

DEFINITIVELY KEPPEL



TO BE A PREMIER PARTNER THAT INVESTS IN ENVIRONMENTAL SOLUTIONS TODAY FOR A SUSTAINABLE TOMORROW.

K-Green Trust aims to create enduring partnerships to invest in “green” infrastructure assets globally to generate long-term, predictable and regular distributions for our Unitholders.

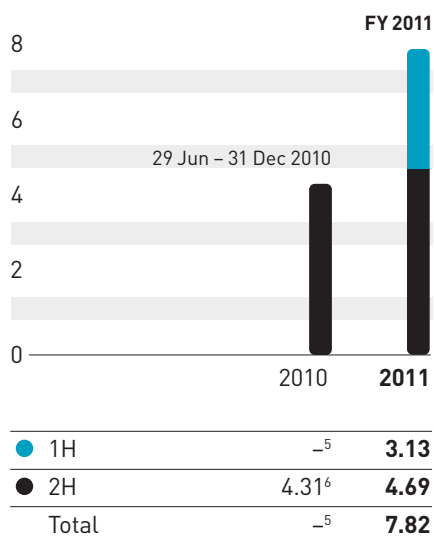


CONTENTS

1	Financial Highlights	28	Unit Price Performance	54	Independent Auditors' Report
2	Chairman's Statement	29	Significant Events	55	Statements of Financial Position
6	K-Green Trust at a Glance	30	Trust Structure	56	Consolidated Statement of Comprehensive Income
7	Strategic Directions	31	Corporate Governance	57	Statements of Changes in Unitholders' Fund
8	Board of Directors	45	Risk Management	58	Consolidated Statement of Cash Flows
11	Present and Past Principal Directorships	46	Statistics of Unitholdings	60	Notes to Financial Statements
12	Key Executives of the Trustee-Manager	48	Corporate Information	82	Financial Calendar
13	Operations and Maintenance Managers		Report of the Trustee-Manager & Financial Statements	83	Notice of Annual General Meeting
18	Operations Review		Report of the Trustee-Manager		Proxy Form
24	Sustainability Report	50	Report of the Trustee-Manager		
25	– Sustaining Growth	52	Statement by the Trustee-Manager		
26	– Empowering Lives	53	Statement by the Chief Executive Officer		
27	– Nurturing Communities				

FINANCIAL HIGHLIGHTS

Distribution Per Unit (cents)



Financial Summary

for the financial year from 1 January 2011 to 31 December 2011

	Actual \$'000	Projection ¹ \$'000	% Change
Profit before tax	16,837	14,319	17.6
Net profit	15,997	13,637	17.3
Distribution per unit (cents) ²	7.82	7.82	-
Distribution yield ³	8.6%	8.6%	-

Balance Sheet

as at 31 December

	2011 \$'000	2010 \$'000	% Change
Total assets	717,198	761,972	-5.9
Total liabilities	20,024	35,892	-44.2
Unitholders' funds	697,174	726,080	-4.0
Market capitalisation ³	569,952	672,080	-15.2
Number of units in issue ('000)	629,781	628,113	0.3
Net asset value per unit (\$)	1.11	1.16	-4.3
Adjusted net asset value per unit (\$) ⁴	1.06	1.11	-4.5

Financial Ratio

	2011	2010	% Change
Distribution per unit (cents)			
1 st half	3.13	- ⁵	n.m.
2 nd half	4.69	4.31 ⁶	8.8
Total distribution	7.82	- ⁵	n.m.

n.m. – not meaningful

¹ The projection is extracted from the Introductory Document and is based on the assumptions set out in the Introductory Document.

² Distribution is derived from K-Green Trust's residual cash flows in accordance with "Distribution" set out on page 34 of the Introductory Document.

³ Based on closing unit price as at the last trading day of the financial year.

⁴ Based on total issued units, excluding distribution payable to Unitholders.

⁵ Not applicable as K-Green Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 29 June 2010. Hence, the distribution in 2010 relate only to the period from 29 June 2010 to 31 December 2010.

⁶ 2H 2010 distribution per unit was paid with respect to the financial period from 29 June 2010 to 31 December 2010.



“WITH ALL THREE QUALITY ASSETS IN ITS PORTFOLIO RECEIVING EXPECTED CASH FLOWS FROM CAPACITY AND AVAILABILITY PAYMENTS, KGT PRODUCED A STEADY SET OF RESULTS, MET THE YIELD EXPECTATION AND EXCEEDED THE PROFIT PROJECTION FOR THE YEAR.”

\$49.2m

TOTAL DISTRIBUTION TO UNITHOLDERS

For the period from 1 January 2011 to 31 December 2011, total distribution to KGT's Unitholders will amount to \$49.2 million.

DEAR UNITHOLDERS,

On behalf of the Board and management of Keppel Infrastructure Fund Management Pte Ltd (KIFM), the Trustee-Manager, I am pleased to present K-Green Trust's (KGT) second annual report, covering the financial year ended 31 December 2011.

KGT aims to deliver stable, predictable and reliable distributions to Unitholders. All three assets in KGT's initial portfolio have long-term concession agreements with Singaporean statutory bodies, where cash flows are mainly derived from capacity or availability-based payments.

RELIABLE RETURNS

For the period from 1 January 2011 to 31 December 2011, total distribution to KGT's Unitholders will amount to \$49.2 million. Distribution per unit for the financial year 2011 will be 7.82 cents, as projected in KGT's Introductory Document. The distribution yield will be 8.6%, based on the unit closing price of \$0.905 on 30 December 2011.

Net Asset Value (NAV) of the Group was \$1.11 per unit as at end-December 2011,

compared to \$1.16 as at 31 December 2010. As a business trust, KGT is allowed to make distributions out of residual cash flows. There was a reduction in NAV as distributions paid to Unitholders exceeded the net profit generated in the year.

PROVEN OPERATIONS

Last year, Senoko Waste-to-Energy (WTE) Plant and Keppel Seghers Tuas WTE Plant met the required performance and customer service standards under the Incineration Service Agreements with the National Environment Agency (NEA). In addition to full Fixed Capacity Payments from NEA, the plants also received variable payments for refuse incineration services and electricity exported. The flue gas treatment facilities upgrade project for Senoko Waste-to-Energy Plant also progressed well during the year, and is scheduled to complete by June this year.

Despite a reduction in capacity due to scheduled maintenance activities in the first quarter of 2011, Keppel Seghers Ulu Pandan NEWater Plant recovered all the cash flows that were expected to be received from availability payments. With all three quality assets in its



portfolio receiving expected cash flows from capacity and availability payments, KGT produced a steady set of results, met the yield expectation and exceeded the profit projection for the year.

SUSTAINABLE GROWTH

KGT is committed to drive growth and deliver sustainable returns to Unitholders by focusing on stable, mature and positive cash flow projects for investment.

Leveraging the extensive “green” infrastructure expertise, experience in investment, international reach and business network of its Trustee-Manager, KIFM, and its Sponsor, Keppel Integrated Engineering Limited (KIE), KGT is confident of growing its distributions to Unitholders through strategic acquisitions.

The Trustee-Manager has evaluated many potential acquisitions in 2011 and will continue to actively pursue such opportunities in the key markets of Singapore and globally, with a focus on Asia Pacific and Europe. These opportunities include the Right of First Refusal projects from KIE.

OPPORTUNITIES AND CHALLENGES

2011 was a turbulent year. Many events that took place had far-reaching consequences for the rest of the world, including the sectors and geographies that are of interest to KGT.

Post-Fukushima, Japan has passed an energy law aimed at promoting renewable energy that requires regional utility companies to buy any amount of electricity generated from renewable sources at preset rates. This could create more opportunities for Japanese firms and infrastructure investors, such as KGT, to invest in renewable energy projects in Japan. Elsewhere in the world, renewed concerns over the safety of nuclear energy may also encourage investments in renewable energy projects.

Political uncertainties and tension in some oil-producing regions could lead to output volatilities and price spikes. In the longer term, importing

countries will have to look for means to diversify their fuel sources to reduce their vulnerability to oil price shocks. This may provide KGT with more opportunities globally for investments in renewable energy as a result of this impetus for greater security in energy supply.

The European debt crisis has impacted the ability of European banks to finance new projects. As credit tightens, it is likely that more assets will become available in the market, as project sponsors’ access to low-cost funding dries up. However, it is also important that KGT focuses on the qualities of the sponsors and assets, as well as avoid the over-gearing in many projects that was inherited from the days of easier credit.

The Trustee-Manager is confident that KGT’s strong potential for growth and its synergistic relationship with its Sponsor will allow it to overcome challenges and achieve a stable performance in the year ahead.

ACKNOWLEDGEMENTS

KGT has performed well in the past year and delivered a stable cash yield to our Unitholders. I wish to extend my appreciation to fellow Board members for their dedication to KGT.

On behalf of the Board, I would like to thank Mr Michael Chia, who has relinquished his role as Non-Executive and Non-Independent Director, for his contributions for the past year. I would also like to welcome onboard BG(NS) Tay Lim Heng, who was appointed Non-Executive and Non-Independent Director on 12 July 2011. BG(NS) Tay is currently the Chief Executive Officer of KIE.

The smooth operations of the plants are credited to the commendable efforts of the Operations & Maintenance contractor, Keppel Seghers Engineering Singapore, working hand in glove with the Trustee-Manager’s asset management team. In addition, I also wish to thank

our Unitholders for their confidence in us, as well as business partners and customers for their support.

With the Board’s guidance and the continued efforts of management and staff, KGT will remain committed to deliver stable, predictable and reliable distributions to our Unitholders as it seeks opportunities to expand its portfolio of quality assets.

Yours sincerely,



KHOR POH HWA
CHAIRMAN

Keppel Infrastructure
Fund Management Pte Ltd
(as Trustee-Manager of K-Green Trust)
26 January 2012

The flue gas treatment facilities upgrade project for Senoko WTE Plant is on track to complete by June 2011.



K-GREEN TRUST AT A GLANCE

\$16.0m

NET PROFIT

Profit after tax for FY 2011 was \$16.0 million, 17.3% higher than projected.

7.82¢

DISTRIBUTION PER UNIT

Total distribution per unit will be 7.82 cents, in line with the projection.

2.54¢

EARNINGS PER UNIT

Earnings per unit for FY 2011 were 2.54 cents.

8.6%

DISTRIBUTION YIELD

Distribution yield will be 8.6%, based on unit closing price of \$0.905 on 30 December 2011.

\$1.11

NAV PER UNIT

Net asset value (NAV) per unit was \$1.11 as at 31 December 2011. Adjusted NAV based on total issued units (excluding 2H 2011 distribution payable to Unitholders) was \$1.06.

\$697.2m

NET ASSETS

Net assets of \$697.2 million as at 31 December 2011.



STRATEGIC DIRECTIONS

The investment mandate of K-Green Trust (KGT) is to invest in “green” infrastructure assets (including, but not limited to, waste management, water treatment, water reclamation, renewable energy, energy efficiency and other “green” initiatives) in Singapore and globally with a focus on Asia, Europe and the Middle East.

KGT aims to deliver sustainable returns to its Unitholders through executing the following strategies:

STRATEGY	EXECUTION
Sustain Asset Performance	<ul style="list-style-type: none">– Building sustainable earnings through proactive asset management.– Improving operational performance and efficiencies through active engagement with Operations and Maintenance (O&M) contractors.– Leveraging technology to improve operational performance.– Upholding safety and environmental standards.
Synergise with Sponsor	<ul style="list-style-type: none">– Leveraging the Sponsor’s, Keppel Integrated Engineering, extensive “green” infrastructure expertise, international reach and business network to identify and assess potential acquisition opportunities.– Acquiring assets from the Sponsor through the rights of first refusal granted.– Exploring opportunities for co-investing in assets with the Sponsor.– Ensuring smooth asset operations by tapping on the Sponsor and its subsidiaries’ strong technical, O&M and Engineering, Procurement and Construction expertise.
Acquire Quality Assets	<ul style="list-style-type: none">– Building business networks for acquisition deal flow.– Seeking like-minded partners with strong development capabilities to build up acquisition pipeline.– Focusing on operational projects that provide regular and/or predictable cash flows, backed by long-term contracts with creditworthy and reputable off-takers.
Improve Capital Efficiency	<ul style="list-style-type: none">– Optimising capital structure.– Maintaining prudent financial leverage.– Ensuring all assets and businesses have sufficient financial flexibility.

BOARD OF DIRECTORS



MR KHOR POH HWA, 61

**NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR
AND CHAIRMAN OF THE BOARD**

Mr Khor Poh Hwa has been the Non-Executive and Non-Independent Director and Chairman of the Board since 11 February 2010.

Mr Khor was appointed to directorship of Keppel Land Limited since 1998, a post he continues to hold till today. He has also been an adviser to Keppel Corporation Limited (Keppel Corporation) 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 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, 64

**INDEPENDENT DIRECTOR
AND CHAIRMAN OF THE
NOMINATING COMMITTEE**

Mr Alan Ow Soon Sian has been an Independent Director since 11 February 2010.

Mr Ow is currently a tax consultant (Non-legal Practitioner) with KhattarWong, a law firm in Singapore, which he joined in 2008.

Mr Ow started his career with the Inland Revenue Department in 1970 and retired as the senior deputy commissioner of Inland Revenue Authority of Singapore in 2007. From 2006 to 2007 he was also concurrently the Chief Executive Officer of the Tax Academy of Singapore (TAS). He was also a director of TAS from 2006 to 2008.

Mr Ow obtained a Bachelor of Social Sciences (Second Class Honours, Lower Division) degree from the University of Singapore in 1970. He completed the International Tax Program at Harvard Law School in 1980 and the Advanced Management Program at Harvard Business School in 1997.

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. In addition to his current commitments, Mr Ow is a Board member of Morning Star Community Services, a community services organisation.



MR PAUL MA KAH WOH, 64

**INDEPENDENT DIRECTOR AND
CHAIRMAN OF THE AUDIT COMMITTEE**

Mr Paul Ma Kah Woh has been an Independent Director since 11 February 2010.

Mr Ma was a senior partner of KPMG Singapore where he was in charge of the audit and 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 and SMRT Corporation Ltd and chairs the audit committee of Hwa Hong Corporation Ltd and SMRT Corporation Ltd. Hwa Hong Corporation Ltd is a listed company principally involved in real estate. SMRT Corporation Ltd is a listed company principally involved in rapid transit services and bus and taxi operations in Singapore.

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, and the board of Nucleus Connect Pte Ltd, a wholly-owned subsidiary of Starhub Ltd and the operator of the Next Generation Broadband Network. He is a trustee on the board of trustees of the National University of Singapore and chairs its audit committee.

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, 58

**INDEPENDENT DIRECTOR AND
CHAIRMAN OF THE CONFLICTS
RESOLUTION COMMITTEE**

Ms Quek Soo Hoon has been an Independent Director since 11 February 2010.

Ms Quek is an Operating Partner at iGlobe Partners (II) Pte Ltd, a venture capital firm that invests in technology companies internationally. Prior to joining iGlobe in 2009, Ms Quek was Senior Managing Director (Established Markets) at Great Eastern Life Assurance Co Ltd, where she was responsible for business strategies in Malaysia and Singapore. From 2000 to 2005, she was Executive Director (Insurance Supervision Department) at the Monetary Authority of Singapore, responsible for overseeing the liberalisation of the insurance industry.

She was also active as a former member of the Executive Committee of the International Association of Insurance Supervisors (IAIS), a standard-setting body that represents insurance regulators and supervisors globally. In 2007, she was recognised as a Distinguished Fellow of the IAIS.

Ms Quek currently holds directorship positions in Singapore Deposit Insurance Corporation Ltd, Special Needs Trust Company Ltd, School of the Arts, Singapore and Students-in-Free-Enterprise (SIFE), amongst others.

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).



MR THIO SHEN YI, 45

**INDEPENDENT DIRECTOR
AND CHAIRMAN OF THE
REMUNERATION COMMITTEE**

Mr Thio Shen Yi has been an Independent Director of the Board since 11 February 2010.

Mr Thio is currently the joint managing director of TSMP Law Corporation and a director of Allens Arthur Robinson TSMP. 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 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 1992 Council of Legal Education Prize 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. He is a panel arbitrator of the Singapore International Arbitration Centre and the Kuala Lumpur Regional Centre for Arbitration. Mr Thio is a fellow of the Singapore Academy of Law and a member of its Legal Education and Studies Committee. He has been appointed as the Law Minister's nominee to serve on the Council of the Law Society of Singapore and is currently also chairperson of its Continuing Professional Development Committee. He also sits on the Management Committee of the Law Society's Pro Bono, Learning and Support Services, a charity and IPC established by the Law Society of Singapore.



MR TEO SOON HOE, 62

**NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR**

Mr Teo Soon Hoe has been a Non-Executive and Non-Independent Director of the Board since 11 February 2010.

Mr Teo is a Senior Executive Director of Keppel Corporation. He is the Chairman of Keppel Telecommunications & Transportation Ltd, M1 Limited 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, Keppel Energy Pte Ltd, Singapore Tianjin Eco-City Investment Holdings Pte Ltd and k1 Ventures Limited.

Mr Teo began his career with the Keppel Group in 1975 when he joined Keppel Shipyard. He rose through the ranks and was seconded to various subsidiaries of the Keppel Group. He was the Group Finance Director of Keppel Corporation Limited from 1985 to 2011.

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.



BG(NS) TAY LIM HENG, 48

**NON-EXECUTIVE AND
NON-INDEPENDENT DIRECTOR**

BG(NS) Tay Lim Heng has been a Non-Executive and Non-Independent Director of the Board since 12 July 2011.

BG(NS) Tay is the Chief Executive Officer of Keppel Integrated Engineering Limited, appointed with effect from 1 January 2011. He is also Head, Sustainable Development, of Keppel Group.

Prior to joining the Keppel Group, BG(NS) Tay served in the Singapore Administrative Service as Deputy Secretary (Development) in the Ministry of National Development. Before that, he was the Chief Executive of the Maritime and Port Authority of Singapore, where he was also a Board Member of the Singapore Maritime Foundation, Centre of Maritime Studies (NUS), Tropical Marine Science Institute (NUS), a Member of Class NK Singapore Committee and a Vice President of the International Association of Ports and Harbours.

BG(NS) Tay held various key appointments in the Singapore Armed Forces, including Director of Joint Intelligence Directorate, 6th Division Commander and Assistant Chief of General Staff (Operations). He was awarded the Public Administration Medal (Gold) (Military). BG(NS) Tay obtained a Bachelor (Honours) in Engineering Science and Economics from the University of Oxford and a Masters in Public Administration from Harvard University. He also attended the Advanced Management Programme at Harvard Business School.

He is a Council Member of the Singapore Water Association.

PRESENT AND PAST PRINCIPAL DIRECTORSHIPS

KHOR POH HWA

PRESENT DIRECTORSHIPS

Keppel Land Limited; Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd; Singapore-Tianjin Eco-City Investment Holdings Pte. Ltd; Keppel Group Eco-City Investment Pte. Ltd; Substantial Enterprises Limited; Hock Lian Seng Holdings Limited; Keppel Land China Limited

PAST DIRECTORSHIPS

NIL

ALAN OW SOON SIAN

PRESENT DIRECTORSHIPS

M1 Limited

PAST DIRECTORSHIPS

Tax Academy of Singapore

PAUL MA KAH WOH

PRESENT DIRECTORSHIPS

CapitaLand China Development Fund II Limited; CapitaLand China Development Fund Pte Ltd; Hwa Hong Corporation Limited; Mapletree Investments Pte Ltd; Mapletree Logistics Trust Management Limited; National University of Singapore; National Heritage Board; Nucleus Connect Pte Ltd; SMRT Corporation Ltd

PAST DIRECTORSHIPS

Ascott Residence Trust Management Ltd; Bata Emerging Markets Limited; Golden Harvest Entertainment (Holdings) Limited; SMRT Buses Ltd; SMRT Road Holdings Ltd; SMRT Trains Ltd; Tenet Insurance Company Ltd

QUEK SOO HOON

PRESENT DIRECTORSHIPS

School of the Arts, Singapore; Life Planning Associates Pte Ltd; Singapore Deposit Insurance Corporation Ltd; Special Needs Trust Company Ltd; Students-in-Free-Enterprise (SIFE); Parenting Partners Pte Ltd

PAST DIRECTORSHIPS

NIL

THIO SHEN YI

PRESENT DIRECTORSHIPS

TSMP Law Corporation; Allens Arthur Robinson TSMP; OUE Realty Pte. Ltd; Obiter Dicta Pte Ltd; Camembert Holdings Pte Ltd

PAST DIRECTORSHIPS

NIL

TEO SOON HOE

PRESENT DIRECTORSHIPS

Keppel Corporation Limited; Keppel Telecommunications & Transportation Ltd; M1 Limited; Keppel Philippines Holdings Inc; Keppel Energy Pte Ltd; k1 Ventures Limited; Keppel Land Limited; Keppel Land China Limited; Keppel Offshore & Marine Ltd; Singapore Tianjin-Eco City Investment Holdings Pte Ltd

PAST DIRECTORSHIPS

Singapore Petroleum Company Limited; Travelmore (Pte) Ltd

TAY LIM HENG

PRESENT DIRECTORSHIPS

Keppel Integrated Engineering Limited; EM Services Private Limited; Keppel Seghers Engineering Singapore Pte Ltd; Keppel Land China Limited; Keppel Seghers Belgium N.V.; Keppel DHCS Pte Ltd; Keppel FMO Pte Ltd; Keppel Sea Scan Pte Ltd; Keppel Prince Engineering Pty Ltd; Singapore Tianjin Eco-City Investment Holdings Pte Ltd

PAST DIRECTORSHIPS

DSO National Laboratories
Singapore Maritime Foundation
Maritime & Port Authority of Singapore

KEY EXECUTIVES OF THE TRUSTEE-MANAGER

1. MS WENDY LIM HUI YI
ASSISTANT FINANCE MANAGER

2. MS FOO CHIH CHI
SENIOR INVESTMENT MANAGER
3. MR KOH HEE SONG
SENIOR ADVISER

4. MR THOMAS PANG THIENG HWI
CHIEF EXECUTIVE OFFICER
5. MS KANG LENG HUI
CHIEF FINANCIAL OFFICER

6. MR LIEW YUEN CHENG
SENIOR ASSET MANAGER



OPERATIONS AND MAINTENANCE MANAGERS

1. MR STEVEN LEE FOOK SENG
MAINTENANCE MANAGER,
SENOKO WASTE-TO-ENERGY PLANT

2. MR VARADARAJAN RAMESH
MAINTENANCE MANAGER,
KEPPEL SEGHERS TUAS
WASTE-TO-ENERGY PLANT

3. MR CHEANG WHYE THENG
SENIOR PLANT MANAGER,
KEPPEL SEGHERS ULU PANDAN
NEWATER PLANT
4. MR GOH CHIN AIK
GENERAL MANAGER
(OPERATIONS AND MAINTENANCE)

5. MR LIM CHIOU GIAP
SENIOR GENERAL MANAGER
(SPECIAL PROJECTS)

6. MR VENKAT PATNAIK
GENERAL MANAGER
(PLANT OPERATIONS),
SENOKO WASTE-TO-ENERGY PLANT
AND KEPPEL SEGHERS TUAS
WASTE-TO-ENERGY PLANT
7. MR FRANCIS NG TONG WAH
DEPUTY PLANT MANAGER,
KEPPEL SEGHERS TUAS
WASTE-TO-ENERGY PLANT

8. MR LEE SONG KOI
OPERATION MANAGER,
SENOKO WASTE-TO-ENERGY PLANT



KEY EXECUTIVES OF THE TRUSTEE-MANAGER

MR THOMAS PANG THIENG HWI **CHIEF EXECUTIVE OFFICER**

Mr Thomas Pang Thieng Hwi has been the Chief Executive Officer (CEO) of the Trustee-Manager since June 2010.

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

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 was promoted to General Manager (Corporate Development) in 2007 and oversaw the investment, mergers and acquisitions and strategic planning of Keppel Offshore & Marine Ltd.

Prior to that, he was an Investment Manager with Vertex Management (United Kingdom) from 1998 to 2001. Mr Pang was also the Vice President (Central USA) of the Singapore Tourism Board from 1995 to 1998, as well as Assistant Head (Services Group, Enterprise Development Division) at the Economic Development Board of Singapore 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.

MR KOH HEE SONG **SENIOR ADVISER**

Mr Koh Hee Song has been a Senior Adviser to the Trustee-Manager since June 2010.

As a Senior Adviser, he works with the other members of the Trustee-Manager's management team to evaluate potential acquisitions and/or divestments and recommend and analyse potential asset enhancement initiatives from a technical perspective. He also advises the management team on technical matters relating to the business of KGT as and when the circumstances require. Prior to June 2010, Mr Koh was a Senior Adviser to Keppel Seghers Engineering Singapore Pte Ltd in matters pertaining to solid waste management projects.

Mr Koh started his career as a mechanical engineer with the Sewerage Department of the Public Works Department in 1969. In 1990, Mr Koh was appointed as the Head of the Engineering Services Department in the Ministry of the Environment and the National Environment Agency (NEA) upon its formation in 2002, 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, 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.

MS KANG LENG HUI **CHIEF FINANCIAL OFFICER**

Ms Kang Leng Hui has been the Chief Financial Officer of the Trustee-Manager since June 2010.

Her responsibility is largely focused on the financial performance and other financial matters of KGT.

Ms Kang has over 10 years of experience in finance, accounting and external auditing. Ms Kang joined Keppel Corporation Limited (Keppel Corporation) in 2005. In her role as Finance Manager with Keppel Corporation, she was responsible for the value management of Keppel Corporation, management reporting and other financial-related matters.

Prior to joining Keppel Corporation, she worked at PricewaterhouseCoopers, where she left as an Audit Manager.

Ms Kang graduated from Nanyang Technological University with a Bachelor of Accountancy Degree (Honours). She is also a member of the Institute of Certified Public Accountants of Singapore.

MS FOO CHIH CHI
SENIOR INVESTMENT MANAGER

Ms Foo Chih Chi has been the Senior Investment Manager of the Trustee-Manager since June 2010.

As the Senior Investment Manager, she is primarily responsible for identifying and evaluating potential acquisitions with a view to enhance KGT's portfolio.

Ms Foo has over 10 years of experience in investment evaluation, corporate strategy and new business development.

Ms Foo obtained a Bachelor of Business Administration from the University of Michigan, School of Business Administration in 1999.

MR LIEW YUEN CHENG
SENIOR ASSET MANAGER

Mr Liew Yuen Cheng is the Senior Asset Manager of the Trustee-Manager. He joined the Trustee-Manager in June 2010.

As the Senior Asset Manager, Mr Liew implements asset management plans for KGT's asset portfolio by engaging the Operations and Maintenance contractor to ensure that the required levels of service standards are met and also to enhance operational performance. He works with the Engineering, Procurement and Construction (EPC) contractor in asset enhancement and upgrading projects as well.

Mr Liew joined Keppel FELS Limited in 1998, where he held various positions in the production, engineering and marketing departments. From 2004 to 2008, he was seconded to Caspian Shipyard Company Ltd (an overseas subsidiary of Keppel Offshore & Marine Ltd) in Azerbaijan, where he headed the marketing, procurement and subcontracting functions as Commercial Manager. Prior to joining the Trustee-Manager, he was a Project Manager for EPC rig construction projects in Keppel FELS Limited in Singapore.

Mr Liew obtained a Bachelor of Engineering (First Class Honours) degree in Marine Technology (Offshore Engineering) from the University of Newcastle upon Tyne (United Kingdom) in 2001 and a Diploma (with Merit) in Shipbuilding & Offshore Engineering from the Ngee Ann Polytechnic (Singapore) in 1998. Mr Liew is a member of the Society of Naval Architects and Marine Engineers Singapore (SNAMES) and was a Council Member of SNAMES from 2002 to 2004.

MS WENDY LIM HUI YI
ASSISTANT FINANCE MANAGER

Ms Wendy Lim Hui Yi is the Assistant Finance Manager of the Trustee-Manager. She joined the Trustee-Manager in April 2010.

Ms Lim assists the Chief Financial Officer of the Trustee-Manager with the financial and management reporting of the Trustee-Manager and KGT Group. She was responsible for setting up the accounting systems and also the completion accounts of the entities in KGT Group prior to the listing of KGT.

Ms Lim has more than 10 years of experience in financial and management reporting. She joined Keppel Corporation in 2000, where she was exposed to the various finance functions in the Group Control & Accounts department.

Ms Lim holds a Diploma in Accountancy from Ngee Ann Polytechnic and a professional certification from the Association of Chartered Certified Accountants. She is a Certified Public Accountant of the Institute of Certified Public Accountants of Singapore.

OPERATIONS AND MAINTENANCE MANAGERS

MR LIM CHIOW GIAP **SENIOR GENERAL MANAGER** **(SPECIAL PROJECTS)**

Mr Lim Chiow Giap is the Senior General Manager (Special Projects) of Keppel Seghers Engineering Singapore Pte Ltd (Keppel Seghers). He is responsible for developing Keppel Seghers' global operations and maintenance business.

Prior to joining Keppel Seghers in 2008, Mr Lim was a director of PUB, Singapore's national water agency, from 2001 to 2007.

Mr Lim is a Professional Engineer with 27 years of experience in the planning, development and management of large water, environmental and utilities projects in Singapore and overseas. He was the recipient of the 2003 Singapore National Day Award – the Public Administration (Silver) Medal.

He holds a Bachelor of Civil Engineering (First Class) degree from University of Auckland, New Zealand, and attended the International Executive Programme in INSEAD Business School, France. He is a Senior Member of the Institution of Engineers, Singapore.

MR GOH CHIN AIK **GENERAL MANAGER** **(OPERATIONS AND MAINTENANCE)**

Mr Goh Chin Aik is the General Manager (Operations and Maintenance) of Keppel Seghers. He is responsible for Keppel Seghers' global process plants business and also the setting up of global plant operations.

Mr Goh is a Professional Engineer and Certified System Engineering Professional with more than 26 years of experience in the planning, design, operations, maintenance, construction, commissioning, acquisition, development and management of large incineration plants, water and wastewater plants, as well as environmental and utilities projects in Singapore and overseas.

He holds a Bachelor of Mechanical Engineering degree and a Master of Science degree from the National University of Singapore. He is a Member of the Institution of Engineers, Member of Institution of Engineering and Technology and a First Grade Steam Engineer.

MR VENKAT PATNAIK **GENERAL MANAGER** **(PLANT OPERATIONS),** **SENOKO WASTE-TO-ENERGY PLANT** **AND KEPPEL SEGHERS TUAS** **WASTE-TO-ENERGY PLANT**

Mr Venkat Patnaik oversees the operations and maintenance of both Senoko Waste-to-Energy Plant and Keppel Seghers Tuas Waste-to-Energy Plant.

Mr Patnaik has more than 25 years of experience in the power industry. He has experience in managing nuclear, combined cycle and cogen plant projects.

He holds a Bachelor of Electrical Engineering (First Class Honours) from the Regional Engineering College of the University of Kashmir. He is a member of the Institution of Engineers (India).

MR CHEANG WHYE THENG
SENIOR PLANT MANAGER,
KEPPEL SEGHERS ULU PANDAN
NEWATER PLANT

Mr Cheang Whye Theng oversees the operations and maintenance of Keppel Seghers Ulu Pandan NEWater Plant.

Mr Cheang has over 30 years of experience in the operations and maintenance of water and wastewater treatment plants and chemical plants in various industries, including the petrochemical and chemical industries.

Mr Cheang holds a Bachelor of Science (Chemical Engineering) from the University of Singapore.

MR FRANCIS NG TONG WAH
DEPUTY PLANT MANAGER,
KEPPEL SEGHERS TUAS
WASTE-TO-ENERGY PLANT

Mr Francis Ng Tong Wah is responsible for the overall operations and maintenance of Keppel Seghers Tuas Waste-to-Energy Plant.

He has more than 12 years of experience in the waste-to-energy industry. He was the Operation Manager of Senoko Waste-to-Energy Plant from December 2009 to January 2012.

Prior to joining Keppel Seghers, he was an Operations Engineer with the National Environment Agency (NEA), where he was involved in the smooth and safe operations of Senoko Waste-To-Energy Plant.

Mr Ng holds a Bachelor of Engineering (Electrical and Electronics Engineering) from Nanyang Technological University.

MR VARADARAJAN RAMESH
MAINTENANCE MANAGER,
KEPPEL SEGHERS TUAS
WASTE-TO-ENERGY PLANT

Mr Varadarajan Ramesh is responsible for preventive, routine and non-routine maintenance and repairs of Keppel Seghers Tuas Waste-to-Energy Plant.

Mr Ramesh has over 21 years of experience in the field of plant automation, involving process, steel, rubber, power, cement and machine tool industries.

He holds a Bachelor of Engineering degree in Electrical and Electronics.

MR LEE SONG KOI
OPERATION MANAGER,
SENOKO WASTE-TO-ENERGY PLANT

Mr Lee Song Koi is responsible for the overall operations of Senoko Waste-to-Energy Plant.

He has more than 26 years of experience in the waste-to-energy industry. He was the Operation Manager of Keppel Seghers Tuas Waste-to-Energy Plant from June 2011 to January 2012.

Prior to joining Keppel Seghers, he was a Senior Technical Officer with the NEA, where he was involved in the testing, commissioning as well as smooth and safe operations of various waste-to-energy plants in Singapore.

He holds a Technical Diploma in Manufacturing Engineering (with Certificate of Merit) from Singapore Polytechnic.

MR STEVEN LEE FOOK SENG
MAINTENANCE MANAGER,
SENOKO WASTE-TO-ENERGY PLANT

Mr Steven Lee Fook Seng is responsible for preventive, routine and non-routine maintenance and repairs of Senoko Waste-to-Energy Plant.

Mr Lee has over 39 years of working experience with the Keppel Group, including over 10 years of experience in the environmental engineering arm, where he held various positions in project management, testing and commissioning as well as operations and maintenance.

**DEFINITIVELY
KEPPEL**



PROVEN



SUSTAINABLE



RELIABLE

K-Green Trust's current portfolio comprises Senoko Waste-to-Energy Plant, Keppel Seghers Tuas Waste-to-Energy Plant and Keppel Seghers Ulu Pandan NEWater Plant.



OVERVIEW

K-Green Trust (KGT) actively engages its Sponsor, Keppel Integrated Engineering (KIE), and its subsidiaries to ensure strong technical, Operations and Maintenance (O&M), as well as Engineering, Procurement and Construction (EPC) support for smooth asset operations. KGT works closely with KIE to:

- Build sustainable earnings through proactive asset management;
- Improve operational performance and efficiencies;
- Leverage technology to improve operational performance;
- Uphold safety and environmental standards; and
- Strengthen risk management practices through robust business continuity plans.

Senoko Waste-to-Energy (WTE) Plant and Keppel Seghers Tuas WTE Plant treat close to half of Singapore's

incinerable waste. Incineration plants help mitigate green-house gas emissions by diverting waste from landfill to incineration, as methane is released during waste decomposition from organic waste in landfill. By reducing the volume of waste disposed, modern incineration plants also help in landfill diversion by as much as 90%. By using waste as fuel, incineration plants produce green energy, thereby reducing dependency on fossil fuels.

Senoko WTE Plant is the only incineration plant located outside the Tuas area to serve the eastern, northern and central parts of Singapore. It was acquired by Senoko Trust on 31 August 2009.

Keppel Seghers Tuas WTE Plant is the first incineration plant in Singapore built under the Public Private Partnership initiative. It incorporates Keppel Seghers' in-house technologies such as the air-cooled grate and

flue gas treatment system and is the first incineration plant in Singapore to showcase WTE technology from a Singaporean company.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have entered into Incineration Service Agreements (ISA) with the National Environment Agency (NEA) for 15 years commencing on September 2009, and 25 years commencing on October 2009, respectively. Most of their incomes are from capacity payments, which offer a stable source of income with little correlation to economic or demographic fluctuations.

Keppel Seghers Ulu Pandan NEWater Plant is one of Singapore's largest NEWater plants. Operational since 2007, it meets the demands of the industrial and commercial sectors in the western and central regions of Singapore. The plant has entered into a 20-year NEWater Agreement (NWA) with PUB with effect from March 2007.



SENOKO WASTE-TO-ENERGY PLANT AND KEPPEL SEGHERS TUAS WASTE-TO-ENERGY PLANT

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have met the required Performance and Customer Service Standards under the ISAs. In addition to full Fixed Capacity Payments from NEA, the plants also received variable payment for refuse incineration service and incentive payment for electricity exported.

During the review period, both plants met the requirements under their respective ISAs. Senoko WTE Plant achieved Time Availability Factor exceeding the 73.1% (for the second contract year ended 31 August 2011) and 73.7% (for the third contract year) thresholds required to receive full Fixed Capacity Payments from NEA. The lower availability in November and December was mainly due to two scheduled half-plant shutdowns to facilitate the ducting tie-in works for the Flue Gas Treatment (FGT) upgrade project.

Keppel Seghers Tuas WTE Plant achieved Time Availability Factor above the 77.5% (second contract year ended 29 October 2011) and 77.7% (for the third contract year) thresholds

required to receive full Fixed Capacity Payments from NEA.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant also met their other obligations under the ISA, namely Average Total Organic Content of bottom ash, Turnaround Time of refuse trucks and electricity generation.

Both plants achieved Tested Incineration Capacities (TICs) above their Contracted Incineration Capacities (CICs). Senoko WTE Plant completed its second contract year on 31 August 2011. The new TIC was 2,850 tonnes per day. Keppel Seghers Tuas WTE Plant completed its first contract year on 29 October 2011. The new TIC was 1,029 tonnes per day.

There were three instances where flue gas emissions did not meet required emission standards. These have been addressed by the O&M contractor.

There were four Lost Time Incidents (LTIs) in total at the two plants during the reporting period. While the Accident Frequency Rate for both plants was slightly above industrial average, the Accident Severity Rate was far below the industrial average.

SENOKO WASTE-TO-ENERGY PLANT FLUE GAS TREATMENT FACILITIES UPGRADE

Under the Senoko ISA, the Senoko Trustee is required to upgrade its FGT by the third quarter of 2012.

The upgrade of FGT involves building two new treatment plants downstream of the existing induced draft fans for treatment of the flue gases to meet the required emission standards. Each new FGT stream will treat the combined flue gases from three incinerator-boiler lines. Each stream comprises a venturi reactor for hydrated lime, a bag house compartment consisting of an integrated fabric filter section and a dioxin catalyst section, as well as a booster-induced draft fan. The scrubbed flue gases are then discharged into the atmosphere via the chimneys.

1. Senoko WTE Plant is the only incineration plant located outside the Tuas area.
2. Keppel Seghers Tuas WTE Plant is the first in Singapore built under the NEA's Public Private Partnership initiative.
3. Being responsible for close to half of Singapore's incinerable waste, the teams at Senoko WTE Plant and Keppel Seghers Tuas WTE Plant are vigilant round the clock.



The EPC contractor is on track to complete the upgrade on schedule. Since the commencement of work till the end of 2011, the EPC contractor achieved more than 400,000 man-hours worked without LTI.

KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

Keppel Seghers Ulu Pandan NEWater Plant had consistently achieved more than 98% plant availability over the review period. The plant also fulfilled other requirements under the NWA, namely the Required Storage Level, quality specifications of NEWater and the residual waste produced.

Availability payments were received in full when the NEWater warranted capacity of the Keppel Seghers Ulu Pandan NEWater Plant was greater than or equal to 148,000 m³ per day. Output payments were paid by PUB based on the net amount of NEWater delivered by the plant to PUB at delivery points. Due to plant maintenance activities in the first quarter of 2011, warranted capacity and output were reduced. However, there was little impact on the plant's profitability as the costs associated with the maintenance and reduced capacity were borne by the O&M contractor, in accordance with the terms of the O&M contract.

NEWater demand in 2012 is expected to remain comparable to the demand seen in 2011. However, it is subjected to other sources of water supply available to PUB. Ulu Pandan Trust's cash earnings could fluctuate depending on changes in power revenue received from PUB in response to changes in electricity price. In view of this, the Trustee-Manager has taken measures to fix the price of electricity up to the end of financial year 2011, after monitoring the fluctuations in electricity price for the past year.

Keppel Seghers Ulu Pandan NEWater Plant achieved zero LTI for the reporting period. More notably, the plant achieved half a million man-hours worked without LTI since the start of its operations in 2007. In recognition of its good safety performance, the plant was awarded the Workplace Safety and Health Council's Performance Award (Silver Award) for a second year running.

FINANCIAL REVIEW

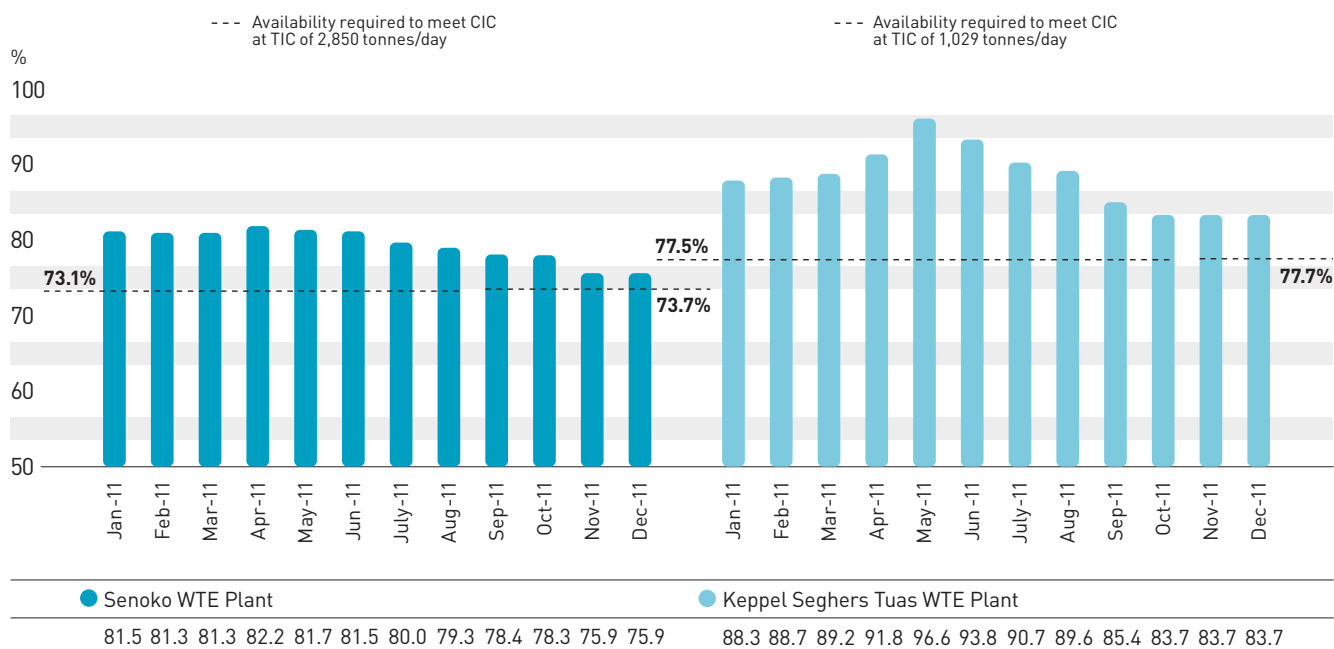
The good operational performance of the three plants resulted in better-than-projected earnings for FY 2011. KGT recorded a net profit of \$16.0 million, which exceeded projection by \$2.4 million, or 17.3%.

This was mainly due to the better O&M income of \$3.9 million, or 9.1%, which was largely contributed by Keppel Seghers Ulu Pandan NEWater Plant from the increase in volume of NEWater delivered, as well as higher tariffs on CPI indexation above projection in the new contract year. The total O&M costs and electricity costs were thus higher than projection by about \$2.9 million, on account of the increased output from the three plants.

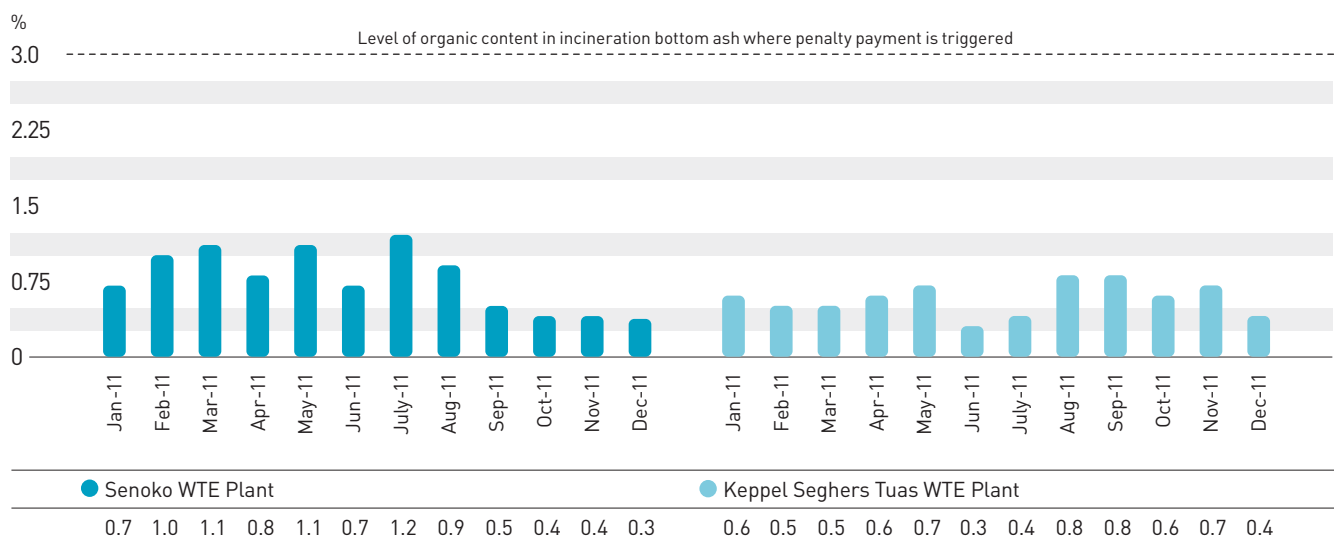
The good results were also attributable to the increase in construction profit of \$0.4 million for Senoko WTE Plant's FGT upgrading works, following a shift in schedule from FY 2010 to FY 2011. Other operating expenses, mainly overhead costs, were about \$1.0 million lower, due to certain cost savings from group purchases negotiated for the three plants.

For the second half of 2011, KGT declared a distribution per unit of 4.69 cents to its Unitholders, 8.8% higher than the distribution of 4.31 cents made with respect to the second half of 2010. Together with the 3.13 cents paid earlier in 2011, the full-year distribution will be 7.82 cents.

Time Availability Factor (12-Month Moving Average)



Average Total Organic Content of Bottom Ash



1. Keppel Seghers Ulu Pandan NEWater Plant is one of Singapore's largest NEWater Plants.
2. Keppel Seghers Tuas WTE Plant incorporates Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas treatment system.



Sustainability Report

K-Green Trust is committed to create positive social impact by investing in projects that contribute to sustainable urban development and mitigate the environmental effects of urbanisation.

Sustaining Growth

PAGE 25

Our commitment to business excellence is driven by our unwavering focus on strong corporate governance and prudent risk management.

Resource efficiency is not only our responsibility, it also makes good business sense.

Delivering quality products and services are key in sharpening our competitive edge.

Empowering Lives

PAGE 26

People are the cornerstone of our businesses.

As an employer of choice, we are committed to grow and nurture our talent pool through continuous training and development to help our people reach their full potential.

We want to instill a culture of safety so that everyone who comes to work goes home safe.

Nurturing Communities

PAGE 27

As a global corporate citizen, we believe that as communities thrive, we thrive. We give back to communities wherever we operate through our multi-faceted approach towards Corporate Social Responsibility.

We also believe that cultivating a green mindset among our employees will spur them to adopt a sustainable lifestyle.

As leaders in our businesses, we support industry programmes and initiatives, and encourage open dialogue for further growth.

Sustaining Growth

The Trustee-Manager is committed to strong corporate governance, prudent risk management as well as operational efficiency and excellence.



K-Green Trust works with well-qualified O&M contractors with good track records to ensure that operational standards are closely benchmarked to the best in the industry.

CORPORATE GOVERNANCE

The Trustee-Manager of K-Green Trust (KGT), Keppel Infrastructure Fund Management, strives to be an exemplary model of good corporate governance.

Timeliness of information and disclosures are tenets of good governance and corporate discipline. KGT will ensure the timely disclosure of material information to its Unitholders and to the investing public.

The trust of its Unitholders is crucial to the success of KGT. By having a majority of independent directors on the Board of the Trustee-Manager, KGT will ensure the fair treatment of all Unitholders.

A Whistle-Blower Protection Policy, a Code of Practice on Safeguarding Information and an Insider Trading Policy have been implemented and will be periodically updated to be in line with best practices in the industry.

For more details on KGT's corporate governance guidelines, please refer to pages 31 to 44.

RISK MANAGEMENT

A holistic and systematic process has been established for identifying, evaluating and managing risks.

KGT, together with its Operations & Maintenance (O&M) contractor, Keppel Seghers Engineering Singapore (Keppel Seghers), identifies, reviews and assesses potential risks that may affect its operations on a regular basis.

One of the focal points is on building the plants' operational resilience to mitigate potential business disruptions. All plants have established processes to review, test and refine their Business Continuity Plans.

KGT and its O&M contractor will continue to scan for possible threats and review plans to enhance operational preparedness.

For more details on KGT's risk management strategy, please refer to page 45.

OPERATIONAL EXCELLENCE

As plant operations are the main source of KGT's income, KGT aims to achieve high availability of plants and meet the required service standards by working with established O&M contractors.

Working with well-qualified O&M contractors with good track records ensures that standards are closely benchmarked to the best in the industry, thereby also reducing operational risks to KGT, the asset owner.

Keppel Seghers has strong Quality, Environment and Occupational Health and Safety accreditations. It is ISO 9001, 14001 and 18001-certified for its quality management system, environmental as well as occupational health and safety policies respectively. These certifications are audited on an annual basis by accredited certification bodies.

Empowering Lives

The Trustee-Manager values its employees and recognises their contributions towards achieving sustainable business growth for the company. A safe and healthy work environment is also of paramount importance.

PEOPLE MATTERS

The Trustee-Manager upholds the principles of fair employment in its human resource policies.

Such principles include a meritocratic recruitment process, continual training and employee development, respectful treatment of all employees and fair rewards for employees based on performance and experience.

The Trustee-Manager also seeks to promote a healthy work-life balance for all staff and to provide a work environment that promotes mutual respect and teamwork.

SAFETY AND HEALTH

Safety is of utmost priority to KGT. The Trustee-Manager aims to create a zero-incident workplace by working closely with its O&M contractor, Keppel Seghers.

All of KGT's three plants actively participate in national safety initiatives. In 2011, they each received a letter of commendation from the Workplace Safety and Health Council (WSHC) for participating in the Workplace Safety & Health Awards 2011. In addition, the Keppel Seghers Ulu Pandan NEWater

Plant was conferred the silver award at the WSH Performance Awards 2011 for a second year running.

The Trustee-Manager and its O&M contractor will, together with the Ministry of Manpower and WSHC, work to raise the safety standards in the industries where they operate through initiatives.

Keppel Seghers' employees also actively participate in various training, seminars and conventions. In 2011, one team each from Senoko Waste-to-Energy (WTE) Plant and Keppel Seghers Ulu Pandan NEWater Plant garnered gold and silver awards respectively at the Keppel Group Safety Convention 2011 for innovative projects.

Daily tool box meetings, safety briefings, risk assessments, site inspections as well as regular walkabouts by senior management are conducted to ensure that safety standards are upheld.

Hazard reporting and suggestion schemes are also in place to encourage staff and subcontractors to highlight risks so that they are addressed. A token of appreciation is awarded to the most safety-conscious worker at each of the WTE plants in recognition of his efforts monthly.



At the Senoko WTE Plant, a celebration was held for the achievement of 400,000 man-hours worked without lost time incident for the flue gas treatment facilities upgrade project.

Nurturing Communities

The Trustee-Manager is committed to seeking ways to contribute meaningfully to the well-being of the communities and to support initiatives that promote environmental sustainability.



The Trustee-Manager participated in the Special Olympics Unified Charity Bowl 2011. The event raised \$18,000 for Special Olympics Singapore.

COMMUNITY RELATIONS

In 2011, a total of 2,100 visitors from various schools, foreign delegations and community organisations were hosted at KGT's two WTE plants and its NEWater plant.

The plant tours allowed the visitors to have a better understanding of Singapore's waste management practices and water reuse solutions. The Trustee-Manager and its O&M contractor will continue to engage and educate the community on the importance of resource conservation as part of its community outreach programme.

The Trustee-Manager was a supporter of the debut charity concert by guitarist Kevin Loh, which was part of ChildAid 2011. Kevin Loh, a recipient of 2010 HSBC Youth Excellence Award for Musical Excellence, performed on 25 February 2011 at the Esplanade Concert Hall. It raised \$180,000 for The Straits Times School Pocket Money Fund and The Business Times Budding Artists Fund.

In June 2011, staff of the Trustee-Manager participated in "A Day of Cheer". Organised by Highpoint Community Services Association, Willing Hearts and Cheng Hong Welfare

Service Society, the fun-filled event brought together about 2,000 needy elderly and underprivileged children from various homes and centres. Staff served up a sumptuous spread and helped in the distribution of food to the beneficiaries.

KGT contributed to the Chief Challenge segment of the Bull Charge 2011, a charity run organised by the Singapore Exchange. Held on 11 November 2011, the event saw some 17 participants in the Chief Challenge, including Mr Thomas Pang, CEO of the Trustee-Manager.

Staff also participated in the main race, which drew a record participation of 5,000 runners. The run raised a total of \$1.139 million, aiding five beneficiaries, namely, the Autism Youth Centre by Autism Association, Care Corner Family Service Centre, Community Rehab and Help Me Go Home Programme by Tan Tock Seng Community Charity Fund, Lions Befrienders Service Association and Shared Services for Charities.

On 26 November 2011, the Trustee-Manager, together with Keppel Corporation Limited, took part in the Special Olympics Unified Charity

Bowl 2011. Mr Pang and Senior Asset Manager of the Trustee-Manager, Mr Liew Yuen Cheng, teamed up with a special athlete to pit their skills against the other 25 teams. This event raised \$18,000 for Special Olympics Singapore.

GREEN ENDEAVOURS

Besides investing in "green" infrastructure assets, the Trustee-Manager also believes in minimising impact to the environment during operations. In 2011, the Trustee-Manager, together with its Sponsor, Keppel Integrated Engineering, recycled about 200kg of paper and plastic.

To further reduce paper wastage and carbon emissions associated with the printing and distribution of annual reports, the Trustee-Manager will reduce the copies of annual reports printed in 2012 by about half. In keeping with the practice started in 2011, CD-ROMs containing soft copies of the annual report will be provided to all Unitholders.

UNIT PRICE PERFORMANCE

K-Green Trust's (KGT) unit price held steady in the first half of 2011. It reached a high of \$1.13 in January 2011, which was the level of its implied price at the time of listing, and a low of \$0.855 in October 2011.

In August 2011, KGT saw a spike in trading volume of over 43 million units in a single day. This was mainly attributed to the sale of KGT units by one of its substantial Unitholders, a wholly-owned subsidiary of Temasek Holdings (Private) Limited, following the expiry of the lock-up period of 12 months, which commenced from 29 June 2010.

The decline in unit price was also reflective of general market sentiments over the Eurozone debt crisis.

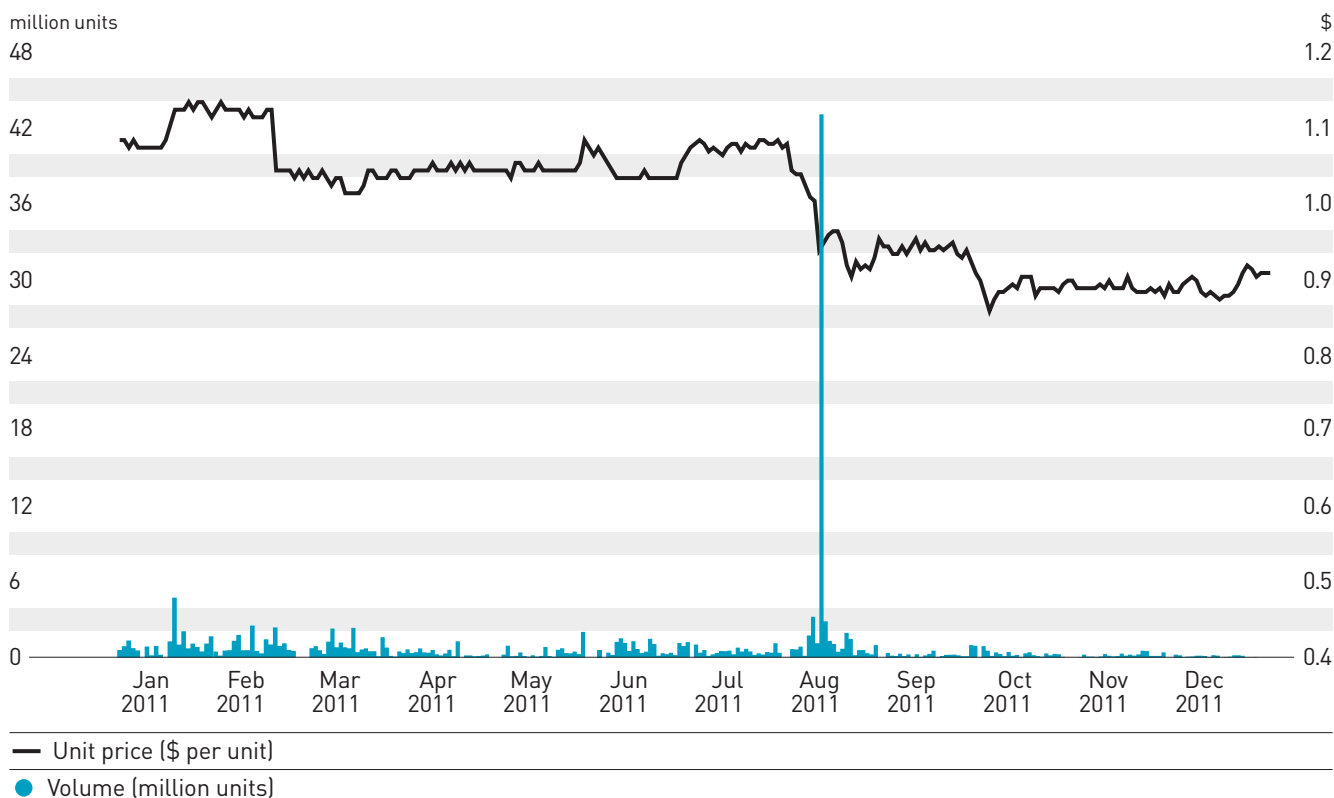
For the rest of 2011, KGT's unit price remained fairly stable with a healthy level of free float in the market.

Reflecting the weakness in the broad market, KGT's unit price closed at \$0.905 on 30 December 2011, down 15.4% from \$1.07 on 31 December 2010.

For the financial year 2011, the total volume of trade was 182.2 million units, which translates to an average daily traded volume of approximately 0.7 million units.

KGT's unit price performance is a clear indication of strong support from investors of it being an investment vehicle that delivers steady and predictable distribution yields, with long-term prospects in the "green" business.

Unit Price Performance and Trading Volume in 2011



SIGNIFICANT EVENTS



18 JANUARY 2011

- K-Green Trust (KGT) announced distribution payable of 4.31 cents per unit (DPU) for 29 June 2010 to 31 December 2010, outperforming its forecast by 10.2%.

15 FEBRUARY 2011

- KGT announced payment of management fees and performance fees by way of issuance of 1,668,711 units to the Trustee-Manager for the period from 1 October 2010 to 31 December 2010.

10 MARCH 2011

- KGT paid a DPU of 4.31 cents to Unitholders for the period from 29 June 2010 to 31 December 2010.

12 JULY 2011

- BG(NS) Tay Lim Heng, the Chief Executive Officer of Keppel Integrated Engineering Limited, was appointed to the Board of Keppel Infrastructure Fund Management Pte Ltd (the Trustee-Manager) as a non-executive and non-independent director with effect from 12 July 2011. He took over from Mr Michael Chia Hock Chye, who relinquished his directorship.

18 JULY 2011

- KGT announced DPU payable of 3.13 cents for 1 January 2011 to 30 June 2011, in line with projection.

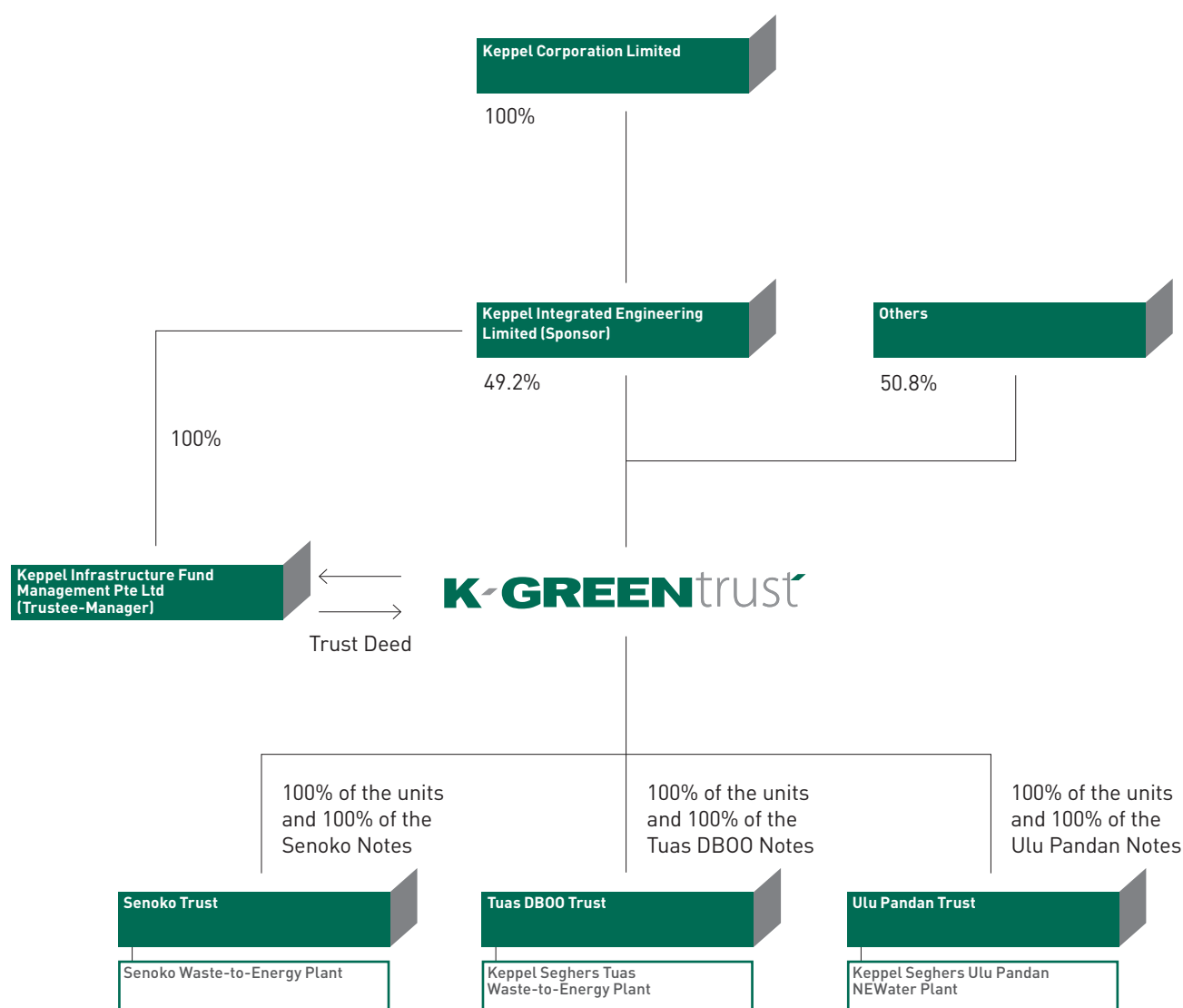
19 AUGUST 2011

- KGT paid a DPU of 3.13 cents to Unitholders for the period from 1 January 2011 to 30 June 2011.

17 JANUARY 2012

- KGT announced DPU payable of 4.69 cents for the period from 1 July 2011 to 31 December 2011.

TRUST STRUCTURE



Notes:

(1) The Trustee-Manager holds: (i) 100% of the issued share capital in Senoko Waste-to-Energy Pte Ltd (Senoko Trustee), 100% of the units in the Senoko Trust and 100% of the Senoko Notes; (ii) 100% of the issued share capital in Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd (Tuas DB00 Trustee), 100% of the units in the Tuas DB00 Trust and 100% of the Tuas DB00 Notes; and (iii) 100% of the issued share capital in Keppel Seghers NEWater Development Co Pte Ltd (Ulu Pandan Trustee), 100% of the units in the Ulu Pandan Trust and 100% of the Ulu Pandan Notes, in each case on trust for the Unitholders of K-Green Trust.

(2) The Senoko Trustee, the Tuas DB00 Trustee and the Ulu Pandan Trustee hold the assets and business undertakings relating to Senoko Waste-to-Energy Plant, Keppel Seghers Tuas Waste-to-Energy Plant and Keppel Seghers Ulu Pandan NEWater Plant, respectively, on trust for the respective Unitholders of the Sub-Trusts.

(3) The above unitholdings were based on the trust structure as at 31 December 2011.

CORPORATE GOVERNANCE

The Board and management of Keppel Infrastructure Fund Management Pte Ltd, as the Trustee-Manager of K-Green Trust (KGT), are fully committed to maintaining good corporate governance as they firmly believe that it is essential to protect the best interests of the unitholders of KGT (Unitholders).

The Business Trusts Act Chapter 31A, of Singapore (BTA) sets out the requirements and obligations in respect of corporate governance. The Business Trusts Regulations 2006 (BTR) set out the requirements for, amongst other matters, the board composition of a trustee-manager, the independence of its directors, and the audit committee composition of a Trustee-Manager.

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2005¹

(the Code) as its benchmark for corporate governance policies and practices. The following describes the Trustee-Manager's main corporate governance policies and practices with specific reference to the Code.

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1:

Effective Board to lead and control the company

The Board of Directors of the Trustee-Manager (the Board) is responsible for the overall management and the corporate governance of KGT, including establishing goals for management and monitoring the achievement of these goals.

The principal functions of the Board are to:

- Decide on matters in relation to KGT's activities which are material in nature,

- including decisions on strategic directions and guidelines and the approval of periodic plans and major investments and divestments;
- Oversee the business and affairs of KGT, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- Oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- Assume responsibility for corporate governance.

All directors of the Trustee-Manager (the Directors) are expected to exercise independent judgment in the best interests of KGT.

Nature of current Directors' appointments on the Board and the details of their membership on Board Committees

	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee	Conflicts Resolution Committee
Khor Poh Hwa	Non-Executive and Non-Independent Chairman	–	Member	–	–
Alan Ow Soon Sian	Non-Executive Independent	Member	Chairman	–	–
Paul Ma Kah Woh	Non-Executive Independent	Chairman	Member	–	Member
Quek Soo Hoon	Non-Executive Independent	Member	–	Member	Chairman
Thio Shen Yi	Non-Executive Independent	–	–	Chairman	Member
Teo Soon Hoe	Non-Executive and Non-Independent	–	–	Member	–
Tay Lim Heng	Non-Executive and Non-Independent	–	–	–	–

Board and Board Committee Meetings for FY 2011

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings	Conflicts Resolution Committee Meetings
Khor Poh Hwa	5	–	1	–	–
Alan Ow Soon Sian	5	4	1	–	–
Paul Ma Kah Woh	5	4	1	–	1
Quek Soo Hoon	5	4	–	1	1
Thio Shen Yi	5	–	–	1	1
Teo Soon Hoe	4	–	–	1	–
Michael Chia Hock Chye ²	2 of 2	–	–	–	–
Tay Lim Heng ³	2 of 3	–	–	–	–
No. of Meetings Held in FY 2011	5	4	1	1⁴	1

¹ The Code of Corporate Governance 2005 issued by the Ministry of Finance on 14 July 2005.

² Michael Chia Hock Chye resigned as non-executive non-independent director with effect from 12 July 2011.

³ BG(NS) Tay Lim Heng was appointed as non-executive non-independent director with effect from 12 July 2011.

⁴ Remuneration Committee met on 5 January 2012 to review and approve remuneration matters for 2011.

To assist the Board in the discharge of its oversight function, the Audit Committee, the Nominating Committee, the Remuneration Committee and the Conflicts Resolution Committee have been constituted with clear written terms of reference. The Board committees are actively engaged and play an important role in ensuring good corporate governance. The terms of reference of the respective Board committees are disclosed in the Appendix to this report at pages 42 and 43.

The Board meets four times a year and as warranted by particular circumstances to discuss and review the Trustee-Manager's key activities, including its business strategies and policies for KGT, proposed acquisitions and disposals, the annual budget, review the performance of the business and the financial performance of KGT and the Trustee-Manager. The Board also reviews and approves the release of the quarterly, half-yearly and full-year results. In addition, the Board reviews the risks to the assets of KGT, and acts upon any comments from the auditors of KGT.

The Trustee-Manager's Articles of Association permit Board meetings to be held by way of conference by telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

The current Directors' appointments and details of membership on Board committees, number of Board and Board committee meetings held for FY 2011 between 1 January 2011 and 31 December 2011, as well as the attendance of each Board member at these meetings, are disclosed in the tables on page 31.

The Trustee-Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition, operating/capital expenditure, leasing, disposal of assets and various corporate matters that require the approval of the Board and Sub-Trust Boards. Appropriate delegations of

authority and approval sub-limits are also provided at the management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as director. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KGT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, so as to update and refresh them on matters that affect or may enhance their performance as Board or Board committee members. By way of an example, some Directors attended the courses organised by the Singapore Institute of Directors relating to reinforcement of risk management issues and Singapore regulatory requirements.

BOARD COMPOSITION AND GUIDANCE

Principle 2:

Strong and independent element on the Board

Presently, the Board consists of seven members, four of whom are independent non-executive Directors. The other directors are non-independent non-executive Directors. The Chairman of the Board is Mr Khor Poh Hwa, who is a non-executive non-independent Director.

The composition of the Board complies with the BTR and comprises:

- at least a majority of the directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of the directors who are independent from

management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and

- at least a majority of the directors who are independent from any single substantial shareholder of the Trustee-Manager.

To be considered to be independent from management and business relationships with the Trustee-Manager (whether or not the Trustee-Manager is acting for or on behalf of KGT), a Director must not have any:

- management relationships with the Trustee-Manager or with any of its subsidiaries; and
- 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.

To be considered to be independent from a substantial shareholder of the Trustee-Manager, a Director must not be a substantial shareholder of the Trustee-Manager and is not connected to the substantial shareholder of the Trustee-Manager.

The Trustee-Manager is wholly-owned by Keppel Integrated Engineering Limited (KIE), a wholly-owned subsidiary of Keppel Corporation Limited (Keppel Corporation). Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments.

Following a review, the Board has determined that:

- Mr Khor Poh Hwa is not considered to be independent from Keppel Corporation. Mr Khor is a director of a number of subsidiaries or associated companies of Keppel Corporation including Keppel Land Limited. Mr Khor is concurrently an adviser to Keppel Corporation in township and infrastructure

- development. According to BTR criteria, Mr Khor is deemed to be connected to Keppel Corporation.
- b. although Mr Alan Ow Soon Sian is not considered to be independent from Keppel Corporation according to the definition in the BTR, nonetheless, the Board determined that Mr Ow is independent from Keppel Corporation and is therefore an independent Director. Under the BTR, a director is considered not to be independent from a substantial shareholder of the Trustee-Manager if he is connected to that substantial shareholder. Mr Ow is an independent director of MobileOne Ltd, which is an associated company of Keppel Corporation. According to the BTR, Mr Ow is connected to Keppel Corporation. After review, the Board is satisfied that the connection to Keppel Corporation will not interfere with Mr Ow's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that Mr Ow has shown independent judgment in his deliberation of the interests of KGT. Mr Ow's participation in the Board will benefit KGT given his expertise.
 - c. Mr Paul Ma Kah Woh is independent from the management and business relationships with the Trustee-Manager and independent from Keppel Corporation.
 - d. although Ms Quek Soo Hoon is considered to have a business relationship with the Trustee-Manager and its related corporations according to the definition used in the BTR, nonetheless, the Board determined that Ms Quek is independent from business relationships with the Trustee-Manager and/or its related corporations and is therefore an independent Director. Ms Quek Soo Hoon is currently an operating partner of a fund manager, iGlobe Partners (II) Pte Ltd (Fund Manager), that manages a fund that Keppel Corporation (through a wholly owned subsidiary) invested into in 2010. In accordance with the BTR, Ms Quek is deemed to have a business relationship with a related corporation of the Trustee-Manager. After review, the Board is satisfied that the business relationship described above will not interfere with Ms Quek's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that Ms Quek did not derive any direct benefit from the Keppel Corporation's investment. The Fund Manager did not have direct interest in the investment invested by Keppel Corporation in the fund. Keppel Corporation had not paid and will not be paying any monies to the Fund Manager directly. Ms Quek's benefits and interest as an operating partner of the Fund Manager are contingent on many other factors and not solely dependent on Keppel Corporation's investment, which is small. Any benefit that Ms Quek might receive is paid by the Fund Manager and not by Keppel Corporation and the benefit that Ms Quek might receive is also not determined by the Trustee-Manager or any of its related corporations. As the benefit that Ms Quek might receive (which is dependent on the performance of the fund) is not determined by the Trustee-Manager or any of its related corporations, decisions made by the Trustee-Manager or any of its related corporations has no direct effect on the same, and her share of the carried interest benefit is small, it is not contemplated that the duties required to be performed by Ms Quek as a Director of the Trustee-Manager would be compromised. Ms Quek, in the course of her service as a Director of the Trustee-Manager, has shown independent judgment in her deliberation of the interests of KGT. Ms Quek's participation in the Board will benefit KGT given her expertise. Ms Quek will abstain from the Board's decisions in relation to any matter which involves the Fund Manager in which she is an operating partner.
 - e. although Mr Thio Shen Yi is considered to have a business relationship with the Trustee-Manager and its related corporations according to the definition used in the BTR, nonetheless, the Board determined that Mr Thio is independent from business relationships with the Trustee-Manager and/or its related corporations and is therefore an independent Director. Mr Thio is a joint managing director of TSMP Law Corporation, a law firm. TSMP Law Corporation was instructed by Keppel Sea Scan Pte Ltd in a simple debt recovery claim in 2011 in which Mr Thio was not personally involved. The fees charged were nominal and did not exceed \$1,000. Any actual financial benefit to Mr Thio was negligible. After review, the Board is satisfied that the business relationship described above will not interfere with Mr Thio's independent judgment and ability to act with regard to the interests of all the Unitholders as a whole. The Board reached its conclusion on the basis that while Mr Thio and the law firm in which he is a director may provide legal services to the Trustee-Manager and its related corporations, the measures described later 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. 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. Mr Thio, in the course of his service as a Director of the Trustee-Manager, has shown independent judgment in his deliberation of the interests of KGT. 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 is involved, for various matters. Regardless of whether Mr Thio is a Director of the Trustee-Manager, the Trustee-Manager will appoint its legal counsel based on their expertise and decide on their fees based on market rates.

- f. Mr Teo Soon Hoe is not considered to be independent from Keppel Corporation. Mr Teo is a Senior Executive Director of Keppel Corporation. He is the Chairman of Keppel Telecommunications & Transportation Ltd, M1 Limited 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, Keppel Energy Pte Ltd, Singapore Tianjin Eco-City Investment Holdings Pte Ltd and k1 Ventures Limited.
- g. BG(NS) Tay Lim Heng is not considered to be independent from Keppel Corporation. BG(NS) Tay is the Chief Executive Officer of KIE, appointed with effect from 1 January 2011. He is also Head, Sustainable Development, of Keppel Group.

The Board and management fully appreciate that fundamental to good corporate governance is an effective and robust Board whose members engage in open and constructive debate and challenge management on its assumptions and proposals. For this to happen, the Board, in particular, the non-executive Directors, are kept well informed of KGT's businesses and affairs and are knowledgeable about the industry in which the businesses operate. For the current financial year, the non-executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. The non-executive Directors are well supported by accurate, complete and timely information, have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3:

Clear division of responsibilities for the working of the Board and the executive responsibility of the company's business to ensure a balance of power and authority

The positions of Chairman and Chief Executive Officer (CEO) are held by two individuals to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

The Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. With the assistance of the company secretaries, the Chairman also sets and approves the agenda of all Board meetings.

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided in a timely manner to the Board. He also encourages constructive relations between the Board and management.

The Chairman ensures effective communication with Unitholders. He also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and management.

The CEO is responsible for working with the Board to determine the strategy for KGT. The CEO also works 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 is also responsible for the strategic planning and development of KGT.

The clear separation of roles of the Chairman and the CEO provides a healthy

professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of KGT.

BOARD MEMBERSHIP

Principle 4:

Formal and transparent process for the appointment of new directors to the Board

NOMINATING COMMITTEE

The Trustee-Manager has established a Nominating Committee (NC) to, among other things, make recommendations to the Board on all Board appointments. The NC comprises three Directors, majority of whom are independent; namely:

Mr Alan Ow Soon Sian	Chairman
Mr Khor Poh Hwa	Member
Mr Paul Ma Kah Woh	Member

The terms of reference of the NC are disclosed at page 42 of the Appendix hereto.

PROCESS FOR APPOINTMENT OF NEW DIRECTORS

A formal process for the selection of new Directors to increase the transparency of the nominating process in identifying and evaluating nominees for Directors has been implemented since February 2011. The NC leads the process and makes recommendations to the Board as follows:

- the NC evaluates the balance of skills, knowledge and experience on the Board and, in the light of such evaluation and in consultation with management, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- external help (for example, Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;
- the NC meets with the short-listed candidates to assess suitability and to ensure that the candidate(s) are aware of the expectations and the level of commitment required; and
- the NC makes recommendations to the Board for approval.

CRITERIA FOR APPOINTMENT OF NEW DIRECTORS

All new appointments are subject to the recommendation of the NC based on the following objective criteria:

1. integrity
2. independent minded
3. diversity – Possess core competencies that meet the current needs of KGT and the Trustee-Manager and complement the skills and competencies of the existing Directors on the Board
4. able to commit time and effort to carry out duties and responsibilities effectively – proposed director is on not more than six principal boards
5. track record of making good decisions
6. experience in high-performing corporations or infrastructure funds
7. business acumen and financial literacy

The NC is also charged with determining annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the BTR.

The following key information regarding the Directors is set out in the following pages of this Annual Report:

Pages 8 to 11: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, directorships or chairmanships both present and past held over the preceding 5 years in other listed companies and other major appointments, whether appointment is executive or non-executive; and

Page 50: Unitholding in KGT as at 21 January 2012.

BOARD PERFORMANCE

Principle 5:

Formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board

The Board has implemented formal processes for assessing the effectiveness of the Board as a whole, the contribution of each individual

Director to the effectiveness of the Board, as well as the effectiveness of the Chairman of the Board.

To ensure that assessments are done promptly and fairly, the Board appointed an independent co-ordinator (Independent Co-ordinator) on 4 May 2011 to assist the NC and the Board in collating and analysing the returns of the Board members.

Mr Tan Wee Khim, a former Assurance Partner of Ernst & Young Singapore prior to his retirement, was appointed for this role.

The evaluation of the Board and of the individual Directors for FY 2011 was carried out by the Independent Co-ordinator in October 2011 and presented to the Board in January 2012.

The evaluation processes are disclosed in page 43 of the Appendix to this report.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director whether the Board's procedures and processes were adequate. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed peer review with a view of raising the quality of Board members. It also assisted the NC in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

ACCESS TO INFORMATION

Principle 6:

Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to Directors at least seven days before the Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed.

Managers who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Trustee-Manager's senior management for further clarification if required.

The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of KGT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.

The Trustee-Manager has implemented quarterly financial reporting from the date of listing of KGT on the SGX.

The Directors have separate and independent access to both company secretaries of the Trustee-Manager. The company secretaries assist the Chairman to ensure that Board procedures (including but not limited to assisting the Chairman to ensure the timely and good information flow to the Board and its committees, and between senior management and the non-executive Directors) are followed and that the Trustee-Manager's memorandum and articles of association and relevant rules and regulations are complied with. At least one of the two company secretaries will attend Board meetings and prepare minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

The Board also has access to independent professional advice in the furtherance of their duties, where appropriate.

REMUNERATION MATTERS

Principle 7:

Formal and transparent procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors

Principle 8:

Remuneration of directors should be adequate but not excessive

Principle 9:

Disclosure on remuneration policy, level and mix of remuneration, and procedure for setting remuneration

The Board has established a Remuneration Committee (RC) to cover all aspects of remuneration. The RC's terms of reference are set out at page 43 of the Appendix hereto. The RC comprises entirely of non-executive Directors, a majority of whom are independent Directors.

The RC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior management. The RC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate the Directors and key executives of the Trustee-Manager, without being excessive, and thereby maximise Unitholder value. The RC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits in kind) and the specific remuneration packages for each Director and the CEO. The RC also reviews the remuneration of the senior management of the Trustee-Manager.

The RC has access to expert advice in the field of executive compensation outside the Trustee-Manager where required.

ANNUAL REMUNERATION REPORT

All remuneration and compensation, including any bonus or profit sharing plan, payable to Directors and employees of the Trustee-Manager is paid by the Trustee-Manager (in its personal capacity), and not by KGT.

POLICY IN RESPECT OF DIRECTORS' REMUNERATION

Directors' fees are established annually for the Directors, the amount of which is dependent on their level of responsibilities on the Board and

its committees. Each Director is paid a basic fee. In addition, Directors who perform additional services through Board committees are paid an additional fee for such services. The Chairman of the Board and of each Board committee is paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. None of the Directors have any service contracts with the Trustee-Manager.

The framework in FY 2011 for determining the Directors' fees is shown in the table below.

REMUNERATION POLICY IN RESPECT OF KEY EXECUTIVES

The Trustee-Manager advocates a performance-based remuneration system that is flexible and responsive to the market and the individual employee's performance.

The total remuneration mix comprises two key components; that is, annual fixed pay and annual performance incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances. The annual performance incentive is tied to the individual employee's performance and the performance of KGT.

The compensation structure is designed such that to stay competitive and relevant, the Trustee-Manager benchmarks the annual fixed salaries of key executives at the market median with the variable compensation being strictly performance-driven. More emphasis is placed on the "pay-at-risk"

compensation as an employee moves up the corporate ladder, with an increasing percentage on performance-related bonuses. This allows the Trustee-Manager to better align executive compensation towards Unitholders' value creation.

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND TOP FIVE KEY EXECUTIVES (WHO ARE NOT ALSO DIRECTORS) FOR THE YEAR ENDED 31 DECEMBER 2011

The level and mix of each of the Directors' remuneration, and that of each of the top five key executives (who are not also Directors), in bands of S\$250,000, for the year ended 31 December 2011 are set out at page 37.

REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR OR THE CHIEF EXECUTIVE OFFICER

No employee of the Trustee-Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded S\$150,000 during FY 2011. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT**Principle 10:**

The Board is accountable to Unitholders; management is accountable to the board

Principle 11:

Establishment of Audit Committee with written terms of reference

The Board is responsible to Unitholders for providing a balanced and understandable assessment of KGT's performance, position and prospects.

Framework of Directors' Fees

Main Board	Chairman	\$40,000 per annum
	Director	\$25,000 per annum
Audit Committee	Chairman	\$12,000 per annum
	Member	\$8,000 per annum
Nominating Committee	Chairman	\$8,000 per annum
	Member	\$4,000 per annum
Remuneration Committee	Chairman	\$8,000 per annum
	Member	\$4,000 per annum
Conflicts Resolution Committee	Chairman	\$8,000 per annum
	Member	\$4,000 per annum

Level and Mix of Remuneration of Directors and Top 5 Key Executives

Remuneration Band & Names of Directors	Base/Fixed Salary	Variable or Performance-Related Income/Bonuses	Directors' Fees	Benefits-in-Kind	Contingent awards of shares ¹
Below \$250,000					
Mr Khor Poh Hwa	–	–	100%	–	–
Mr Alan Ow Soon Sian	–	–	100%	–	–
Mr Paul Ma Kah Woh	–	–	100%	–	–
Ms Quek Soo Hoon	–	–	100%	–	–
Mr Thio Shen Yi	–	–	100%	–	–
Mr Teo Soon Hoe	–	–	100%	–	–
Mr Michael Chia Hock Chye	–	–	100%	–	–
BG(NS) Tay Lim Heng	–	–	100%	–	–

Remuneration Band & Names of Top Five Key Executives	Base/Fixed Salary	Performance-Related Bonuses Earned (including EVA ² and non-EVA Bonuses)			Contingent awards of shares ¹
		Paid	Deferred & at risk	Benefits-in-Kind	
Above \$500,000 to \$750,000					
Thomas Pang Thieng Hwi	45%	37%	18%	n.m. ³	0 or 20,000 RSP
Above \$250,000 to \$500,000					
Foo Chih Chi	41%	33%	26%	n.m.	0 or 9,000 RSP
Kang Leng Hui	41%	34%	25%	n.m.	0 or 2,000 RSP
Below \$250,000					
Koh Hee Song	92%	8%	–	n.m.	–
Liew Yuen Cheng	58%	38%	4%	n.m.	0 or 4,000 RSP

¹ Based on Keppel Corporation Limited Restricted Shares Plan (KCL RSP) granted on 30 June 2011. Shares awarded under the KCL RSP is subject to pre-determined performance targets set over a one-year performance period. As at 30 June 2011 (being the grant date), the estimated fair value of each share granted in respect of the contingent awards under the KCL RSP was \$10.52.

² "EVA" means Economic Value Added.

³ "n.m." means not material.

The Board has embraced openness and transparency in the conduct of the Trustee-Manager's affairs, whilst preserving the commercial interests of KGT. Financial reports and other price-sensitive information are disseminated to Unitholders through announcements via SGXnet, press releases, KGT's website and investor meetings.

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of the KGT's performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments, and business and operational information. The financial results are compared against the respective budgets, together with explanations for significant variances for the reporting period.

AUDIT COMMITTEE

The Audit Committee (AC) has been appointed by the Board from among the

Directors of the Trustee-Manager and comprises three non-executive Directors, all of whom (including the chairman of the AC) are independent Directors. The chairman of the AC is Mr Paul Ma Kah Woh and the members are Mr Alan Ow Soon Sian and Ms Quek Soo Hoon.

All members of the AC have accounting or related financial management expertise or experience.

The AC's main role is to assist the Board to ensure integrity of financial reporting and that there is in place sound internal control systems.

The AC's terms of reference are set out on page 42 herein.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable

resources to enable it to discharge its functions properly. The Trustee-Manager's internal audit functions are performed by Keppel Corporation's Group Internal Audit department (Group Internal Audit). Group Internal Audit, together with the external auditors, reports their findings and recommendations independently to the AC.

The AC met the external auditors twice in the year. The AC also met with the internal auditors on four occasions. At least one of the meetings with each of the external auditors and internal auditors was held without the presence of management.

During the year, the AC performed an independent review of the financial statements of KGT before the announcement of KGT's quarterly results and full year results. In the process, the AC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any

significant changes made that would have a significant impact on the financials.

The AC also reviewed and approved both the internal auditor's and external auditor's plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KGT and the Trustee-Manager. Such significant controls comprise financial, operational and compliance controls. All audit findings and recommendations put up by the internal and the external auditors were forwarded to the AC. Significant issues were discussed at these meetings.

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees awarded to them, and confirmed that there are no non-audit services performed by the external auditors that would affect their independence.

The aggregate audit fees payable to the external auditors, broken down into audit services and non-audit services payable for FY 2011 have been disclosed at page 72.

KGT has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to its auditing firms.

The AC is satisfied that Group Internal Audit is adequately resourced and has appropriate standing within KGT and the Trustee-Manager.

The AC reviewed the "Whistle-Blower Protection Policy" which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The AC is satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

INTERNAL CONTROLS

Principle 12:

Sound system of internal controls

To assist the Board in the effective discharge of its responsibilities in

ensuring that KGT and the Trustee-Manager maintain a sound system of internal controls to safeguard KGT's assets and Unitholders' interests, the Trustee-Manager has put in place internal control policies and procedures in areas such as financial, operational and compliance controls and risk management.

Recognising and managing risk is central to the business of KGT and to protecting Unitholders' interests and value. The Trustee-Manager has appointed experienced and well-qualified management to handle its day-to-day operations.

The Trustee-Manager's internal and external auditors also conduct an annual review of the effectiveness of KGT's and the Trustee-Manager's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board met five times in 2011 to review the financial performance of KGT against previous projections. During the year, the Board also discussed the key business risks in KGT and the risk management and policies that the management presented.

In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the infrastructure industry. The Trustee-Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. The Trustee-Manager's approach to risk management and internal control and the management of key business risks is set out in the "Risk Management" section at page 45 of this Annual Report.

The risk management process and system of internal controls in KGT and the Trustee-Manager are designed to

manage and mitigate KGT's overall risks. Such systems are intended to provide reasonable assurance that risk exposures are managed to acceptable levels while achieving KGT's strategic objectives.

In addition, the Trustee-Manager has adopted a Whistle-Blower Protection Policy, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflects the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

The Board of Directors and the AC have reviewed the adequacy of the Group's internal controls that address the Group's financial, operational and compliance risks and reports of the internal and external auditors. Based on the Group's framework of management control, the internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors, the Board, with the concurrence of the AC, is of the view that the Group's internal control systems, addressing financial, operational and compliance risks, are adequate. It should be noted that any system can only provide reasonable and not absolute assurance against material misstatement or loss and the review of the Group's internal control systems is a continuing process.

INTERNAL AUDIT

Principle 13:

Independent internal audit function

Keppel Corporation's Group Internal Audit was appointed as the internal auditor to perform the internal audit function of the Trustee-Manager.

The role of the internal auditor is to assist the AC to ensure that KGT and the Trustee-Manager maintain a sound system of internal controls by reviewing the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the AC, and conducting regular in-depth audits of high-risk areas.

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the AC. The Head of Group Internal Audit's primary line of reporting is to the chairman of the AC.

As a corporate member of the Singapore branch of the Institute of Internal Auditors Incorporated, USA (IIA), Group Internal Audit is guided by the International Standards for the Professional Practice of Internal Auditing set by the IIA. These standards consist of attribute and performance standards. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, auditing and accounting pronouncements. This year, an external assessment of Group Internal Audit was conducted and the results reaffirmed that the internal audit activity conforms to the International Standards.

Group Internal Audit adopts a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls. Group Internal Audit's reports are submitted to the AC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the AC meetings.

COMMUNICATION WITH UNITHOLDERS

Principle 14:

Regular, effective and fair communication with Unitholders

Principle 15:

Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Trustee-Manager regularly communicates with Unitholders and receives and attends to their queries and concerns.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXnet and the press. The Trustee-Manager does not practice selective disclosure, material and price-sensitive information is publicly released to the public via SGXnet and the press within mandatory periods.

Unitholders are informed of Unitholders' meetings through notices published in the newspapers and/or circulars sent to all Unitholders. Unitholders are invited at such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he is allowed to appoint up to two proxies to vote on his behalf at the meeting through proxy forms sent in advance.

At Unitholders' meetings, each distinct issue is proposed as a separate resolution. The Chairman of each Board committee is required to be present to address questions at general meetings. External auditors are also present at such meetings to assist the Directors to address Unitholders' queries, if necessary.

The Trustee-Manager will not be implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The company secretaries of the Trustee-Manager prepare minutes of Unitholders' meetings, which incorporates substantial comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon their requests.

SECURITIES TRANSACTIONS INSIDER TRADING POLICY

The Trustee-Manager has a formal Insider Trading Policy on dealings in the securities of KGT, which sets out the implications of insider trading and guidance on such dealings. The policy has been distributed to the Trustee-Manager's Directors and officers. In line with the requirements in the Listing Manual on best practices on dealing in securities, the Trustee-Manager issues circulars to its Directors and officers informing that the Trustee-Manager

and its officers must not deal in listed securities of KGT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information.

CONFLICTS OF INTERESTS GENERAL

The Board has formed a Conflicts Resolution Committee (CRC), consisting entirely of independent Directors, namely, Ms Quek Soo Hoon, Mr Thio Shen Yi and Mr Paul Ma Kah Woh. The Chairman of the CRC is Ms Quek Soo Hoon. The CRC's primary role is to review conflicts or potential conflicts of interest that may arise from time to time in the course of 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. The CRC's terms of reference are set out at page 43 herein.

The CRC has adopted the following framework to resolve such conflicts or potential conflicts of interest:

- a. first, to identify the conflict or potential conflict and then assess and evaluate its nature and extent; and
- b. then, to develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict.

The CRC will apply this framework both in the course of day-to-day conduct of business, as well as in the specific instances when a particular acquisition or disposal is contemplated. In the course of day-to-day conduct of business, all Directors, officers and employees of the Trustee-Manager are obliged to keep strictly confidential all matters received by them in the course of their service to the Trustee-Manager (including without limitation information relating to potential acquisition or disposal opportunities) and not disclose any such matter to any other person.

As an example, when the Trustee-Manager identifies an acquisition or disposal target and seeks the

approval of the Board to pursue the transaction:

- a. Each Director and officer of the Trustee-Manager will be obliged to disclose to the CRC whether he or, 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 CRC that he or his affiliates have a Potential Conflict of Interest, the CRC will consider the nature and extent of the Potential Conflict of Interest and develop such measures as may be appropriate to address these issues (including, where material, disclosure of such measures to Unitholders at the appropriate time);
- c. As part of such measures, the CRC may require the relevant Director to abstain from participating in the deliberations of the Board on the transaction;
- d. The CRC will monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and
- e. The obligation on the Director to make disclosures to the CRC, and on the CRC to review, a Potential Conflict of Interest in relation to any particular transaction is an ongoing obligation and lasts for so long as that transaction is still on-going. This obligation is not imposed only at the start of the transaction. Thus, if in the course of considering the transaction, a Director should learn of a Potential Conflict of Interest, then that Director is required forthwith to make the necessary disclosure to the CRC so that the CRC may consider such matters and take the necessary actions.

The CRC will periodically review the framework to ascertain how it has worked out in practice and, where appropriate, will consider and implement further measures to fine-

tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions, disposals or other transactions in a manner contrary to the interests of Unitholders as a whole.

The CRC will have the power to appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the CRC to discharge its duties to the Unitholders. The independent adviser may also be called on to provide an opinion as to whether the procedures recommended by the CRC to resolve or mitigate conflicts or potential conflicts are carried out in an appropriate and effective manner.

The CRC and the framework will be in place for so long as (i) the Trustee-Manager remains as the trustee-manager of KGT and (ii) KIE, 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.

The CRC also adopted additional guidelines as set out at page 43 of the Appendix hereto.

SPECIFIC POTENTIAL CONFLICT OF INTEREST

There may be potential conflict of interests between KGT, KIE and other KIE Group Entities (i.e. a subsidiary entity, trust or undertaking of KIE, excluding for the avoidance of doubt each of the Trustee-Manager and its subsidiary entities, trusts and undertakings).

Although the Trustee-Manager is a wholly-owned subsidiary of KIE, 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 proceeding of the Board and shall abstain from voting in respect of any such transaction where the conflict arises, unless the AC (in the case of interested person transactions) or the CRC (in the case of a conflict of interests) has determined that there is no such interest or conflict of interest.

In respect of matters of KGT which Keppel Corporation, KIE and/or their subsidiaries have an interest, direct or indirect, the non-independent Directors (including the Chairman) shall abstain from voting in view of their directorship/employment with Keppel Corporation, KIE 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 AC.

KIE 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 KIE 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.

DISCLOSURE OF CONFLICTS OR POTENTIAL CONFLICTS OF INTEREST

During the year, the CRC met to consider two transactions where potential conflicts of interest may arise. It was resolved that for the two transactions

Interested Person Transactions Transacted for the Period 1 January 2011 to 31 December 2011)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under a unitholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) (S\$'000)
Keppel Corporation Group		
General Transactions	–	33,469
Treasury Transactions	–	46,485
Total	–	79,954

in question, all non-independent Directors abstain from the transactions contemplated and additionally, one of the non-independent Directors who was involved as a counterparty to one of the transactions would abstain from any deliberations relating to that transaction.

INTERESTED PERSON TRANSACTIONS THE TRUSTEE-MANAGER'S INTERNAL CONTROL SYSTEM

The Trustee-Manager has established an internal control system to ensure that all interested person transactions are undertaken on normal commercial terms and are not prejudicial to the interests of KGT and its minority Unitholders.

On 15 April 2011, KGT obtained a general mandate from its Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KGT, a subsidiary of KGT or an associated company of KGT (collectively the "Entities at Risk" or "EAR Group"), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into the Mandated Transactions with the Mandated Interested Persons (as respectively defined in the Introductory Document dated 31 May 2010) 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 Unitholders' Mandate remains in force until the next Annual General Meeting.

In view of the time-sensitive nature of commercial transactions and the frequency of commercial transactions between members in the EAR Group and KGT's interested persons, it would be advantageous to KGT to renew the above Unitholders' Mandate and KGT will seek Unitholders' approval for the same during the forthcoming Annual General Meeting.

The Interested Person transactions transacted for the period 1 January 2011 to 31 December 2011 by KGT are as above.

MATERIAL CONTRACTS

For the financial period between 1 January 2011 to 31 December 2011, there was no material contract that was not in the ordinary course of business, entered into by KGT or any of its subsidiary involving the interest of the Chief Executive Officer, any Director, or controlling Unitholder.

STATEMENT OF POLICIES AND PRACTICES

The Trustee-Manager has established policies and practices in relation to its management and governance of KGT to ensure that KGT is managed in the interest of the Unitholders. These policies and practices include:

- the trust property of KGT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee-Manager of KGT.

- the Board reviews and approves all investments and acquisitions by KGT 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 to ensure adherence with the business scope as set out in KGT's trust deed.
- the Board has set up the CRC, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KGT and the Trustee-Manager. The details of the measures taken are as set out at pages 39 to 41 and 43.
- the Trustee-Manager has established internal control systems to ensure that all interested person transactions are undertaken on normal commercial terms and are not prejudicial to the interests of KGT and its minority Unitholders. The internal auditor carries out a review of interested person transactions and submits a report to the AC (comprising entirely of independent Directors). The AC reviews the report submitted and ensures compliance with applicable legislation and the relevant provisions of the Listing Manual. The details of the interested person transactions for the period 1 January 2011 to 31 December 2011 have been set out above.
- the Trustee-Manager has adopted a Whistle-Blower Protection Policy, a Code of Practice on Safeguarding

- Information and an Insider Trading Policy which reflects the management's commitment to conduct its business within a framework that fosters the highest ethical and legal standards.
- f. the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KGT out of the trust property of KGT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KGT are appropriate and in accordance with the KGT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at pages 69 and 70.
 - g. the Trustee-Manager has engaged the services of and obtained advice from professional advisers and consultants from time to time, and in particular when dealing with acquisitions and capital raising, to ensure compliance with the requirements of the BTA, BTR and the Listing Manual.

APPENDIX

BOARD COMMITTEES – TERMS OF REFERENCE

A. AUDIT COMMITTEE

1. Examine the effectiveness of KIFM and KGT's internal control systems to ensure that a sound system of internal controls is maintained;
2. Perform a review of KGT's financial statements and results, including quarterly and full-year results;
3. Review audit plans and reports of the external and internal auditors to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management;
4. Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing

Manual (this review will exclude conflicts of interest, which will be dealt with by the Conflicts Resolution Committee);

5. Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KGT;
6. Review the independence and objectivity of the external and internal auditors annually;
7. Review the nature and extent of non-audit services performed by the external auditors;
8. Meet with external and internal auditors, without the presence of management, at least annually;
9. Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within KGT;
10. Recommend to the Board on the appointment, re-appointment and removal of the external auditor, and approve the remuneration of the external auditor;
11. Approve the remuneration of the external auditor;
12. Investigate any matters within the Audit Committee's terms of reference, whenever it deems necessary;
13. Report to the Board on material matters, findings and recommendations;
14. Sub-delegate any of its powers within its terms of reference as listed above from time to time as the Audit Committee may deem fit; and
15. Carry out all other functions of the Audit Committee in accordance with Regulation 13(6) of the Singapore Business Trusts Regulations.

B. NOMINATING COMMITTEE

1. Review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment/re-appointment/removal of Directors on the Trustee-Manager's Board and KGT's subsidiaries;
2. Re-nomination for re-election of the Directors on the Trustee-Manager's

board and KGT's subsidiaries in accordance with the Trustee-Manager's Articles of Association, having regard to the Director's contribution and performance;

3. Review annually the composition of the Board of the Trustee-Manager;
4. Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations;
5. To ensure that the Board of the Trustee-Manager comprises of:
 - a. at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager;
 - b. at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
 - c. at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager;
6. Decide whether a Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager;
7. Decide how the Trustee-Manager's Board performance may be evaluated, and propose objective performance criteria to assess effectiveness of the Board as a whole and the contribution of each Director and thereafter carry out annual assessment of the Board and individual Directors based on the criteria set;
8. Review succession plan within the Board as well as for the Chief Executive Officer;
9. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as the Nominating Committee may deem fit; and
10. Perform such other functions relating to the terms of reference as the Board may request.

Save that a member of the Nominating Committee shall not be involved in the

deliberations in respect of any matter in which he has a personal interest in.

C. REMUNERATION COMMITTEE

1. Recommend to the Board a framework of remuneration for Board members and key executives;
2. Determine specific remuneration packages for each Director and the Chief Executive Officer (if the Chief Executive Officer is not an executive director);
3. Decide the early termination compensation (if any) of Directors;
4. Study long-term incentive schemes for Directors and staff;
5. Review the terms, conditions and remuneration of the senior management of the Trustee-Manager; and
6. Sub-delegate any of its powers within its terms of reference as listed above, from time to time, as the Remuneration Committee may deem fit.

Save that a member of the Remuneration Committee shall not be involved in the deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

D. CONFLICTS RESOLUTION COMMITTEE

1. 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);
2. Consider declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identify conflict or potential conflict of interest issues and then assess and evaluate its nature and extent;
3. Develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential

conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);

4. Monitor the implementation by the Trustee-Manager of the measures imposed by the Conflicts Resolution Committee in order to resolve or mitigate conflict or potential conflict of interest;
5. Periodically review the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and
6. Where appropriate, appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Conflicts Resolution Committee to discharge its duties to the Unitholders.

Save that the terms of reference of the Conflicts Resolution Committee would exclude review of interested person transactions which fall within the purview of the Audit Committee.

E. ADDITIONAL GUIDELINES TO THE CRC FRAMEWORK

1. A conflict of interest situation that arises should be brought to the attention of the CRC immediately, which will consider the situation against the guidelines and if the CRC is of the view that the compliance with the guidelines are not adequate to control, avoid or mitigate the conflict of interest, a CRC meeting will be convened to discuss the conflict.
2. A distinction is to be made between the processes of participation in

deliberation and the voting in the transaction as a Director on the Board. An interested Director will be required to abstain from voting on the transaction where there exists a conflict of interest but it should not prohibit the interested director from participating in the deliberations of the relevant transaction.

3. However, if an interested director is also a direct counterparty (for example, if the Director is an officer or sits on the Board of directors of the counterparty), such a Director will be required not only to abstain from deliberation of the transaction but also to abstain from voting.
4. It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between interested persons) must be made in the best interests of KGT and this is to be decided on a case-by-case basis. Management should consult the CRC in this respect.

BOARD ASSESSMENT EVALUATION PROCESSES

Each Board member is required to complete a Board Evaluation Questionnaire and send the Questionnaire direct to the Independent Coordinator (IC) within 2 weeks. Based on the returns of each Director, the IC prepares a consolidated report to brief the Chairman of the Nominating Committee and the Board Chairman on the report. The IC will thereafter present the report to the Board together with the recommendations of the non-executive Directors for discussion on the changes which should be made to help the Board discharge its duties more effectively.

The Questionnaire consists of two parts:

1. Board Evaluation
2. Non-executive Directors' Peer Evaluation and Self-Assessment

Directors are also invited to include written comments in spaces provided throughout the questionnaire.

Code of Corporate Governance 2005
Specific Principles and Guidelines for Disclosure

Relevant guideline or principle	Page reference in Corporate Governance Report
Guideline 1.3 Delegation of authority, by the Board to any Board committee, to make decisions on certain Board matters	Pages 31 to 32
Guideline 1.4 The number of Board and Board committee meetings held in the year, as well as the attendance of every Board member at these meetings	Page 31
Guideline 1.5 The type of material transactions that require Board approval under internal guidelines	Page 32
Guideline 2.2 Where the company considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem him as non-independent, the nature of the Director's relationship and the reason for considering him as independent should be disclosed	Pages 32 to 34
Guideline 3.1 Relationship between the Chairman and CEO where they are related to each other	not applicable
Guideline 4.1 Composition of nominating committee	Page 34
Guideline 4.5 Process for selection and appointment of new Directors to the Board	Page 34
Guideline 4.6 Key information regarding Directors, which Directors are executive, non-executive or considered by the Nominating Committee to be independent	Pages 8 to 10 and 31
Guideline 5.1 Process for assessing the effectiveness of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board	Pages 35 and 43
Principle 9 Clear disclosure of its remuneration policy, level and mix of remuneration, procedure for setting remuneration and link between remuneration paid to Directors and key executives, and performance	Page 36
Guideline 9.1 Composition of remuneration committee	Page 31
Guideline 9.2 Names and remuneration of each Director. The disclosure of remuneration should be in bands of \$250,000. There will be a breakdown (in percentage terms) of each Director's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, and stock options granted and other long-term incentives	Page 37
Names and remuneration of at least the top five key executives (who are not also Directors). The disclosure should be in bands of \$250,000 and include a breakdown of remuneration	
Guideline 9.3 Remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceed \$150,000 during the year. The disclosure should be made in bands of \$250,000 and include a breakdown of remuneration	not applicable
Guideline 9.4 Details of employee share schemes	not applicable
Guideline 11.8 Composition of Audit Committee and details of the committee's activities	Pages 31 and 37 to 38
Guideline 12.2 Adequacy of internal controls, including financial, operational and compliance controls and risk management systems	Page 38

Effective risk management is a critical component to the sustainability of K-Green Trust (KGT).

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 all 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, except for general macro-economic events that occur. Although the existing three 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, so as to mitigate country concentration risks.

In order to secure the sustainability of KGT’s distributions, the Trustee-Manager ensures that business decisions are aligned with KGT’s strategies. The Trustee-Manager also manages and reviews its key risks at strategic, financial and operational levels so that risk exposure can be managed to acceptable levels while achieving business objectives.

The Trustee-Manager has identified and managed the following key risks to KGT:

INVESTMENT RISK

Distribution growth is dependent on KGT’s ability to grow its asset base. Timing of new acquisitions is dependent on market opportunities and the funding environment.

The Trustee-Manager evaluates all investment opportunities against KGT’s stated investment criteria and investment mandate. Investment evaluation will take into account the asset quality, expected returns, sustainability of asset performance and security of the cash flows.

INTEREST RATE RISK

KGT’s exposure to interest rate risk is minimal. In the event KGT is exposed to interest rate risk on the loans drawn under the working capital facility or additional loans that it may undertake, the risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings.

The Trustee-Manager will also 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 arise.

FOREIGN EXCHANGE RISK

KGT’s exposure to foreign exchange risk is minimal as it does not have any foreign currency denominated balances at the end of the reporting period.

If KGT acquires assets in future with cash flows denominated in foreign currencies, 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.

CREDIT RISK

As at the end of the reporting period, there is a significant concentration of credit risk to KGT’s customer, the Government of the Republic of Singapore, for the duration of the service concession contract entered.

The Trustee-Manager monitors the credit risk by ensuring that payments are received by the contracted date. New assets that the Trustee-Manager intends to invest in must have creditworthy or reputable off-takers.

LIQUIDITY RISK

In the management of the liquidity risk, the Trustee-Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance KGT’s operations and mitigate the effects of fluctuations in cash flows.

The Trustee-Manager manages liquidity risk by maintaining adequate reserves and actual cash flows and

matching the maturity profiles of financial assets and liabilities.

OPERATIONAL RISK

The incineration plants and NEWater plant are built to incinerate waste and treat feedwater that fall within certain input specifications. Deviations from the specifications may affect the performance standards of the plants or the production process.

Each plant is also subject to wear and tear as a natural consequence of its operations and there may be periodic downtime for repairs and maintenance. If downtime for repairs exceeds the time anticipated, affecting the availability of the plants, full capacity payments may not be received. Deductions are passed on to the Operations and Maintenance (O&M) contractor, subject to an annual liability cap.

In managing such risks, each plant has a set of standard operating procedures that is established and strictly adhered to by the O&M contractor for the day-to-day operations and maintenance of the plants. The Trustee-Manager meets with the plant managers to monitor, review and manage the operational risks of the three plants on a regular basis.

Emphasis is placed on establishing a robust business continuity plan to ensure that plants can respond seamlessly to external events while minimising operational disruptions.

KGT, together with the O&M contractor, continues to scan and assess threats that may impact operations, and addresses these threats by enhancing operational preparedness through testing, reviewing and refining business continuity plans.

In 2011, various drills were conducted to address the threat of pandemic flu, chemical spillage, fire, power outage etc. KGT will continue to enhance the robustness of its business continuity plan to ensure operational resilience.

STATISTICS OF UNITHOLDINGS

As at 29 February 2012

ISSUED AND FULLY PAID UNITS

629,781,279 Units (Voting rights: 1 vote per Unit)

There is only one class of Units in K-Green Trust.

Distribution of Unitholdings

Size of Holdings	No. of Unitholders	%	No. of Units	%
1-999	15,445	55.82	5,742,569	0.91
1,000-10,000	9,960	35.99	33,682,014	5.35
10,001-1,000,000	2,244	8.11	105,570,208	16.76
1,000,001 and above	23	0.08	484,786,488	76.98
Total	27,672	100.00	629,781,279	100.00

Twenty Largest Unitholders

No.	Name	No. of Units	%
1	Keppel Integrated Engineering Limited	309,683,005	49.17
2	DBS Nominees Pte Ltd	75,057,955	11.92
3	Citibank Nominees Singapore Pte Ltd	32,333,018	5.13
4	United Overseas Bank Nominees Pte Ltd	12,363,719	1.96
5	HSBC (Singapore) Nominees Pte Ltd	11,144,530	1.77
6	Bank of Singapore Nominees Pte Ltd	6,477,603	1.03
7	DB Nominees (S) Pte Ltd	6,086,801	0.97
8	Raffles Nominees (Pte) Ltd	3,933,669	0.62
9	DBSN Services Pte Ltd	3,005,814	0.48
10	DBS Vickers Securities (S) Pte Ltd	2,732,031	0.43
11	Liew Chee Kong	2,500,000	0.40
12	Merrill Lynch (Singapore) Pte Ltd	2,321,651	0.37
13	UOB Kay Hian Pte Ltd	2,203,824	0.35
14	Chew Leong Chee	2,000,000	0.32
15	NTUC Fairprice Co-operative Ltd	2,000,000	0.32
16	OCBC Nominees Singapore Pte Ltd	1,799,446	0.29
17	OCBC Securities Private Ltd	1,780,200	0.28
18	BNP Paribas Nominees Singapore Pte Ltd	1,432,940	0.23
19	Shanwood Development Pte Ltd	1,280,000	0.20
20	Tan Guan Huat David	1,200,000	0.19
Total		481,336,206	76.43

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 29 February 2012, the Substantial Unitholders of K-Green Trust and their interests in the Units of K-Green Trust are as follows:

Name	Direct Interest		Deemed Interest	
	No. of Units	%	No. of Units	%
Keppel Integrated Engineering Limited	309,683,005	49.17		
Keppel Corporation Limited ¹			309,683,005	49.17
Temasek Holdings (Private) Limited ²			309,687,681	49.17

Notes:

(1) Keppel Corporation Limited is deemed to have an interest in the Units held by Keppel Integrated Engineering Limited, its wholly-owned subsidiary.

(2) Temasek Holdings (Private) Limited is deemed to have an interest in the Units in which its indirect wholly owned subsidiary, ST Asset Management Ltd., and its associated companies, namely Keppel Corporation Limited and DBS Group Holdings Limited have interests.

PUBLIC UNITHOLDERS

Based on the information available to the Trustee-Manager as at 29 February 2012, approximately 50.69% of the issued Units in K-Green Trust is held by the public. Accordingly Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

As at 29 February 2012, there are no treasury units held.

CORPORATE INFORMATION

Trustee-Manager of K-Green Trust

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE LTD

Registered Address

1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Place of Business Address

108 Pasir Panjang Road
#03-01 Golden Agri Plaza
Singapore 118535

Phone: +65 6499 0599
Fax: +65 6265 1953
Email: info@kgreentrust.com
Website: www.kgreentrust.com

Directors of The Trustee-Manager

MR KHOR POH HWA

Non-Executive and
Non-Independent Director and
Chairman of the Board

MR ALAN OW SOON SIAN

Independent Director

MR PAUL MA KAH WOH

Independent Director

MS QUEK SOO HOON

Independent Director

MR THIO SHEN YI

Independent Director

MR TEO SOON HOE

Non-Executive and
Non-Independent Director

BG(NS) TAY LIM HENG

Non-Executive and
Non-Independent Director

Unit Registrar And Unit Transfer Office

BOARDROOM CORPORATE & ADVISORY SERVICES PTE LTD (A MEMBER OF BOARDROOM LIMITED)

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Phone : +65 6230 9525
Fax: +65 6536 1360

Audit Committee

Mr Paul Ma Kah Woh (Chairman)
Mr Alan Ow Soon Sian
Ms Quek Soo Hoon

Nominating Committee

Mr Alan Ow Soon Sian (Chairman)
Mr Paul Ma Kah Woh
Mr Khor Poh Hwa

Remuneration Committee

Mr Thio Shen Yi (Chairman)
Mr Teo Soon Hoe
Ms Quek Soo Hoon

Conflicts Resolution Committee

Ms Quek Soo Hoon (Chairman)
Mr Thio Shen Yi
Mr Paul Ma Kah Woh

Auditors

DELOITTE & TOUCHE LLP CERTIFIED PUBLIC ACCOUNTANTS

6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809
Phone : +65 6224 8288
Fax: +65 6538 6166

Partner-in-charge:
Mr Aric Loh Siang Khee
Year appointed: 2010

Company Secretaries

Mr Ng Wai Hong
Ms Winnie Mak

Issue Manager

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, was the Issue Manager for the listing of K-Green Trust on the Singapore Stock Exchange. The Issue Manager assumes no responsibility for the contents of this Report to Unitholders 2011.



Report of the Trustee-Manager & Financial Statements

Report of the Trustee-Manager

The directors of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of K-Green Trust (the "Trust"), are pleased to present their report to the unitholders of the Trust, together with the audited financial statements of the Trust and its subsidiaries (collectively "the Group") for the financial year ended December 31, 2011.

1. Directors

The directors of the Trustee-Manager in office at the date of this report are as follows:

Khor Poh Hwa (Chairman)
Alan Ow Soon Sian
Paul Ma Kah Woh
Quek Soo Hoon
Thio Shen Yi
Teo Soon Hoe
Tay Lim Heng (Appointed on July 12, 2011)

2. Arrangements to enable directors to acquire benefits by means of the acquisition of units and debentures

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

3. Directors' interests in units and debentures

The directors at the end of the financial year had no interests in the unit capital and debentures of the Trust and related corporations either at the date of appointment, if later, or at the end of the financial year, except as follows:

Name of directors and corporations in which interests are held	Interest held	
	At beginning of year or date of appointment, if later	At end of year
Interest in K-Green Trust (Units)		
Paul Ma Kah Woh	10,000	10,000
Quek Soo Hoon	3,170	3,170
Thio Shen Yi	400	400
Teo Soon Hoe	817,666	817,666
Tay Lim Heng	400	400
Tay Lim Heng (deemed interest)	3,000	3,000

The unitholdings of the above directors as at January 21, 2012 were the same as those at December 31, 2011.

4. Directors' receipt and entitlement to contractual benefits

During the financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Trust or a related corporation with the director, or with a firm of which he is a member or with a company in which he has a substantial financial interest, except for the arrangement as disclosed in Note 5 to the financial statements.

5. Unit options

(a) Option to take up unissued unit

During the financial year, there was no option granted by the Trustee-Manager to any person to take up unissued units in the Trust.

(b) Option exercised

During the financial year, there were no unit of the Trust issued by virtue of the exercise of an option to take up unissued unit.

(c) Unissued unit under option

At the end of the financial year, there was no unissued unit of the Trust under option.

6. Audit Committee

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

Paul Ma Kah Woh (Chairman)
Alan Ow Soon Sian
Quek Soo Hoon

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

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

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

The Audit Committee also reviewed the following:

- a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- b) the Group's financial and operating results and accounting policies;
- c) the statement of financial position and statement of changes in equity of the Trust and the consolidated financial statements of the Group before their submission to the Board of Directors of the Trustee-Manager;
- d) external auditors' report on those financial statements;
- e) the quarterly and annual announcements on the results and financial position of the Trust and the Group;
- f) the co-operation and assistance given by the Trustee-Manager's officers to the Group's external auditors; and
- g) the re-appointment of the external auditors of the Group.

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

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

7. Auditors

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

On behalf of the Directors



Khor Poh Hwa
Chairman



Tay Lim Heng
Director

Singapore
January 26, 2012

Statement by the Trustee-Manager

In our opinion,

- (a) the financial statements set out on pages 55 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and Trust as at December 31, 2011 and the consolidated financial statements of the Group and statement of financial position and changes in unitholders' fund of the Trust for the financial year then ended in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due.

We further certify:

- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the interested person transactions entered into by the Trust during the financial year ended December 31, 2011 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the transactions; and
- (c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

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

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

On behalf of the Directors



Khor Poh Hwa
Chairman



Tay Lim Heng
Director

Singapore
January 26, 2012

Statement by the Chief Executive Officer

In accordance with Section 86 of the Singapore Business Trusts Act, Chapter 31A, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.



Thomas Pang Thieng Hwi
Chief Executive Officer

Singapore
January 26, 2012

Independent Auditors' Report

to the Unitholders of K-Green Trust

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

Report on the Financial Statements

We have audited the accompanying financial statements of K-Green Trust (the "Trust") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and the Trust as at December 31, 2011, and the statement of comprehensive income, statement of changes in unitholders' fund and statement of cash flows of the Group and the statement of changes in unitholders' fund of the Trust for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 55 to 81.

Trustee-Manager's Responsibility for the Financial Statements

The Trustee-Manager of the Trust is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the Act) and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Trustee-Manager, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' fund of the Trust are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Trust as at December 31, 2011 and of the results, changes in unitholders' fund and cash flows of the Group and changes in unitholders' funds of the Trust for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.



Deloitte & Touche LLP

Public Accountants and Certified Public Accountants
Singapore

Aric Loh Siang Khoo

Partner

Appointed on June 29, 2010

January 26, 2012

Statements of Financial Position

December 31, 2011

	Note	Group		Trust	
		2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Non-Current Assets					
Plant and equipment	6	635	876	-	-
Subsidiaries	7	-	-	365,736	403,536
Service concession receivables	8	576,582	587,348	-	-
Notes receivable	9	-	-	290,142	290,142
Total Non-Current Assets		<u>577,217</u>	<u>588,224</u>	<u>655,878</u>	<u>693,678</u>
Current Assets					
Inventories	10	15,411	15,159	-	-
Service concession receivables	8	54,956	54,956	-	-
Trade and other receivables	11	21,988	18,603	110	266
Cash, bank and deposit balances	12	47,626	85,030	36,965	31,847
Total Current Assets		<u>139,981</u>	<u>173,748</u>	<u>37,075</u>	<u>32,113</u>
Current Liabilities					
Trade and other payables	13	18,751	22,496	2,557	2,447
Income tax payable		1,166	13,249	1	-
Total Current Liabilities		<u>19,917</u>	<u>35,745</u>	<u>2,558</u>	<u>2,447</u>
Net Current Assets		<u>120,064</u>	<u>138,003</u>	<u>34,517</u>	<u>29,666</u>
Non-Current Liability					
Deferred tax liability	14	107	147	-	-
Total Non-Current Liability		<u>107</u>	<u>147</u>	<u>-</u>	<u>-</u>
Net Assets		<u>697,174</u>	<u>726,080</u>	<u>690,395</u>	<u>723,344</u>
Represented by:					
Unitholders' Funds					
Units in issue	15	719,307	717,354	719,307	717,354
Revenue reserves		(22,133)	8,726	(28,912)	5,990
Total Unitholders' Funds		<u>697,174</u>	<u>726,080</u>	<u>690,395</u>	<u>723,344</u>

See accompanying notes to financial statements.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2011

	Note	2011 \$'000	2010 \$'000
Revenue	17	90,564	65,809
Construction expense		(24,753)	(15,709)
Operation and maintenance costs		(33,021)	(26,329)
Electricity costs		(6,544)	(3,095)
Depreciation		(241)	(244)
Trustee-Manager's fees		(4,484)	(2,305)
Trust expenses		(999)	(581)
Other operating expenses		(4,248)	(3,510)
Other income		436	409
Operating profit		16,710	14,445
Net interest income (expense)	18	127	(4,132)
Profit before tax		16,837	10,313
Income tax expense	19	(840)	(740)
Profit for the year representing total comprehensive income for the year		15,997	9,573
Earnings per unit (cents):			
Basic and diluted	16	2.54	1.53

See accompanying notes to financial statements.

Statements of Changes in Unitholders' Fund

Year ended December 31, 2011

	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
Group			
Balance as at January 1, 2010	*	19	19
Total comprehensive income for the year	-	9,573	9,573
Distribution paid [Note 22(a)]	-	(866)	(866)
Creation of new units			
- introduction of Trust	719,377	-	719,377
- payment of Trustee-Manager's fees in units	519	-	519
Issue costs	(2,542)	-	(2,542)
Balance at December 31, 2010	717,354	8,726	726,080
Total comprehensive income for the year	-	15,997	15,997
Distribution paid [Note 22(b)]	-	(46,856)	(46,856)
Creation of new units			
- payment of Trustee-Manager's fees in units	1,786	-	1,786
Issue costs	167	-	167
Balance at December 31, 2011	719,307	(22,133)	697,174
Trust			
Balance as at January 1, 2010	*	-	*
Total comprehensive income for the year	-	6,856	6,856
Distribution paid [Note 22(a)]	-	(866)	(866)
Creation of new units			
- introduction of Trust	719,377	-	719,377
- payment of Trustee-Manager's fees in units	519	-	519
Issue costs	(2,542)	-	(2,542)
Balance at December 31, 2010	717,354	5,990	723,344
Total comprehensive income for the year	-	11,954	11,954
Distribution paid [Note 22(b)]	-	(46,856)	(46,856)
Creation of new units			
- payment of Trustee-Manager's fees in units	1,786	-	1,786
Issue costs	167	-	167
Balance at December 31, 2011	719,307	(28,912)	690,395

* less than \$1,000

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2011

	2011 \$'000	2010 \$'000
Cash flows from operating activities		
Profit before tax	16,837	10,313
Adjustments for:		
Depreciation	241	244
Interest income	(127)	(86)
Interest expense	-	4,218
Trustee-Manager's fees	-	2,305
Operating profit before movement in working capital	16,951	16,994
Increase in inventories	(252)	(857)
Decrease in service concession receivables	35,519	42,031
(Increase) Decrease in trade and other receivables	(3,385)	814
Increase in trade and other payables	2,048	4,766
Cash generated from operations	50,881	63,748
Tax paid	(12,994)	(866)
Interest received	127	83
Interest paid	-	(4,218)
Net cash from operating activities	38,014	58,747
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired (Note A)	-	(215,321)
Construction of asset	(28,562)	(11,901)
Net cash used in investing activities	(28,562)	(227,222)
Cash flows from financing activities		
Proceeds raised from issue of units	-	719,377
Repayment of borrowings	-	(463,019)
Payment of issue costs	-	(2,542)
Distribution paid to previous unitholder of Trust	-	(866)
Distribution paid	(46,856)	-
Net cash (used in) generated from financing activities	(46,856)	252,950
Net change in cash and cash equivalents	(37,404)	84,475
Cash and cash equivalents at beginning of year	85,030	555
Cash and cash equivalents at end of year	47,626	85,030

See accompanying notes to financial statements.

Note A

Pursuant to the restructuring exercise on June 29, 2010, the Trust acquired the assets and business undertakings relating to Tuas DBOO Plant and Ulu Pandan Plant. The purchase price was determined by the net book value (being the fair value of the net assets) of the assets and business undertakings relating to Tuas DBOO SPC and Ulu Pandan SPC that were held in their personal capacities. The fair values of net assets of subsidiaries acquired were as follows:

	2011 \$'000	2010 \$'000
Plant and equipment	-	11
Service concession receivables	-	224,937
Inventories	-	2,848
Trade and other receivables	-	8,016
Bank balances, deposits and cash	-	14,255
Trade and other payables	-	(6,238)
Provision for taxation	-	(1,603)
Deferred taxation	-	(12,650)
Purchase consideration	-	229,576
Less: Bank balances and cash acquired	-	(14,255)
Cash flow on acquisition, net of cash acquired	-	215,321

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2011

1. General

K-Green Trust (the “Trust”) is a business trust constituted by a Trust Deed dated July 23, 2009. The Trust Deed is governed by the laws of the Republic of Singapore. The address of the Trustee-Manager’s registered office and principal place of business is 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 and 108 Pasir Panjang Road, #03-01 Golden Agri Plaza, Singapore 118535 respectively. The financial statements are expressed in Singapore dollars which is the functional currency of the Trust.

The Trust was formally admitted to the Official List of the Main Board of SGX-ST on June 29, 2010.

The principal activity of the Trust is investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to financial statements.

The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders of units (the “Units”) in the Trust (“Unitholders”).

The consolidated financial statements of the Group and statement of financial position, and statement of changes in unitholders’ funds of the Trust for the year ended December 31, 2011 were authorised for issue by the Board of Directors of the Trustee-Manager on January 26, 2012.

2. Summary of significant accounting policies

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

ADOPTION OF NEW AND REVISED STANDARDS – In the current year, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group’s and Trust’s accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the Trustee-Manager anticipates that the adoption of new FRSs, INT FRSs and amendments to FRS that were issued but not effective until future periods will not have a material impact on the financial statements of the Group and the Trust in the year of their initial adoption.

BASIS OF CONSOLIDATION – The consolidated financial statements include the financial statements of the Trust and its subsidiaries as at the end of the reporting period.

The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated financial statements from their respective dates of acquisition or disposal. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition-related costs are recognised in profit or loss as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Any excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. If, after reassessment, any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit or loss account on the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Trust.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost, with the gain or loss arising recognised in profit or loss.

On a transaction-by-transaction basis, the measurement of non-controlling interests (previously referred to as 'minority' interests) is either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree.

Contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from better information about the fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). All other subsequent adjustments are recognised in profit or loss.

SUBSIDIARIES – A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated in the Trust's financial statements at cost less any impairment losses. On disposal of a subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to the profit or loss account.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position 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 discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt.

Financial assets

Trade receivables, other receivables and amount due from related parties/companies

The above which have fixed or determined payments that are not quoted in an active market are classified and accounted for as "loans and receivables" under FRS 39. These are initially measured at fair value and subsequently 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.

2. Summary of significant accounting policies (continued)

Service concession arrangements

The Group has entered into service concession arrangements with governing agencies (the grantors) 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 operate the plants for an agreed original concession periods of between 15 to 25 years and transfer the plants to the grantors 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 recognises 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 and (iii) revenue from operating and maintaining the infrastructure, which will be recognised in its profit or loss.

Notes receivable

Interest-bearing notes receivables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest method.

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 against the allowance account. 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 risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of 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 equity

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.

Units issued

Units in issue are classified as equity in the unitholders' funds. Units issue costs represent expense incurred in connection with the issue of units. All such expense are deducted directly from unitholders' funds.

Financial liabilities

Trade payables, other payables and amount due to related parties and companies are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Trust derecognises financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or expired.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Costs comprise spare parts and consumables. Cost is calculated using the weighted average method.

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 bases:

Office equipment	-	3 to 5 years
Machinery and equipment	-	5 years

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 NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 decrease.

2. Summary of significant accounting policies (continued)

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 Trustee-Manager'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.

Construction revenue

Revenue from construction contract is recognised based on the percentage of completion method in proportion to the stage of completion, provided that at least 20% of project milestone has been achieved and the outcome of such contract can be reliably estimated. The percentage of completion is measured by reference to the proportion of the contract cost incurred to date to the estimated contract costs.

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 the effective interest method.

Operation and maintenance income

Revenue from provision of operation and maintenance service is recognised when the services are rendered.

Other income

Other income represents the sale of scrap and rental income. Sale of scrap is recognised when the scrap materials are sold and rental income is recognised on a straight line basis over the term of the relevant lease.

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 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.

INCOME TAX - Income tax expense represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted 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 is 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.

Current and deferred taxes are recognised as an expense or income in the profit or loss.

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 Trust's financial statements are measured and presented in the currency of the primary economic environment in which the Trust operates (its functional currency). The financial statements of the Group are presented in Singapore dollars.

In preparing the financial statements of the Group, transactions in currencies other than the Trust's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of 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.

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand and at banks and deposits placed with a related party that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, the Trustee-Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

The Trustee-Manager is of the opinion that any instance of application of judgement is 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:

(a) Impairment of investment in subsidiaries

The Trustee-Manager assesses at each reporting date whether there is an indication that the investment in subsidiaries may be impaired. Should there be any indicator of impairment, the Trustee-Manager then estimates the recoverable amount based on the higher of fair value less costs to sell or value-in-use of the investment. Estimating the value-in-use requires the Trustee-Manager to make estimate of the expected future cash flows from the cash-generating units and also to choose an appropriate discount rate in order to calculate the present value of those cash flows. During the year, there was no indicator to suggest that the investment in subsidiaries has suffered any impairment loss.

The carrying amount of the investment in subsidiaries at the end of the reporting period is disclosed in Note 7 to the financial statements.

(b) Recognition of service concession receivables

The Group recognises a financial receivable if it has a contractual right under the concession agreements to receive a fixed and determinable amount of payments during the concession period, which will be apportioned between (i) interest income recognised as finance income in its income statement, and (ii) a repayment of the receivable used to reduce the carrying amount of the receivable at the end of its reporting period. The apportionment is determined using the effective interest rate which in turn was derived from the Trustee-Manager's estimate of the cash flows that is expected to arise from the concession agreements.

(c) Construction revenue recognition

The Group recognises contract revenue based on the stage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2 to the financial statements. Significant assumption is required in determining the stage of completion based on the extent of the contract cost incurred. Revenue from construction contracts is disclosed in Note 17 to the financial statements.

4 Financial instruments, financial risks and capital risks management

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Financial Assets				
Loans and receivables (including cash, bank and deposit balances)	69,210	103,012	327,128	322,042
Service concession receivables	631,538	642,304	-	-
Total	<u>700,748</u>	<u>745,316</u>	<u>327,128</u>	<u>322,042</u>
Financial Liabilities				
Payables, at amortised cost	<u>17,983</u>	<u>21,834</u>	<u>2,557</u>	<u>2,438</u>

(b) Financial risk management policies and objectives

The Group's overall financial risk management seeks to minimise potential adverse effects of financial performance of the Trust. There have been no changes to the Trust's exposure to these financial risks or the manner in which the Trustee-Manager manages and measures the risk.

(i) Foreign exchange risk management

The Group's exposure to foreign exchange risk is minimal as it does not have any foreign currency denominated balances at the end of the reporting period. Hence, no sensitivity analysis is performed and presented.

(ii) Interest rate risk management

The Group's and the Trust's exposure to interest rate risk is minimal, which is only the deposits placed with a related party (Note 12). Hence, no sensitivity analysis is performed and presented.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, there is a significant concentration of credit risk to the Group's customer, which is the Government of the Republic of Singapore, for the duration of the service concession contract entered into. The Trustee-Manager 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.

Financial assets that are neither past due nor impaired

The trade receivables have an average credit period of 45 days.

All the Group's trade receivables and service concession receivables are neither past due nor impaired and are recoverable from a creditworthy customer, i.e., the Government of the Republic of Singapore.

Information relating to the service concession receivables and trade and other receivables are disclosed in Notes 8 and 11 respectively to the financial statements.

4. Financial instruments, financial risks and capital risks management (continued)**(iv) Liquidity risk management**

In the management of the liquidity risk, the Trustee-Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Trustee-Manager manages liquidity risk by maintaining adequate reserves and actual cash flows and matching the maturity profiles of financial assets and liabilities. Liquidity risk is minimal.

Liquidity and interest risk analysesNon-derivative financial assets

The following tables detail the weighted average effective interest rates and the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial assets on the statement of financial position.

	Weighted average effective interest rate %	On demand or less than 1 year \$'000	More than 1 year \$'000	Adjustment \$'000	Total \$'000
Group					
2011					
Non-interest bearing	-	22,854	-	-	22,854
Fixed interest rate instrument	0.28	46,368	-	(12)	46,356
Service concession receivables (fixed rate)	2.13 to 4.68	54,956	753,983	(177,401)	631,538
Total		124,178	753,983	(177,413)	700,748
2010					
Non-interest bearing	-	19,710	-	-	19,710
Fixed interest rate instrument	0.18 to 0.26	83,317	-	(15)	83,302
Service concession receivables (fixed rate)	2.13 to 4.68	54,956	783,006	(195,658)	642,304
Total		157,983	783,006	(195,673)	745,316
Trust					
2011					
Non-interest bearing	-	431	-	-	431
Fixed interest rate instrument	0.28 to 6.00	36,565	535,629	(245,497)	326,697
Total		36,996	535,629	(245,497)	327,128
2010					
Non-interest bearing	-	220	-	-	220
Fixed interest rate instrument	0.18 to 6.00	31,686	553,038	(262,902)	321,822
Total		31,906	553,038	(262,902)	322,042

Non-derivative financial liabilities

All financial liabilities in 2011 and 2010 are repayable on demand or due within 1 year from the end of the reporting period and are non-interest bearing.

(v) Fair value of financial assets and financial liabilities

The Trustee-Manager considers that the carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) Capital risk management policies and objectives

The Group and the Trust manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group and the Trust consists of unit attributable to unitholders of the Trust, comprising issued units and revenue reserves as disclosed in the notes to financial statements.

The Trustee-Manager reviews the capital structure on an annual basis. As a part of this review, the Trustee-Manager considers the cost of capital and the risks associated with each class of capital. The Trustee-Manager will evaluate its overall capital, distributions, new unit issues, obtain new borrowings or sell assets to reduce borrowings.

5. Related party and related companies transactions

a) Related Parties

Some of the Group and the Trust's transactions and arrangements were with related parties and the effect of these, on the basis determined between the parties, was reflected in these financial statements. The balances are unsecured, repayable on demand and interest-free unless otherwise stated.

Significant transactions with parties who have significant influence over the reporting entity:

	Group	
	2011	2010
	\$'000	\$'000
Construction expense	(24,753)	(15,709)
Operation and maintenance expense	(33,021)	(16,405)
Electricity expense	(6,544)	(3,095)
Trustee-Manager's fee expense	(4,484)	(2,305)
Interest income	127	84
Interest expense	-	(6)

b) Trustee-Manager

The Trust Deed provides the following fees payable to the Trustee-Manager:

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 the Trust. These fees are payable for each calendar quarter ending on March 31, June 30, September 30 and December 31 of each year (each referred to as a "Quarter").

The Management Fee comprises a fixed fee of \$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 financial year ("FY") over the average of the monthly CPI for FY2010.

5. Related party and related companies transactions (continued)

The Performance Fee is calculated at 4.5% per annum of the sum of all cash inflow received by the Trust from subsidiaries, associates, sub-trusts and its investments (including but not limited to dividends, distributions, interest earned, revenues earned, principal repayment of debt securities and all other receipts).

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 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 and the Trustee-Manager shall be entitled to receive, such number of Units as may be purchased by the amount of such Management Fee and/or Performance Fee which the Trustee-Manager has elected to receive in Units at an 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 of that Quarter (rounded to the nearest cents). The volume weighted average trading price for the last five Trading Days in a Quarter shall be the total value of transactions in the Units (for each transaction, the Units price multiplied by the volume) for those five Trading Days divided by the total volume transacted for those five Trading Days.

Other fees

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 the Trust or any of the Trusts or such other special purpose vehicles holding or constituted to hold Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or a Trust's 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 (Keppel Integrated Engineering Group); 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 the Trust or a Trust's 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.

c) Former related companies

Prior to June 29, 2010, the Trust was a wholly-owned subsidiary of Keppel Integrated Engineering Limited (incorporated in the Republic of Singapore), which is a wholly-owned subsidiary of Keppel Corporation Limited (incorporated in the Republic of Singapore). Related companies in these financial statements refer to members of the former ultimate holding company's group of companies prior to June 29, 2010.

Prior to June 29, 2010, some of the Group and the Trust's transactions and arrangements were with related companies and the effect of these, on the basis determined between the parties, was reflected in these financial statements. The balances were unsecured, repayable on demand and interest-free unless otherwise stated.

Significant transactions with related companies:

	Group	
	2011	2010
	\$'000	\$'000
Operation and maintenance expense	-	(9,924)
Interest income	-	2
Interest expense	-	(4,212)

6. Plant and equipment

	Office equipment \$'000	Machinery and equipment \$'000	Total \$'000
Group			
Cost:			
At January 1, 2010	22	1,172	1,194
Arising from acquisition of subsidiaries	11	-	11
Disposals	-	(9)	(9)
At December 31, 2010 and December 31, 2011	33	1,163	1,196
Accumulated depreciation:			
At January 1, 2010	1	78	79
Disposals	-	(3)	(3)
Depreciation	9	235	244
At December 31, 2010	10	310	320
Depreciation	7	234	241
At December 31, 2011	17	544	561
Carrying amount:			
At December 31, 2011	16	619	635
At December 31, 2010	23	853	876

7. Subsidiaries

	Trust	
	2011	2010
	\$'000	\$'000
Unquoted unit trusts, at cost net of distribution	365,736	403,536

Distribution received pertaining to cash distributions paid out of the Trust property of the subsidiaries are taken against the cost of the unquoted unit trusts as the subsidiaries may declare a cash distribution regardless of whether there are any profits or losses, retained earnings or accumulated losses in respect of a given period.

The details of the subsidiaries are as follows:

Name of subsidiary	Country of constitution/ incorporation and operations	Proportion of ownership interest and voting power held		2011 \$'000	Cost		Principal activity
		2011 %	2010 %		2011 \$'000	2010 \$'000	
Senoko Trust	Singapore	100	100	286,854	315,904		Waste incineration and electricity generation
Tuas DBOO Trust	Singapore	100	100	54,882	59,482		Waste incineration and electricity generation
Ulu Pandan Trust	Singapore	100	100	23,998	28,148		Collection, purification and distribution of water
Senoko Waste-to-Energy Pte Ltd	Singapore	100	100	*	*		Trustee of Senoko Trust
Keppel Seghers Tuas Waste-to-Energy Plant Pte Ltd	Singapore	100	100	1	1		Trustee of Tuas DBOO Trust
Keppel Seghers Newater Development Co Pte Ltd	Singapore	100	100	1	1		Trustee of Ulu Pandan Trust
Total				365,736	403,536		

* Less than \$1,000

Notes on Auditors:

The above subsidiaries are audited by the auditors of the Trust, Deloitte & Touche LLP, Singapore.

For 2011, the aggregate fees payable to auditors was \$286,000 (2010: \$107,000), broken down into audit services of \$107,000 (2010: \$107,000) and non-audit services of \$179,000 (2010: Nil).

8. Service concession receivables

	Group	
	2011 \$'000	2010 \$'000
Service concession receivables	631,538	642,304
Less: Due within 12 months	(54,956)	(54,956)
Due after 12 months	<u>576,582</u>	<u>587,348</u>

This relates to service concession receivables from the following plants:

(a) Senoko Plant

A 15-year contract to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant

A 25-year Design-Build-Operate-Own ("DBOO") contract to build, design, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant

A 20-year DBOO contract to build, design, own and operate a water treatment plant, which has the capacity to produce 148,000m³ of NEWater daily. The sub-trust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

The Trustee-Manager is of the opinion that the carrying amount of the above approximates its fair value.

9. Notes receivable

Notes receivable of \$290,142,000 (2010: \$290,142,000), represent the qualifying project debt securities ("QPDS") receivable from its subsidiaries by the Trust to finance the acquisition of the plants on June 29, 2010. The QPDS are unsecured, repayable between December 31, 2023 to 2028 and bear interest at 6% per annum, payable semi-annually in arrears.

The Trustee-Manager is of the opinion that the carrying amount of the above approximates its fair value.

10. Inventories

	Group	
	2011 \$'000	2010 \$'000
Spare parts and consumables, at cost	<u>15,411</u>	<u>15,159</u>

11. Trade and other receivables

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade receivables:				
Outside party	8,999	8,958	-	-
Unbilled revenue	8,594	8,521	-	-
	<u>17,593</u>	<u>17,479</u>	<u>-</u>	<u>-</u>
Other receivables:				
Goods and services tax	38	213	38	213
Prepayments	366	408	51	-
Deposits	-	19	-	-
Related party (Note 5)	7	437	1	1
Outside party	3,953	-	-	-
Others	31	47	20	52
	<u>4,395</u>	<u>1,124</u>	<u>110</u>	<u>266</u>
Total	<u>21,988</u>	<u>18,603</u>	<u>110</u>	<u>266</u>

The average credit period is 45 days (2010: 45 days). No interest is charged on the outstanding trade receivables.

The other receivable from outside party relates to property tax refund from the tax authority in respect of the waste-to-energy plants.

12. Cash, bank and deposit balances

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Cash at banks and on hand	1,270	1,728	410	167
Deposits placed with a related party (Note 5)	46,356	83,302	36,555	31,680
Total	<u>47,626</u>	<u>85,030</u>	<u>36,965</u>	<u>31,847</u>

The deposits placed with a related party bear interest at 0.28% (2010: 0.18% to 0.26%) per annum for the Group and the Trust respectively and for tenure of less than 3 months (2010: tenure of less than 3 months).

13. Trade and other payables

	Group		Trust	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Trade payables:				
Goods and services tax payable	768	662	-	9
Related party (Note 5)	9,160	10,694	-	-
	<u>9,928</u>	<u>11,356</u>	<u>-</u>	<u>9</u>
Other payables:				
Accrued expenses	6,113	8,544	560	616
Deposits received	30	51	-	-
Related party (Note 5)	1,997	1,823	1,997	1,822
Others	683	722	-	-
	<u>8,823</u>	<u>11,140</u>	<u>2,557</u>	<u>2,438</u>
Total	<u>18,751</u>	<u>22,496</u>	<u>2,557</u>	<u>2,447</u>

14. Deferred tax liability

	Group	
	2011 \$'000	2010 \$'000
Balance at beginning of year	147	-
(Credit) Charge to profit or loss (Note 19)	(40)	147
Balance at end of year	107	147

The balance comprises mainly the tax effect of tax over book depreciation of plant and equipment.

15. Units in issue

	Group and Trust			
	2011 Number of Units	2010 Number of Units	2011 \$'000	2010 \$'000
At beginning of year	628,112,568	1	717,354	-
Issued of units:				
Introduction of Trust	-	627,644,674	-	719,377
Issue costs reversal (incurred)	-	-	167	(2,542)
Trustee-Manager's fee paid in units	1,668,711	467,893	1,786	519
At end of year	629,781,279	628,112,568	719,307	717,354

- a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:
 - (i) Receive income and other distributions attributable to the units held.
 - (ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and
 - (iii) Receive audited accounts and the annual reports of the Trust.
- b) The restrictions of a Unitholder include the following:
 - (i) a Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and
 - (ii) a Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:
 - the Trust ceasing to comply with applicable laws and regulations; or
 - the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.
- c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceed its assets.
- d) The units issue costs comprised costs directly attributable to the issuance of the units. These expenses are deducted directly against the Unitholders' fund.
- e) In 2011, 1,668,711 units were issued to the Trustee-Manager as payment of the Trustee-Manager's fees for the period from October 1, 2010 to December 31, 2010 amounting to \$1,786,000, based on a unit price of \$1.07.

16. Earnings per unit

The calculation of basic earnings per unit is based on the weighted average number of units as at end of the year.

	Group	
	2011	2010
	\$'000	\$'000
Earnings for the purpose of basic earnings per unit (\$'000)	15,997	9,573
Weighted average number of units: for the purpose of basic earnings per unit ('000)	629,562	627,745
Earnings per unit (cents) – basic:	2.54	1.53

The weighted average number of units for 2010 is based on the period from June 29, 2010 to December 31, 2010 only.

Diluted earnings per unit is the same as the basic earnings per unit as there is no dilutive instruments in issue during the year.

17. Revenue

	Group	
	2011	2010
	\$'000	\$'000
Construction revenue	25,942	16,463
Finance income from service concession arrangement	18,249	14,030
Operation and maintenance income	46,373	35,316
Total	90,564	65,809

18 Net interest income (expense)

	Group	
	2011	2010
	\$'000	\$'000
Interest income:		
Related party (Note 5)	127	84
Related company (Note 5)	-	2
Interest expense:		
Related party (Note 5)	-	(6)
Related company (Note 5)	-	(4,212)
Net	127	(4,132)

19. Income tax expense

	Group	
	2011	2010
	\$'000	\$'000
Current tax	882	593
Overprovision in prior year	(2)	-
Deferred tax (Note 14)	(40)	147
	<u>840</u>	<u>740</u>

Domestic income tax is calculated at 17% (2010: 17%) of the estimated assessable profit for the year.

The total income tax expense for the year can be reconciled to the profit before income tax as follows:

	Group	
	2011	2010
	\$'000	\$'000
Profit before income tax	16,837	10,313
Tax at the domestic income tax rate of 17% (2010: 17%)	2,862	1,753
Overprovision in prior year	(2)	-
Non-deductible items	13	62
Exempt income ⁽¹⁾	(2,033)	(1,075)
	<u>840</u>	<u>740</u>

(1) Exempt income arises mainly from interest income received by the Trust in respect of the Notes Receivables (Note 9) when onward declared to its Unitholders within six months from the end of the financial year.

20. Commitment

	Group	
	2011	2010
	\$'000	\$'000
Capital expenditure contracted but not provided for	7,141	31,894

This is in respect of a contract placed for the construction of the flue gas treatment of a waste-to-energy plant.

21. Operating segments

The Group determines its operating segments based on internal reports of segment profit or loss about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group is organised into business units based on their services on which information is prepared and reportable to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2 to the financial statements.

	Waste Management \$'000	Water and Wastewater Treatment \$'000	Total \$'000
2011			
Revenue	75,655	14,909	90,564
Result:			
Operating profit	19,464	2,729	22,193
Interest income	82	16	98
Profit before tax	19,546	2,745	22,291
Income tax expense	(837)	(2)	(839)
Segment profit	18,709	2,743	21,452
Trustee-Manager's fees			(4,484)
Interest income			29
Trust expenses			(999)
Income tax expense			(1)
			15,997
Other information:			
Additions to non-current assets	25,942	-	25,942
Depreciation	238	3	241

	Waste Management \$'000	Water and Wastewater Treatment \$'000	Total \$'000
2010			
Revenue	<u>58,042</u>	<u>7,767</u>	<u>65,809</u>
Result:			
Operating profit	15,286	2,045	17,331
Interest income	63	18	81
Interest expense	(4,218)	-	(4,218)
Profit before tax	<u>11,131</u>	<u>2,063</u>	<u>13,194</u>
Income tax expense	(630)	(110)	(740)
Segment profit	<u>10,501</u>	<u>1,953</u>	<u>12,454</u>
Trustee-Manager's fees			(2,305)
Interest income			5
Trust expenses			<u>(581)</u>
			<u>9,573</u>
Other information:			
Additions to non-current assets	16,463	-	16,463
Depreciation	<u>241</u>	<u>3</u>	<u>244</u>

The Group has two reportable operating segments: Waste Management and Water and Wastewater Treatment. Waste Management represents the businesses relating to Senoko Plant and Tuas DBOO Plant. Water and Wastewater Treatment represents the business relating to Ulu Pandan Plant. No geographical segment information has been prepared as all the assets are located within Singapore.

Revenue reported above represents revenue generated from a single external customer. There were no inter segment sales in the year. Segment profit represents the profit earned by each segment without allocation of Trustee-Manager's fees and trust expenses.

Interest expense excludes interest on notes receivables (QPDS) issued to the Trust by the subsidiaries.

Additions to non-current assets relate to construction revenue recognised as service concession receivables at the end of the reporting period under INT FRS 112 – *Service Concession Arrangements*.

The period before June 29, 2010 where the Trust was held as a private trust before listing includes only the results of Senoko Plant which is in the Waste Management segment and thus not separately disclosed.

22. Distributions

- a) In 2010, a tax-exempt one-tier interim distribution totalling \$866,000 was paid in respect of the period from January 1, 2010 to June 28, 2010 when the Trust was held as a private trust.
- b) Tax-exempt distributions paid are as follows:

	2011 \$'000
For the period from June 29, 2010 to December 31, 2010	
- distribution of 4.31 cents per unit	27,144
For the period from January 1, 2011 to June 30, 2011	
- distribution of 3.13 cents per unit	19,712
	46,856

For the period from July 1, 2011 to December 31, 2011, the Trust declared a tax-exempt distribution of 4.69 cents per unit. Together with the distribution of 3.13 cents per unit paid for the period from January 1, 2011 to June 30, 2011, total cash distribution in respect of the financial year ended December 31, 2011 will be 7.82 cents.

Reconciliation of Consolidated Statement of Cash Flows to distribution ⁽¹⁾:

	2011 \$'000
Cash generated from operations	50,881
Interest received	127
Tax paid ⁽²⁾ and amount set aside for working capital	(1,759)
Total distribution for the financial year of 7.82 cents per unit	49,249
Distribution paid of 3.13 cents per unit	(19,712)
Distribution payable for period from July 1, 2011 to December 31, 2011	29,537
Distribution per unit payable (cents)	4.69
- based on total issued units of 629,781,279 at end of financial year	

(1) Distribution by Trust will be paid from its residual cash flows in accordance with "Distributions" set out on page 34 of the Introductory Document.

(2) Excluding tax liabilities acquired as part of the restructuring exercise

23. Comparative figures

The financial statements of the Group for 2011 cover the financial year ended December 31, 2011.

The financial statements of the Group for 2010 covered the financial year from January 1, 2010 to December 31, 2010. The breakdown of the 2010 financial information in the Consolidated Statement of Comprehensive Income and the related notes into (a) Period from January 1 to June 28, 2010 under the Private Trust and (b) Period from June 29 to December 31, 2010 under the Public Trust, is shown in the table below for information purpose only.

	Total	Private Trust	Public Trust
	January 1 to December 31 2010 \$'000	January 1 to June 28 2010 \$'000	June 29 to December 31 2010 \$'000
Revenue	65,809	16,522	49,287
Construction expense	(15,709)	-	(15,709)
Operation and maintenance costs	(26,329)	(9,924)	(16,405)
Electricity costs	(3,095)	-	(3,095)
Depreciation	(244)	(119)	(125)
Trustee-Manager's fees	(2,305)	-	(2,305)
Trust expenses	(581)	-	(581)
Other operating expenses	(3,510)	(1,424)	(2,086)
Other income	409	181	228
Operating profit	14,445	5,236	9,209
Net interest (expense) income	(4,132)	(4,210)	78
Profit before tax	10,313	1,026	9,287
Income tax expense	(740)	(179)	(561)
Profit for the year representing total comprehensive income for the year	9,573	847	8,726
Earnings per unit (cents):			
Basic and diluted	1.53	N.M.	1.39

N.M: Not meaningful



Financial Calendar

FY 2011

Financial year-end	31 December 2011
Announcement of 2011 1Q results	14 April 2011
Announcement of 2011 2Q results	18 July 2011
Announcement of 2011 3Q results	17 October 2011
Announcement of 2011 full year results	17 January 2012
Distribution payout to Unitholders for the period 1 January to 30 June 2011	
- Books closure date	5.00 p.m., 4 August 2011
- Payment date	19 August 2011
Distribution payout to Unitholders for the period 1 July to 31 December 2011	
- Books closure date	5.00 p.m., 9 February 2012
- Payment date	23 February 2012
Despatch of Annual Report to Unitholders	26 March 2012
Annual General Meeting	17 April 2012

FY 2012

Financial year-end	31 December 2012
Announcement of 2012 1Q results	April 2012
Announcement of 2012 2Q results	July 2012
Announcement of 2012 3Q results	October 2012
Announcement of 2012 full year results	January 2013

Notice of Annual General Meeting

K-GREENtrust

(Registration No. 2010002)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 23 July 2009 (as amended))

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“AGM”) of the holders of units of K-Green Trust (“KGT”, and the holders of units of KGT, “Unitholders”) will be held at InterContinental Singapore, Bugis Grand Ballroom, Level 2, 80 Middle Road, Singapore 188966 on Tuesday, 17 April 2012 at 3.00 p.m. to transact the following business:

(A) AS ORDINARY BUSINESS

- | | |
|---|------------------------------|
| 1. To receive and adopt the Report of the Trustee-Manager, the Statement by the Trustee-Manager and the Audited Financial Statements of KGT for the year ended 31 December 2011 and the Independent Auditors’ Report thereon. | Ordinary Resolution 1 |
| 2. To re-appoint Messrs Deloitte & Touche LLP as Auditors of KGT to hold office until the conclusion of the next AGM of KGT, and to authorise the Trustee-Manager to fix their remuneration. | Ordinary Resolution 2 |

(B) AS SPECIAL BUSINESS

To consider, and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

- | | | | | | | | | | | | | | |
|--|--|---|-----|---|--|------|---|--|--|--|-----|--|--|
| 3. That pursuant to Clause 6.1 of the trust deed constituting KGT executed by the Trustee-Manager on 23 July 2009 (as amended) (the “Trust Deed”), Section 36 of the Business Trusts Act (Chapter 31A of Singapore) (the “Business Trusts Act”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Trustee-Manager be authorised and empowered to: | Ordinary Resolution 3 | | | | | | | | | | | | |
| <table border="0"><tr><td>(a)</td><td>(i)</td><td>issue units in KGT (“Units”) whether by way of rights, bonus or otherwise; and/or</td></tr><tr><td></td><td>(ii)</td><td>make or grant offers, agreements or options (collectively, “Instruments”) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, options, warrants, debentures or other instruments convertible into Units,</td></tr><tr><td colspan="3">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</td></tr><tr><td>(b)</td><td colspan="2">issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),</td></tr></table> | | (a) | (i) | issue units in KGT (“Units”) whether by way of rights, bonus or otherwise; and/or | | (ii) | make or grant offers, agreements or options (collectively, “Instruments”) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, 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 | | | (b) | issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued), | |
| (a) | (i) | issue units in KGT (“Units”) whether by way of rights, bonus or otherwise; and/or | | | | | | | | | | | |
| | (ii) | make or grant offers, agreements or options (collectively, “Instruments”) that would or might require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, 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 | | | | | | | | | | | | | |
| (b) | issue Units in pursuance of any Instrument made or granted by the Trustee-Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued), | | | | | | | | | | | | |

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued on a non pro rata basis to Unitholders (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be calculated based on the total number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Trust Deed and the Business Trusts Act;
- (4) (unless revoked or varied by the Unitholders in a general meeting) the authority conferred by this Resolution shall continue in force until (a) the conclusion of the next AGM of KGT or (b) the date by which the next AGM of KGT is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Trustee-Manager is authorised to issue additional Instruments or Units pursuant to such adjustment, notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Trustee-Manager and any of its Directors be and are hereby severally authorised to complete and do all such acts and things (including executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director may consider expedient or necessary or in the interest of KGT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Note 1)

4. That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST, for KGT, its subsidiaries and associated companies that are "entities at risk" (as defined under Chapter 9), or any of these entities, to enter into any of the transactions falling within the types of interested person transactions, described in the Appendix accompanying this Notice dated 26 March 2012 (the "Appendix") issued by the Trustee-Manager, with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "Unitholders' Mandate");
- (b) the Unitholders' Mandate shall, unless revoked or varied by the Unitholders in a general meeting, continue in force until the date that the next AGM of KGT is held or is required by law to be held, whichever is earlier; and
- (c) the Trustee-Manager and any of its Directors be and are hereby severally authorised to complete and do all such acts and things (including, executing, as the case may be, all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director may consider expedient or necessary or in the interest of KGT to give effect to the Unitholders' Mandate and/or this Resolution.

(Please see Explanatory Note 2)

(C) AS OTHER BUSINESS

5. To transact such other business as may be transacted at an AGM of KGT.

BY ORDER OF THE BOARD

Keppel Infrastructure Fund Management Pte. Ltd.

(Company Registration No. 200803959H)

as Trustee-Manager of K-Green Trust



Ng Wai Hong/Winnie Mak

Company Secretaries

Singapore

26 March 2012

Explanatory notes:

1. Ordinary Resolution 3

Ordinary Resolution 3 above, if passed, will empower the Trustee-Manager from the date of the AGM until (i) the conclusion of the next AGM of KGT, (ii) the date by which the next AGM of KGT is required by law to be held, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, whichever is the earliest, to issue Units, to make or grant Instruments and to issue Units pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Units, of which up to 20% may be issued on a non pro rata basis to Unitholders (in each case, excluding treasury Units, if any).

For determining the aggregate number of Units that may be issued, the total number of issued Units will be calculated based on the issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Ordinary Resolution 3 above, if passed, will empower the Trustee-Manager from the date of this AGM until the date of the next AGM of KGT, to allot and issue Units to itself instead of cash in the event the Trustee-Manager elects in accordance with Clause 12 of the Trust Deed to receive all or any part of the fees due and payable to it in Units, provided that such allotment and issue shall be in accordance with the provisions of the Trust Deed, the Business Trusts Act and applicable regulations.

2. Ordinary Resolution 4

Ordinary Resolution 4 relates to the renewal of a mandate given by the Unitholders on 15 April 2011 approving KGT, its subsidiaries and associated companies that are “entities at risk” (as that term is used in Chapter 9), or any of these entities, to enter into transactions falling within the types of interested person transactions described as Mandated Transactions (as defined in the introductory document of KGT dated 31 May 2010 (the “Introductory Document”)), with any party who is of the class of interested persons described in KGT’s Introductory Document. Please refer to the Appendix of this Notice of Annual General Meeting for details.

Notes:

1. The Chairman of the AGM will be exercising his right under Paragraph 4.4.1(i) of the Schedule to the trust deed constituting KGT executed by the Trustee-Manager on 23 July 2009 (as amended) to demand a poll in respect of each of the resolutions to be put to the vote of the Unitholders at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.
2. A Unitholder entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.
3. In any case where a proxy form appoints more than one proxy, the proportion of the holding (expressed as a percentage of the whole) of Units concerned to be represented by each proxy shall be specified in the proxy form.
4. The proxy form must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time fixed for the AGM.

Proxy Form

K-GREENtrust

(Registration No. 2010002)
(Constituted in the Republic of Singapore as a business trust
pursuant to a trust deed dated 23 July 2009 (as amended))

IMPORTANT

1. For CPF investors who hold units in K-Green Trust, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR THEIR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as observers have to submit their requests through their CPF Approved Nominees so that their CPF Approved Nominees may register, within the specified timeframe, with K-Green Trust's Unit Registrar. CPF Approved Nominees, please refer to Note 12 on the reverse side of the Proxy Form for further details.
4. CPF Investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.
5. **PLEASE READ THE NOTES TO THE PROXY FORM.**

ANNUAL GENERAL MEETING

I/We _____
(Name(s) and NRIC Number(s)/Passport Number(s)/Company Registration Number)
of _____ (address)
being a Unitholder/Unitholders of K-Green Trust ("KGT") hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Unitholdings	
			No. of Units	%

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of KGT ("AGM") to be held at InterContinental Singapore, Bugis Grand Ballroom, Level 2, 80 Middle Road, Singapore 188966 on Tuesday, 17 April 2012 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the AGM.

NOTE: The Chairman of the AGM will be exercising his right under Paragraph 4.4.1(i) of the Schedule to the trust deed constituting KGT executed by the Trustee-Manager on 23 July 2009 (as amended) to demand a poll in respect of each of the resolutions to be put to the vote of the Unitholders at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

No.	Ordinary Resolutions	No. of Votes For *	No. of Votes Against *
	Ordinary Business		
1.	To receive and adopt the Report of the Trustee-Manager, the Statement by the Trustee-Manager and the Audited Financial Statements of KGT for the year ended 31 December 2011.		
2.	To re-appoint Messrs Deloitte & Touche LLP as Auditors of KGT and authorise the Trustee-Manager to fix the Auditors' remuneration.		
	Special Business		
3.	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments.		
4.	To authorise the renewal of the Unitholders' Mandate.		
	Other Business		
5.	To transact any other business as may be transacted at an AGM.		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the respective boxes provided.

Dated this _____ day of _____ 2012

Total Number of
Units held

Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

Fold and glue along dotted line

Notes to proxy form:

1. A Unitholder of KGT ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint one or two proxies to attend and vote in his/her stead, provided that, in the case of Units entered in the Depository Register, the Trustee-Manager shall be entitled and bound:
 - (a) to reject any Proxy Form lodged if the Unitholder, being the appointer, is not shown to have any Units entered against his name in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KGT; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Unitholder is or are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at 48 hours before the time of the relevant meeting as certified by CDP to KGT, whether that number is greater or smaller than the number specified in any Proxy Form executed by or on behalf of that Unitholder.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of units in KGT ("Units") held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of KGT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this Proxy Form (as defined in note 5 below) will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies (the "Proxy Form") must be deposited at the registered office of the Trustee-Manager at 1 HarbourFront Avenue, #18-01, Keppel Bay Tower, Singapore 098632 not less than 48 hours before the time appointed for the AGM.

Fold along this line (1)

Affix
Postage
Stamp

The Company Secretary
Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of K-Green Trust)
1 HarbourFront Avenue
#18-01 Keppel Bay Tower
Singapore 098632

Fold along this line (2)

6. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
7. The Proxy Form shall be in writing, under the hand of the appointor or of his/her attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, the Trustee-Manager shall have regard to any instructions and/or notes set out in the Proxy Form.
8. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
9. The Proxy Form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at such place as the Trustee-Manager may in the notice convening the meeting direct, or if no such place is appointed, then at the registered office of the Trustee-Manager not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in the Proxy Form proposes to vote and in default the Proxy Form shall not be treated as valid. No Proxy Form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
10. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
11. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.
12. CPF Approved Nominees acting on the request of the CPF investors who wish to attend the Annual General Meeting as observers are requested to submit in writing, a list with details of the CPF investors' names, NRIC/Passport numbers, addresses and number of Units held. The list (to be signed by an authorised signatory of the CPF Approved Nominee) should reach KGT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623 not less than 48 hours before the time fixed for the AGM.

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE LTD

(as Trustee-Manager of K-Green Trust)
(Incorporated in the Republic of Singapore)
108 Pasir Panjang Road
#03-01 Golden Agri Plaza
Singapore 118535

Tel: (65) 6499 0599
Fax: (65) 6265 1953
www.kgreentrust.com

Co Reg No: 200803959H