Directors that the Introductory Document has been approved by the Directors who have made all reasonable enquiries that, to their best knowledge and belief, the facts stated and the opinions expressed in the Introductory Document are fair and accurate in all material respects as at the respective dates to which such statements and opinions relate and that there are no material facts, the omissions of which would make any statement in the Introductory Document misleading in any material respect on such dates.

In addition, Directors have also confirmed to us, upon making all reasonable enquiries and to the best of their respective knowledge and belief, that all material information available to them with respect to the Sub-Trusts that is relevant for the purpose of our evaluation, has been disclosed to us and that such information is fair and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us to be inaccurate or misleading in any material respect.

Our terms of reference do not require us to provide specific advice on legal, regulatory, accounting, property or taxation matters and where specialist advice has been obtained by the Trustee-Manager, we have considered and where appropriate relied upon such advice.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of all such information provided or otherwise made available to us or relied upon by us as described above, whether written or verbal, and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

SFCA's compensation is not contingent upon the reporting of a pre-determined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

3. CONCLUSION

In summary and as detailed in the Valuation Report, which should be read in conjunction with this letter to the Directors, as instructed, SFCA has arrived at a Pro Forma Valuation range of S\$674 million to S\$731 million for the Sub-Trusts on an aggregate basis as at 31 March 2010.

Yours faithfully,
For and on behalf of
Stone Forest Corporate Advisory Pte Ltd

Lars Barslev
Director

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INDEPENDENT CONTRACTS REVIEW LETTER

31 May 2010

Our Ref: MUN/GEN/OL-002355

The Board of Directors
 Keppel Infrastructure Fund Management Pte. Ltd.
 (in its capacity as trustee-manager of K-Green Trust)
 1 HarbourFront Avenue #18-01
 Keppel Bay Tower
 Singapore 098632

Dear Sirs

Independent Review of the O&M Agreements (as defined below) and the Senoko EPC Contract (as defined below)

MWH Consultants (S) Pte Ltd ("**MWH**") has been engaged by Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of K-Green Trust ("**KGT**")) to undertake an independent review of the following contracts:

For Operation and Maintenance ("**O&M**"):

1. the O&M agreement dated 28 August 2009 between Senoko Waste-To-Energy Pte. Ltd. (as trustee of Senoko Trust) and Keppel Seghers Engineering Singapore Pte. Ltd. ("**Keppel Seghers**") for the operation and maintenance of Senoko Waste-To-Energy Plant (formerly known as Senoko Incineration Plant) ("**Senoko Plant**") and as amended and restated on 27 May 2010;
2. the O&M agreement dated 28 August 2006 between Keppel Seghers Tuas Waste-to-Energy Plant Pte. Ltd. and Keppel FMO Pte Ltd ("**Keppel FMO**") for the operation and maintenance of Keppel Seghers Tuas Waste-to-Energy Plant ("**Tuas DBOO Plant**") which was novated from Keppel FMO to Keppel Seghers on 30 October 2009 and further amended and restated on 27 May 2010; and
3. the O&M agreement dated 4 March 2005 between Keppel Seghers NEWater Development Co Pte. Ltd. (as trustee of Ulu Pandan Trust) and Keppel Seghers for the operation and maintenance of Ulu Pandan NEWater Plant ("**Ulu Pandan Plant**") and as amended and restated on 27 May 2010,

(together, "**O&M Agreements**").

For Engineering, Procurement and Construction ("**EPC**"), the EPC agreement dated 28 August 2009 between Senoko Waste-To-Energy Pte. Ltd. (as trustee of Senoko Trust) and Keppel Seghers for the engineering, procurement and construction of upgrading works for Senoko Plant ("**Senoko EPC Contract**") and as amended and restated on 27 May 2010.

The contractor appointed under each of the O&M Agreements and the Senoko EPC Contract is Keppel Seghers, which is an affiliate of Keppel Infrastructure Fund Management Pte Limited and a wholly-owned subsidiary of Keppel Integrated Engineering Limited (the sponsor of KGT). The purpose of the independent review is to give an opinion as to whether each of the amended and restated O&M Agreements and the Senoko EPC Contract has been entered into on an arm's length basis, follow general market practice, is on normal commercial terms and not prejudicial to the interests of KGT and its minority unitholders.

In undertaking this review, our assessment of general market practice is limited to determining if the terms and conditions of each of the amended and restated O&M Agreements and the Senoko EPC Contract reflect the main terms and conditions expected on projects of such nature and are in line with normal market practice for similar contracts for these types of plants in Singapore.

For the purposes of this review, an arm's-length basis is defined as a transaction between two related or affiliated parties that is conducted, as if they were unrelated and independent organisations and with both organisations acting in their own best interests so as to ensure no conflict of interest can arise.

Based on the documents received and reviewed by MWH, MWH is of the opinion that each of the amended and restated O&M Agreements has been entered into on an arm's length basis, follows general market practice, is on normal commercial terms and accordingly, based upon a consideration of these factors, the terms of the amended and restated O&M Agreements are not prejudicial to the interests of KGT and its minority unitholders.

Based on the documents received and reviewed by MWH, MWH is of the opinion that: (1) the requirements of Clause 19 "Discriminatory Changes in Law" in the Senoko EPC Contract are more restrictive than would be normal market practice but nevertheless the requirements are not prejudicial to the interests of KGT and its minority unitholders; and (2) save for the foregoing, the Senoko EPC Contract has been entered into on an arm's length basis, follows general market practice, is on normal commercial terms and accordingly, based upon a consideration of these factors the Senoko EPC Contract is not prejudicial to the interests of KGT and its minority unitholders.

This letter has been prepared for the purpose of incorporation in the document to be issued in relation to the listing of KGT on the Singapore Exchange Securities Trading Limited by way of an introduction.

Yours faithfully
For and on behalf of
MWH Consultants (S) Pte Ltd

Mike Rudge
Managing Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

1 Raffles Place
 #30-03 OUB Centre
 Singapore 048616

31 May 2010

To: The Independent Directors of Keppel Infrastructure Fund Management Pte. Ltd.

Dear Sirs,

THE PROPOSED GENERAL MANDATE FOR MANDATED TRANSACTIONS BETWEEN K-GREEN TRUST ("KGT") AND THE MANDATED INTERESTED PERSONS

1. INTRODUCTION

Keppel Integrated Engineering Limited (the "**Sponsor**") is a controlling Unitholder as well as the controlling shareholder of Keppel Infrastructure Fund Management Pte. Ltd. (the "**Trustee-Manager**") as at the Latest Practicable Date. The Sponsor is wholly-owned by Keppel Corporation Limited ("**KCL**"), which is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Temasek Holdings (Private) Limited ("**Temasek**") is a controlling shareholder of a number of publicly listed companies including KCL. Owing to the size of the KCL group of companies and the Temasek group of companies, the Trustee-Manager anticipates that it would, on and after the Listing Date, in the ordinary course of business, enter into certain transactions with interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group (as defined below) and KGT's interested persons, it would be advantageous for KGT to obtain a general mandate from its Unitholders pursuant to Chapter 9 of the Listing Manual ("**Unitholders' Mandate**") to enable any or all members of the EAR Group, in the ordinary course of their business to enter into the Mandated Transactions (as defined below) with the Mandated Interested Persons (as defined below) which are necessary for the day-to-day operations of KGT, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of KGT and its minority Unitholders.

The scope of the Unitholders' Mandate will encompass the following transactions (the "**Mandated Transactions**"):

(a) General Transactions

(i) Energy-related services

Such transactions include:

- (A) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plants and machinery for such projects;

- (B) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;
- (C) the hedging of electricity prices with electricity generating companies;
- (D) the retail or purchase of electricity;
- (E) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
- (F) the provision of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
- (G) the provision of guarantees in relation to obligations to be performed under the transactions described in sub-paragraphs (A) to (F) above.

(ii) Engineering services

Such transactions include:

- (A) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments within the Investment Mandate;
- (B) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;
- (C) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
- (D) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
- (E) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
- (F) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction.

(iii) Other services

Such transactions include:

- (A) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects within the Investment Mandate;
- (B) the purchase of services for the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;

- (C) the purchase of telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;
- (D) the purchase of technology solutions, including data storage, data centre and hosting services, software licences, design and other technology services;
- (E) the purchase of services relating to development and management of network infrastructure and automation devices;
- (F) the purchase of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products; and
- (G) the rental of premises, and the obtaining of building maintenance services and facility and property management services.

(b) Treasury Transactions

These are transactions between any member within the EAR Group and any Mandated Interested Person, for example:

- (i) the placement of funds with any Mandated Interested Person;
- (ii) the borrowing of funds from any Mandated Interested Person;
- (iii) the entry into foreign exchange, swap and option transactions with any Mandated Interested Person; and
- (iv) the subscription of debt securities issued by any Mandated Interested Person, the issue of debt securities to any Mandated Interested Person, the purchase from any Mandated Interested Person, or the sale to any Mandated Interested Person of debt securities previously issued by any member within the EAR Group.

(c) Management and support services

These transactions relate to the receipt of management and support services in the areas of finance, treasury, investment risk review, governmental relations, business development, management information systems, human resources and staff secondment, management and development, accounting, legal, corporate secretarial, public and investors relations, tax, internal audit, central purchasing and other administrative services including computer-based services ("**Management and Support Services**").

PrimePartners Corporate Finance Pte. Ltd. ("**PPCF**") has, in accordance with Chapter 9 of the Listing Manual, been appointed as the independent financial adviser ("**IFA**") to the independent directors of the Trustee-Manager ("**Independent Directors**") in respect of the Unitholders' Mandate to provide our opinion on whether the methods or procedures for determining transaction prices for the Mandated Transactions are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and its minority Unitholders.

This letter forms part of the introductory document dated 31 May 2010 (the “**Introductory Document**”) which provides, *inter alia*, details of the Unitholders’ Mandate, the particulars of the Mandated Transactions, the classes of Mandated Interested Persons, the methods or procedures for determining transaction prices for the Mandated Transactions, and the review procedures in relation to the Mandated Transactions. Unless otherwise defined herein, all terms in the Introductory Document shall have the same meaning in this letter.

2. TERMS OF REFERENCE

We were neither a party to the negotiations entered into by the Trustee-Manager in relation to the transactions contemplated under the Unitholders’ Mandate nor were we involved in the deliberations leading up to the decision of the directors of the Trustee-Manager (the “**Directors**”) to seek approval for the Unitholders’ Mandate. We do not, by this letter, warrant the merits of the Unitholders’ Mandate other than to form an opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the review procedures set up by the Trustee-Manager to determine the prices of transactions pursuant to the Unitholders’ Mandate are adequate to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and its minority Unitholders. We have not conducted a comprehensive review of the business, operations or financial condition of KGT or the KGT Group (as defined below).

For the purpose of arriving at our opinion in respect of the Unitholders’ Mandate, we have, as the IFA advising the Independent Directors, taken into account the current methods or procedures set up by the Trustee-Manager for determining transaction prices for the Mandated Transactions but have not evaluated and have not been requested to comment on the strategic or commercial merits or risks of the Unitholders’ Mandate or the prospects or earnings potential of KGT or the KGT Group, and such evaluation shall remain the sole responsibility of the Directors.

We were also not required or authorised to obtain, and we have not obtained, any quotation or transacted prices from third parties for products or services similar to those which are to be covered by the Unitholders’ Mandate, and therefore are not able to, and will not compare the transactions to similar transactions with third parties.

In the course of our evaluation of the Unitholders’ Mandate, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to KGT. We have also relied on information provided and representations made by the Directors and the Trustee-Manager’s management. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such reasonable enquiries and exercised our judgment on the reasonable use of such information and have found no reason to doubt the accuracy or the reliability of the information.

We have relied upon the assurances of the Directors that, upon making all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Unitholders’ Mandate and KGT has been disclosed to us, that such information is true, complete and accurate in all material aspects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to KGT stated in the Introductory Document to be inaccurate, incomplete or misleading in any material aspect. The Directors jointly and severally accept responsibility accordingly.

Our opinion, as set out in this letter, is based upon the market, economic, industry, monetary and other applicable conditions subsisting on, and the information made available to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In arriving at our opinion, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Trustee-Manager has been separately advised by its own advisers in the preparation of the Introductory Document (other than our letter set out in Appendix H). Accordingly, we take no responsibility for and state no views, express or implied, on the contents of the Introductory Document (other than our letter as set out in Appendix H).

Our opinion in respect of the Unitholders' Mandate should be considered in the context of the entirety of this letter and the Introductory Document.

3. THE PROPOSED UNITHOLDERS' MANDATE FOR MANDATED TRANSACTIONS

3.1 Scope of the Unitholders' Mandate

The Unitholders' Mandate will cover a wide range of transactions arising in the normal course of business operations of KGT, its subsidiaries that are not listed on the SGX-ST or an approved exchange, and its associated companies that are not listed on the SGX-ST or an approved exchange, provided that KGT and its subsidiaries ("**KGT Group**") or the KGT Group and its interested person(s), has control over the associated companies (collectively, the "**EAR Group**"), that are entered into with certain classes of interested persons.

The Unitholders' Mandate will not cover any transaction with a Mandated Interested Person which has a value below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such transactions.

Transactions with Mandated Interested Persons which do not fall within the ambit of the Unitholders' Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual and/or any applicable law. Transactions conducted under the Unitholders' Mandate are not separately subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

3.2 Rationale for the Unitholders' Mandate

The Unitholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Unitholders' prior approval as and when potential Mandated Transactions with a specific class of Mandated Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the EAR Group.

The Unitholders' Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of KGT and minority Unitholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons

3.3 Classes of Mandated Interested Persons

The Unitholders' Mandate will apply to transactions which are carried out between any member of the EAR Group and the following classes of interested persons:

- (a) the Sponsor, which is the controlling Unitholder as at the Latest Practicable Date, and its associates (as defined in the Listing Manual);
- (b) Temasek, which is a controlling shareholder of the Trustee-Manager as at the Latest Practicable Date, and its associates (as defined in the Listing Manual);
- (c) a director, chief executive officer or controlling shareholder of the Trustee-Manager (other than the controlling shareholder of the Trustee-Manager described in sub-paragraph (b) above);
- (d) Trustee-Manager or controlling Unitholder (other than the controlling Unitholder described in sub-paragraph (a) above); and
- (e) an associate of any of the persons or entities in (c) and (d) above

("Mandated Interested Persons" and each a "Mandated Interested Person", all being "interested persons" as defined in the Listing Manual).

3.4 Categories of Mandated Transactions

The types of transactions with the Mandated Interested Persons to which the Unitholders' Mandate applies and the benefits to be derived therefrom ("**Mandated Transactions**") are broadly categorised as follows:

(a) General Transactions

Within the ambit of this category are general transactions ("**General Transactions**") between any member within the EAR Group and any Mandated Interested Person relating to the provision or receipt of products and services in the normal course of business of the EAR Group within the Investment Mandate, for example, transactions relating to:

- (i) Energy-related services

Such transactions include:

- (A) the engagement of contractors and suppliers for the development and construction of energy-related projects and the purchase of materials, plants and machinery for such projects;
- (B) the purchase of meter reading, data management, power transmission and other essential regulated services required by an electricity retailer;

- (C) the hedging of electricity prices with electricity generating companies;
- (D) the retail or purchase of electricity;
- (E) the purchase of gas distribution, power transmission, metering services and other essential regulated services required by a power generator;
- (F) the provision of NEWater, processed water, demineralised water, steam, cooling water and other utility services; and
- (G) the provision of guarantees in relation to obligations to be performed under the transactions described in sub-paragraphs (A) to (F) above.

(ii) Engineering services

Such transactions include:

- (A) the receipt of engineering, procurement and construction services in infrastructure, industrial and commercial developments within the Investment Mandate;
- (B) the purchase of material handling equipment and heavy cranes, services relating to structural steel engineering, comprehensive operations and maintenance services, and precision engineering services;
- (C) the purchase of services for supply, install, repair and service automation, instrumentation and control systems;
- (D) the purchase of general engineering contracting and fabrication services and building materials, equipment and products;
- (E) the purchase of environmental engineering design, process technology and equipment and services in environmental engineering business; and
- (F) the purchase of services for the development and construction of infrastructural plants in environmental business and other services required for such development and construction.

(iii) Other services

Such transactions include:

- (A) the engagement of operators for the provision of operations and maintenance services for infrastructure, industrial and commercial projects within the Investment Mandate;
- (B) the purchase of services for the management of tender projects, including but not limited to application for the relevant permits, licences and approvals, management of tender process, advice on appointment of consultants, liaison with consultants and contractors, supervision of construction work and the provision of financial and administrative support services related to such projects;

- (C) the purchase of telecommunications and related services including but not limited to phone, paging and messaging services, voice recognition systems, installation and infrastructure services for telecommunications systems and the sale and purchase of telecommunications products and equipment;
- (D) the purchase of technology solutions, including data storage, data centre and hosting services, software licences, design and other technology services;
- (E) the purchase of services relating to development and management of network infrastructure and automation devices;
- (F) the purchase of information technology support services, information technology products and equipment and the obtaining of repair and maintenance services in respect of software and information technology products; and
- (G) the rental of premises, and the obtaining of building maintenance services and facility and property management services.

The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

(b) Treasury Transactions

Within the ambit of this category are treasury transactions ("**Treasury Transactions**") between any member within the EAR Group and any Mandated Interested Person, for example:

- (i) the placement of funds with any Mandated Interested Person;
- (ii) the borrowing of funds from any Mandated Interested Person;
- (iii) the entry into foreign exchange, swap and option transactions with any Mandated Interested Person; and
- (iv) the subscription of debt securities issued by any Mandated Interested Person, the issue of debt securities to any Mandated Interested Person, the purchase from any Mandated Interested Person, or the sale to any Mandated Interested Person of debt securities previously issued by any member within the EAR Group.

The EAR Group can benefit from the more competitive rates and quotes offered by the Mandated Interested Persons by leveraging on the financial strength and credit standing of the Mandated Interested Persons for placement of funds with, borrowings from, foreign exchange, swap and option transactions with, and the subscription and purchase of debt securities to the Mandated Interested Persons. In respect of the issue or sale of debt securities to the Mandated Interested Persons, the EAR Group can benefit from the financial support of the Mandated Interested Persons arising from such issuance or sale, which will be on terms no less favourable to the EAR Group than those issued or sold to other third parties.

(c) Management and Support Services

These transactions relate to the receipt of management and support services in the areas of finance, treasury, investment risk review, governmental relations, business development, management information systems, human resources and staff secondment, management

and development, accounting, legal, corporate secretarial, public and investors relations, tax, internal audit, central purchasing and other administrative services including computer-based services.

By having access to such services, the EAR Group will derive operational and financial leverage through savings in terms of reduced overheads and greater economies of scale (such as bulk discounts enjoyed by the EAR Group on a group basis). In addition, the EAR Group is able to obtain expertise in the areas of investment risk review, governmental relations and business development through the extensive global network of the Mandated Interested Persons. The ability to tap on such expertise and experience, especially in relation to matters which are highly confidential, commercially sensitive or involve historical data, is particularly important for KGT's ability to respond in a timely manner to take advantage of opportunities as and when they arise.

4. METHODS OR REVIEW PROCEDURES FOR MANDATED TRANSACTIONS WITH MANDATED INTERESTED PERSONS

To ensure that the Mandated Transactions with the Mandated Interested Persons are undertaken at arm's length and on normal commercial terms, and will not be prejudicial to the interests of KGT and minority Unitholders, the following procedures will be implemented for the review and approval of the Mandated Transactions under the Unitholders' Mandate:

(a) Review procedures for all Mandated Transactions

- (i) Quotations are to be obtained from the Mandated Interested Person and at least one other similar product or service provider or supplier. Mandated Transactions shall not be approved unless such transactions are entered into at rates/prices of the service or product providers which are no more favourable to the Mandated Interested Person than those extended to unrelated third parties (including where applicable, preferential rates/prices/discounts accorded to corporate customers or bulk purchases), or on terms similar to the service or product providers' usual commercial terms, or otherwise in accordance with other applicable industry norms.
- (ii) In the event that it is not possible to obtain quotations from unrelated third parties or to determine whether the terms of the Mandated Transaction with the Mandated Interested Person are more or less favourable than the aggregate terms quoted by unrelated third parties, any two members of a committee comprising the executive Directors and the Chief Financial Officer of the Trustee-Manager for the time being and such other person as the Directors may from time to time appoint ("**Review Committee**") will evaluate and weigh the benefits of, and rationale for, transacting with the Mandated Interested Person before submitting a written recommendation to the Audit Committee. In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by KGT in transacting with the Mandated Interested Person compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Mandated Transaction before deciding to approve or reject the Mandated Transaction. In determining the terms of the transaction, the Audit Committee will evaluate such terms in accordance with prevailing industry norms (including the reasonableness of the terms).

- (iii) All Mandated Transactions must be consistent with the usual practices and policies of the EAR Group, and will be reviewed quarterly by the internal auditors who will report to the Audit Committee. To assist the Audit Committee in its review, the Trustee-Manager will maintain a Register of Mandated Transactions in which relevant particulars of all Mandated Transactions will be recorded.

(b) Review procedures for General Transactions

In addition to the procedures in paragraph (a) above, the following review and approval procedures for General Transactions will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

(c) Review procedures for Management and Support Services

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Management and Support Services will be implemented to supplement existing internal control procedures:

- (i) transactions equal to or exceeding S\$500,000 but less than S\$5,000,000 each in value will be reviewed and approved by any two members of the Review Committee;
- (ii) transactions equal to or exceeding S\$5,000,000 but less than S\$10,000,000 each in value will be reviewed and approved by any two members of the Review Committee and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee; and
- (iii) transactions equal to or exceeding S\$10,000,000 each in value will be reviewed and approved by the Audit Committee.

(d) Review procedures for Treasury Transactions

In addition to the procedures in paragraph (a) above, the following review and approval procedures for Treasury Transactions will be implemented to supplement existing internal control procedures:

- (i) Placements

In relation to any placement with any Mandated Interested Person by any member within the EAR Group of its funds, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT for interest rates for deposits with such bankers. Such member within the EAR Group will place its funds with such Mandated Interested Person only if the interest rate

quoted is not less favourable than that quoted by such principal banker(s). In addition, such member shall comply with the procedures set out in paragraph (e)(ii) below.

(ii) Borrowings

In relation to the borrowings of funds from any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT for interest rates and conditions of loans from such bankers. Such member within the EAR Group will borrow funds from such Mandated Interested Person only if the interest rate and conditions quoted are not less favourable than those quoted by such principal banker(s). In cases where such principal banker(s) is/are unable to quote a rate for the loan for any reason whatsoever (for example, where the banks have reached their exposure, credit or lending limits in respect of their lending activities, or in respect of their lending limits to the EAR Group), the member within the EAR Group shall be able to borrow the funds from the Mandated Interested Person. In addition, such member shall comply with the procedures set out in paragraph (e)(i) below.

(iii) Foreign exchange, swap and option transactions

In relation to foreign exchange, swap and option transactions with any Mandated Interested Person by any member within the EAR Group, quotations shall be obtained from such Mandated Interested Person and at least one of the principal bankers of KGT. Such member within the EAR Group will enter into such foreign exchange, swap or option transactions with such Mandated Interested Person only if the rates quoted are not less favourable than the rates quoted by such principal banker(s). In addition, such member shall comply with the procedures in paragraph (e)(iii) below.

(iv) Debt securities

In relation to the subscription of debt securities issued by any Mandated Interested Person, or the purchase from any Mandated Interested Person of debt securities previously issued by such Mandated Interested Person, such transactions will be entered into by members within the EAR Group only if the consideration for such debt securities is not more than that at which such debt securities are subscribed or purchased by any other third parties. Conversely, members within the EAR Group will only issue new debt securities or sell debt securities (previously issued by any member within the EAR Group) to Mandated Interested Persons at prices not lower than the prices at which such debt securities are issued or sold to third parties.

In addition, in relation to debt securities issued or sold by a member within the EAR Group to any Mandated Interested Person, and to debt securities subscribed or purchased from any Mandated Interested Person, such member shall comply with the procedures in paragraph (e)(i) below.

(e) Monitoring procedures for Treasury Transactions

The Trustee-Manager will monitor Treasury Transactions entered into by the EAR Group as follows:

(i) Borrowings and debt securities issued or sold to Mandated Interested Persons

In relation to borrowings by a member within the EAR Group from the same Mandated Interested Person during the same financial year, or debt securities issued or sold by any member within the EAR Group to the same Mandated Interested Person during the same financial year:

- (A) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$500,000 but is less than S\$5,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Review Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$5,000,000;
- (B) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$5,000,000 but is less than S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by any two members of the Review Committee, and the Chairman of the Board or, if he has an interest in the Mandated Transaction, another member of the Audit Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Review Committee and the Chairman or Audit Committee member (as the case may be) shall have power in their discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but subject to such aggregate interest expense being less than S\$10,000,000; and
- (C) where the aggregate value of the interest expense incurred by the EAR Group on borrowings from, and debt securities issued and/or sold to, that Mandated Interested Person equals to or exceeds S\$10,000,000, subsequent borrowings from that Mandated Interested Person, or issue or sale of debt securities to that Mandated Interested Person, by any member within the EAR Group, will be reviewed and approved by the Audit Committee. In view of the capital intensive nature of KGT's business and in the interest of operational efficiency, the Audit Committee shall have power in its discretion to pre-approve any such further interest expense up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly, having regard to the foreseeable requirements of KGT from the

time of review until the next review, but in any event not more than five per cent. of the value of KGT's net tangible assets (based on the latest audited consolidated accounts).

(ii) Placements with and subscription and purchase of debt securities from Mandated Interested Persons

(A) Where the aggregate of the principal amount of funds placed with and all debt securities subscribed and/or purchased from, the same Mandated Interested Person shall at any one time exceed S\$100,000,000, additional placements of funds with, subscription of debt securities issued by, or purchase of debt securities from, that Mandated Interested Person by any member within the EAR Group shall require the prior approval of the Audit Committee. The Audit Committee shall have power in its discretion to pre-approve any such further placements of funds with, subscription of debt securities issued by, or purchase of debt securities, up to pre-determined interim sub-limits, such pre-determined interim sub-limits to be reviewed quarterly having regard to the foreseeable requirements of KGT from the time of review until the next review, but in any event not more than five per cent. of the latest consolidated audited NTA value of KGT.

(B) Placement of funds with, subscription of debt securities issued by, and/or purchase of debt securities from, the same Mandated Interested Person where the aggregate of the principal amounts thereof does not at any one time exceed the limit or interim sub-limits set out above or from time to time, will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis by the Audit Committee. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KGT.

(iii) Foreign exchange, swap and option transactions

Where the aggregate of the principal amount of all foreign exchange, swap and option transactions entered into with the same Mandated Interested Person shall at any one time exceed S\$100,000,000, each additional foreign exchange, swap and option transaction entered into with the same Mandated Interested Person by any member within the EAR Group will require the prior approval of the Audit Committee.

Entry into foreign exchange, swap and option transactions with the same Mandated Interested Person where the aggregate of the principal amounts thereof do not at any one time exceed the limit set out above will not require the prior approval of the Audit Committee but will be reviewed on a quarterly basis. The Audit Committee shall have power to implement further measures to enhance the review and reporting processes if, in its opinion, it would be beneficial to KGT.

(f) Review by internal auditors

The internal auditors of KGT shall, on a quarterly basis, review the Register of Mandated Transactions and the operation of the review procedures, report to the Audit Committee on all Mandated Transactions, and the bases of such transactions, entered into by the EAR Group with the Mandated Interested Persons.

(g) Review by Audit Committee

- (i) The Audit Committee shall have the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Trustee-Manager as it deems appropriate. If any member of the Review Committee or the Chairman of the Board has an interest in a Mandated Transaction to be reviewed, such member or the Chairman (as the case may be) will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Review Committee or a member of the Audit Committee (in place of the Chairman of the Board), where applicable. If a member of the Audit Committee has an interest in a Mandated Transaction to be reviewed by the Audit Committee, he will abstain from any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee.
- (ii) Generally, the Review Committee, the Chairman and the Audit Committee will only approve a Mandated Transaction if the terms of the transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Review Committee or the Audit Committee or the Chairman may, as he deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.
- (iii) The Audit Committee will review the terms of the Mandated Transactions and the review procedures adopted on a quarterly basis.
- (iv) If, during the periodic reviews by the Audit Committee, the Audit Committee is of the view that the established review procedures are inadequate or inappropriate to ensure that the Mandated Transactions will be on normal commercial terms, and will not be prejudicial to the interests of KGT and minority Unitholders, or in the event of any amendment to Chapter 9 of the Listing Manual, it will in consultation with the Board take such action as it deems proper in respect of such procedures and/or modify or implement such procedures as may be necessary and direct KGT to revert to Unitholders for a fresh mandate based on new guidelines and procedures for transactions with Mandated Interested Persons. In the event where KGT reverts to Unitholders for a fresh mandate, all Mandated Transactions proposed to be entered into pending the approval of the Unitholders for a fresh mandate shall be subject to the review and approval of the Audit Committee, and subject always to the applicable requirements of the Listing Manual.

5. DURATION OF THE UNITHOLDERS' MANDATE

The Unitholders' Mandate will be effective until the earlier of the following: (i) the conclusion of KGT's first annual general meeting following its admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of KGT's admission to the Official List of the SGX-ST. Thereafter, KGT will seek the approval of the Unitholders for a renewal of the Unitholders' Mandate at each subsequent annual general meeting.

6. OPINION

In arriving at our opinion in respect of the Unitholders' Mandate, we have considered, *inter alia*, the review procedures, the role of the Audit Committee in enforcing the review procedures for the Mandated Transactions pursuant to the Unitholders' Mandate and the rationale for and benefits of the Unitholders' Mandate.

Having regard to the considerations set out in this letter and the information available to us as at the Latest Practicable Date, we are of the opinion that the methods or procedures for determining transaction prices for the Mandated Transactions are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of KGT and its minority Unitholders.

This letter is addressed to the Independent Directors for their benefit and for the purposes of their consideration of the Unitholders' Mandate. The recommendation made by the Independent Directors to the Unitholders in relation to the Unitholders' Mandate shall remain the sole responsibility of the Independent Directors.

Whilst a copy of this letter may be reproduced in the Introductory Document and for any matter in relation to the Unitholders' Mandate, neither the Trustee-Manager nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PPCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any amendments thereto shall not apply.

Yours truly,
For and on behalf of
PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.

MARK LIEW
MANAGING DIRECTOR, CORPORATE FINANCE

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LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS OF THE TRUSTEE-MANAGER

The current and past principal directorships held by the Directors and Executive Officers in the last five years preceding the Latest Practicable Date are as follows:

Directors of the Trustee-Manager

Names	Current Directorships	Past Directorships
Mr Khor Poh Hwa	CPG FM (Xiamen) Co., Ltd. Hock Lian Seng Holdings Limited Keppel Group Eco-City Investment Pte. Ltd. Keppel Land Limited Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd. SIP Jiacheng Property Development Co Ltd Substantial Enterprises Limited Suzhou Industrial Park CPG FM CO., Ltd. Tianjin Fulong Property Development Co., Ltd. Tianjin Pearl Beach International Country Club Co., Ltd.	CA Facilities Pte. Ltd. China-Singapore Suzhou Industrial Park Development Co., Ltd. CPG Consultants Pte Ltd CPG Corporation Pte Ltd CPG Facilities Management Pte Ltd CPG Hubin (Suzhou) Pte Ltd CPG Investments Pte Ltd Evergro Properties Limited PM Link Pte Ltd Suzhou PM Link Pte Ltd
Mr Alan Ow Soon Sian	MobileOne Ltd.	Tax Academy of Singapore
Mr Paul Ma Kah Woh	CapitaLand China Development Fund II Limited CapitaLand China Development Fund Pte Ltd Hwa Hong Corporation Ltd Mapletree Investments Pte Ltd Mapletree Logistics Trust Management Limited National University of Singapore Nucleus Connect Pte Ltd SMRT Buses Ltd SMRT Corporation Ltd SMRT Road Holdings Ltd SMRT Trains Ltd Tenet Insurance Company Ltd	Ascott Residence Trust Management Ltd Bata Emerging Markets Limited Golden Harvest Entertainment (Holdings) Limited
Ms Quek Soo Hoon	Parenting Partners Pte Ltd Singapore Deposit Insurance Corporation Special Needs Trust Company Ltd Students-in-Free-Enterprise (SIFE)	Millea Asia Pte Ltd
Mr Thio Shen Yi	Allens Arthur Robinson TSMP OUE Realty Pte. Ltd. TSMP Law Corporation	Metalform Asia Pte. Ltd. Metalform International Ltd MPL (1) Limited

Names	Current Directorships	Past Directorships
Mr Teo Soon Hoe	Abbeville Investment Pte Ltd China Canton Investments Limited China Canton Management (Hong Kong) Limited Esqin Pte Ltd Fels Ses International Pte Ltd Focus Up Holdings Limited HarbourFront One Pte Ltd HarbourFront Three Pte Ltd HarbourFront Two Pte Ltd k1 Ventures (Hong Kong) Limited k1 Ventures Limited Kep Holdings Limited Kephinance Investment (Mauritius) Pte Ltd Kephinance Investment Pte Ltd Keplands Enterprise (Pte) Ltd Kepmount Shipping (Pte) Ltd Keppel (USA) Inc Keppel Bay Pte Ltd Keppel Corporation Limited Keppel Energy Pte Ltd Keppel First Eastern Holdings Limited Keppel Group Eco-City Investments Pte Ltd Keppel Industries (Hong Kong) Limited Keppel Investment Limited Keppel IVI Investments Inc Keppel Kunming Resort Limited Keppel Land Limited Keppel Offshore & Marine Ltd Keppel Philippines Holdings Inc Keppel Point Pte Ltd Keppel Real Estate Investment Pte Ltd Keppel Telecommunications & Transportation Ltd Keppel Telecoms Pte Ltd Kepventure Pte Ltd KI Investments (HK) Limited MobileOne Ltd Petro Tower Ltd Primero Investments Pte Ltd Singapore HealthPartners Pte Ltd Singapore Tianjin Eco-City Investment Holdings Pte Ltd Singapore-Suzhou Township Development Pte Ltd Substantial Enterprises Limited The Vietnam Investment Fund (Singapore) Ltd TradeOneAsia Pte Ltd Waterfront Development Consultants Pte Ltd	Centurion Bank Limited Creek & Cove Properties Pte Ltd K1 eBiz Holdings Private Limited K1 Investments (I) Pte Ltd Kepital Holdings Pte Ltd Keppel Bank Philippines Inc. Keppel Infrastructure Pte Ltd Keppel Markem Limited Keppel Securities Philippines Inc. Keppel Shipyard Limited KIE China Holdings Pte Ltd Knowledge City Pte. Ltd. Singapore Petroleum Company Limited Steamers Containerships Holdings Pte Ltd Steamers Rajah Brooke Shipping Pte Ltd Travelmore Pte Ltd

Names	Current Directorships	Past Directorships
Mr Michael Chia Hock Chye	Asian Lift Pte Ltd Bintan Offshore Fabricators Pte Ltd Brightway Property Pte Ltd Deepwater Technology Group Pte Ltd Durward International Limited FELS Crane Pte Ltd FELS Tekform (Singapore) Pte Ltd Floatec LLC Floatec Singapore Pte Ltd GE Keppel Energy Services Pte Ltd KEPFELS Engineering Pte Ltd Keppel AMFels Inc Keppel DHCS Pte. Ltd. Keppel Energy Pte. Ltd. Keppel Environmental China Investments Pte. Ltd. Keppel Environmental Technology Centre Pte Ltd Keppel FELS Brasil SA Keppel FELS Engineering Shenzhen Co Ltd Keppel FELS Limited Keppel FMO Pte Ltd Keppel Integrated Engineering Limited Keppel Offshore & Marine USA (Holdings) LLC Keppel Offshore & Marine USA Inc. Keppel Prince Engineering Pty Ltd Keppel Sea Scan Pte Ltd Keppel Seghers Engineering Singapore Pte Ltd Keppel Seghers Holdings Pte Ltd Keppel Seghers NEWater Development Co Pte Ltd Keppel Shipyard Limited Keppel Ventus Pte Ltd Offshore Innovative Solutions LLC Offshore Technology Development Pte Ltd Prismatic Services Limited Senoko Waste-To-Energy Pte Ltd TradeoneAsia Pte Ltd Willalpha Limited	Regency Steel Japan Limited

Executive Officers of the Trustee-Manager

Names	Current Directorships	Past Directorships
Mr Thomas Pang Thieng Hwi	Keppel Ventus Pte Ltd	Achilles Consulting Group Pte Ltd
Ms Kang Leng Hui	Nil	Nil
Ms Foo Chih Chi	Nil	Nil

Keppel Infrastructure Fund Management Pte. Ltd.

(Company Registration No: 200803959H)

(Trustee-Manager for K-Green Trust)

2 Corporation Road #02-07

Corporation Place

Singapore 618494

Tel: (65) 6499 0599

Fax: (65) 6265 1953

Email: info@kgreentrust.com