



AGILITY

Report to
Unitholders
2014

AGILITY

Agility marks the ability of the Keppel Group to respond to market and environmental changes in ways that drive performance and build competitive advantage. We are configured with our financial and organisational strengths to navigate challenging terrain and scour new markets, offer new solutions through innovation, and execute with precision and enhanced productivity.

Contents

OVERVIEW

- 01 Financial Highlights
- 02 Chairman's Statement
- 06 Board of Directors
- 10 Key Executives of the Trustee-Manager
- 12 Operations and Maintenance Managers

OPERATIONS & GOVERNANCE

- 14 Operations Review
- 18 Significant Events
- 19 Trust Structure
- 20 Corporate Governance
- 42 Statistics of Unitholdings
- 44 Corporate Information

FINANCIAL STATEMENTS

- 45 Report of the Trustee-Manager & Financial Statements
- 46 Report of the Trustee-Manager
- 48 Statement by the Trustee-Manager
- 49 Statement by the Chief Executive Officer
- 50 Independent Auditors' Report
- 51 Statement of Financial Position

- 52 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 53 Statement of Changes in Unitholders' Fund
- 54 Consolidated Statement of Cash Flows
- 55 Notes to Financial Statements

OTHER INFORMATION

- 75 Financial Calendar

Financial Highlights

01

FINANCIAL SUMMARY

(for the financial year from 1 January 2014 to 31 December 2014)

	2014 \$'000	2013 \$'000	% Change
Cash generated from operations	56,402	52,324	7.8
Total distribution	49,249	49,249	-
Distribution per unit (cents) ¹	7.82	7.82	-
Distribution yield ²	7.3%	7.5%	-2.7

BALANCE SHEET

(as at 31 December 2014)

	2014 \$'000	2013 \$'000	% Change
Total assets	611,026	642,529	-4.9
Total liabilities	19,930	14,893	33.8
Unitholders' funds	591,096	627,636	-5.8
Market capitalisation ²	670,717	658,121	1.9
Number of units in issue ('000)	629,781	629,781	-
Net asset value per unit (\$)	0.94	1.00	-6.0
Adjusted net asset value per unit (\$) ³	0.89	0.95	-6.3

DISTRIBUTION PER UNIT

	2014 cents	2013 cents	% Change
1 st half	3.13	3.13	-
2 nd half	4.69	4.69	-
Total distribution	7.82	7.82	-

¹ Distribution is derived from Keppel Infrastructure Trust's residual cash flows in accordance with its distribution policy

² Based on closing unit price as at the last trading day for the financial year

³ Based on total issued units, after distribution payable to Unitholders

KHOR POH HWA
CHAIRMAN

With an attractive portfolio of core infrastructure assets, the Combined Trust will generate long term, sustainable and stable distributions for KIT Unitholders, amidst a backdrop of increasing market volatility globally.



Dear Unitholders,

**CREATING THE LARGEST SINGAPORE
INFRASTRUCTURE-FOCUSED BUSINESS TRUST**

2014 was a watershed year for Keppel Infrastructure Trust (KIT).

As part of the reorganisation by Keppel Corporation which led to Keppel Infrastructure becoming the Sponsor of the trust, KIT Unitholders approved the expansion of K-Green Trust's investment mandate in April 2014. KIT's expanded mandate now covers a wider range of infrastructure assets, which aligns its investment focus with the business activities of Keppel Infrastructure and allows KIT to pursue more acquisition opportunities. Accordingly, K-Green Trust was renamed KIT.

In November 2014, KIT entered into two separate conditional agreements to create the largest Singapore infrastructure-focused business trust listed on the Main Board of the Singapore Exchange.

The first transaction is the acquisition of a 51% stake in Keppel Merlimau Cogen Pte. Ltd. (KMC), which owns a 1,300 MW combined cycle gas turbine power generation facility on Jurong Island, for \$510 million. The acquisition will be financed by an equity fund raising, providing KIT a strategic opportunity to diversify its investor base.

The second transaction will involve the combination of KIT with CitySpring Infrastructure Trust (CIT) (the Combined Trust) at their respective market capitalisations based on their respective volume weighted average prices for the 180-day period ended 13 November 2014. Each KIT Unitholder will receive 2.106 CIT units. Keppel Infrastructure Fund Management (KIFM) will be the Trustee-Manager of the Combined Trust.

CIT is a business trust listed on the Main Board of the Singapore Exchange, and its major assets include City Gas, the sole producer and retailer of town gas in Singapore; SingSpring, the first seawater desalination plant in Singapore; and Basslink, the only electricity interconnector between Tasmania and mainland Australia.

From just over \$600 million currently, KIT's total assets will increase to over \$2 billion after the KMC acquisition, growing further to over \$4 billion after the combination to become the flagship investment vehicle for Singapore infrastructure.

With an attractive portfolio of core infrastructure assets – ranging from waste treatment, water production, power generation and transmission, piped gas production and retailing, to telecommunications – the Combined Trust will generate long term, sustainable and stable distributions for KIT Unitholders, amidst a backdrop of increasing market volatility globally.

Moreover, the increased scale and liquidity of the Combined Trust will enhance its access to capital markets and better enable it to compete for meaningful growth opportunities.

These transactions are subject to various consents, including KIT Unitholders' approval, which we are seeking at an extraordinary general meeting, to be held after the annual general meeting. We look forward to your support for the transactions.

From just over \$600 million currently, KIT's total assets will increase to over \$2 billion after the KMC acquisition, growing further to over \$4 billion after the combination to become the flagship investment vehicle for Singapore infrastructure.

01

Keppel Seghers Tuas Waste-to-Energy Plant, part of KIT's current portfolio, is the fifth incineration plant built in Singapore and the first built under the Public-Private-Partnership initiative.

02

KIT has proposed to acquire 51% of Keppel Merlimau Cogen Pte. Ltd., which owns a 1,300 MW combined cycle gas turbine power generation facility on Jurong Island.

MAINTAINING STRONG ASSET PERFORMANCE

I am pleased to report that KIT has maintained the same level of distribution per unit (DPU) since its listing in June 2010, continuing to demonstrate its ability to generate consistent and stable distributions for Unitholders.

Underscoring our excellent partnership with our Operations and Maintenance contractor, Keppel Seghers Engineering Singapore, all our plants met the required performance and customer service standards under their respective concession agreements in 2014.

Keppel Seghers Ulu Pandan NEWater Plant stepped up production to successfully meet higher demand from its customer, PUB, Singapore's national water agency, during the record dry spell in 1Q 2014. Both Senoko Waste-to-Energy (WTE) Plant, in operation since 1992, and Keppel Seghers Tuas WTE Plant, now in its sixth year of operation, performed well.

In September 2014, KIT entered into an agreement with the National Environment Agency (NEA) to increase the contracted incineration capacity at the Senoko WTE plant by up to 10% from 2,100 tonnes per day currently. The expansion is expected to take place progressively between 3Q 2015 and 3Q 2016. Capacity payments from NEA will correspondingly increase.

For 2014, the total distribution to KIT's Unitholders will amount to \$49.2 million. KIT's DPU for 2014 will be 7.82 cents, unchanged from 2013, representing a distribution yield of 7.3% based on the unit closing price of \$1.065 on 31 December 2014.



Net Asset Value (NAV) of the Group was \$0.94 per unit as at end December 2014, compared to \$1.00 as at end December 2013. In line with its distribution policy, KIT makes distributions from its residual cash flows, which are in excess of net profit generated in the year, resulting in a corresponding reduction in NAV.

ACKNOWLEDGEMENTS

We welcomed Dr Ong Tiong Guan to the Board as a non-independent and non-executive director in June 2014, replacing the late Mr Teo Soon Hoe.

We were deeply saddened by the passing of Mr Teo in December 2014, and wish to pay tribute to him for the invaluable contributions he made to KIT during his four-year tenure. His wise counsel and foresight, as well as his commitment and compassion, will be profoundly missed.

In May 2014, Mr Khor Un-Hun succeeded Mr Thomas Pang as CEO of KIFM. The Board would like to express its appreciation for Mr Pang's contributions to KIT since its listing in 2010.

Finally, I would like to thank my fellow Board members for the guidance they have provided to the Trustee-Manager. I also wish to express our sincere appreciation to Unitholders for their continued support.

KHOR POH HWA
CHAIRMAN

Keppel Infrastructure Fund Management Pte. Ltd.
(as Trustee-Manager of Keppel Infrastructure Trust)
21 January 2015



\$49.2m

FOR THE PERIOD
from 1 January 2014 to
31 December 2014,
total distribution to KIT's
Unitholders will amount
to \$49.2 million.

Mr Khor Poh Hwa, 64
Chairman
Non-Executive and
Non-Independent Director

Bachelor of Engineering (Civil),
University of Singapore
Master of Science (Civil Engineering),
National University of Singapore

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2014):
4 years 10 months

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

Present Directorships
(as at 1 January 2015):

Listed companies

Hock Lian Seng Holdings Limited;
Keppel Telecommunications &
Transportation Ltd; Keppel Infrastructure
Fund Management Pte. Ltd. (the Trustee-
Manager of Keppel Infrastructure Trust)¹

Other principal directorships

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

Major Appointments (other than
directorships):

Nil

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Keppel Land Limited
Keppel Land China Limited

Others:

Nil



KHOR POH HWA

¹ Keppel Infrastructure Fund Management Pte. Ltd. is not a listed company but is a Trustee-Manager of a listed business trust.

² The above are not listed companies but are managers of a listed REIT and business trust respectively.

Mr Alan Ow Soon Sian, 67
Independent Director

Bachelor of Social Sciences
(Second Class Honours, Lower Division),
University of Singapore
International Tax Program,
Harvard Law School
Advanced Management Program,
Harvard Business School

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2014):
4 years 10 months

Board Committee(s) served on:
Nominating Committee (Chairman)
Audit Committee (Member)

Present Directorships
(as at 1 January 2015):

Listed companies

M1 Limited; Keppel Infrastructure Fund
Management Pte. Ltd. (the Trustee-Manager
of Keppel Infrastructure Trust)¹

Other principal directorships

Nil

Major Appointments
(other than directorships):

Vice President of Morning Star
Community Services
Consultant, GSM Law LLP

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Nil

Others:

Former Senior Deputy Commissioner of
Inland Revenue Authority of Singapore;
Former Chief Executive Officer of TAS
(2006-2007); Awarded the Public
Administration Bronze Medal; Awarded
the Public Administration Silver Medal;
Awarded the Public Administration
Gold Medal; Former tax consultant
(Non-legal practitioner) with
KhattarWong LLP



ALAN OW SOON SIAN



PAUL MA KAH WOH

Mr Paul Ma Kah Woh, 67
Independent Director

Fellow of the Institute of Chartered
Accountants in England and Wales
Member of the Institute of
Singapore Chartered Accountants

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2014):
4 years 10 months

Board Committee(s) served on:
Audit Committee (Chairman)
Nominating Committee (Member)
Conflicts Resolution Committee (Member)

Present Directorships
(as at 1 January 2015):

Listed companies

Mapletree Logistics Trust Management
Limited (manager of the Mapletree
Logistics Trust); Keppel Infrastructure Fund
Management Pte. Ltd. (the Trustee-Manager
of Keppel Infrastructure Trust)²

Other principal directorships

Mapletree Investments Pte Ltd;
CapitaLand China Development Fund
Pte Ltd; CapitaLand China Development
Fund II Ltd; Nucleus Connect Pte Ltd
(Chairman); National Heritage Board;
NRF Holdings Pte Ltd; PACC Offshore
Services Holdings Ltd (Chairman,
Audit Committee)

Major Appointments
(other than directorships):

Trustee on the board of trustees
of the National University of Singapore
(Chairman, Audit Committee)

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

SMRT Corporation Ltd; SMRT Buses Ltd;
SMRT Road Holdings Ltd; SMRT Trains Ltd;
Hwa Hong Corporation Ltd;
Tenet Insurance Company Ltd

Others:

Nil

Ms Quek Soo Hoon, 61
Independent Director

Bachelor of Science (Economics)
(First Class Honours)
Fellowship of the Institute
of Actuaries (United Kingdom)

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2014):
4 years 10 months

Board Committee(s) served on:

Conflicts Resolution Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)

Present Directorships
(as at 1 January 2015):*Listed companies*

Keppel Infrastructure Fund Management
Pte. Ltd. (the Trustee-Manager of
Keppel Infrastructure Trust)¹

Other principal directorships

School of the Arts, Singapore;
Life Planning Associates Pte Ltd;
Singapore Deposit Insurance
Corporation Ltd; Special Needs
Trust Company Ltd; Enactus Singapore

Major Appointments**(other than directorships):**

Operating Partner,
iGlobe Partners (II) Pte Ltd

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Nil

Others:

Distinguished Fellow of the International
Association of Insurance Supervisors



QUEK SOO HOON



THIO SHEN YI

Mr Thio Shen Yi, 48
Independent Director

Bachelor of Arts, Master of Arts,
University of Cambridge
Senior Counsel
Fellow of the Singapore Institute
of Arbitrators

Date of first appointment as a director:
11 February 2010
Length of service as a director
(as at 31 December 2014):
4 years 10 months

Board Committee(s) served on:

Remuneration Committee (Chairman)
Conflicts Resolution Committee (Member)

Present Directorships
(as at 1 January 2015):*Listed companies*

Keppel Infrastructure Fund Management
Pte. Ltd. (the Trustee-Manager of
Keppel Infrastructure Trust)¹

Other principal directorships

TSMP Law Corporation
(Joint Managing Director);
OUE Realty Pte Ltd; Obiter Dicta Pte Ltd;
Camembert Holdings Pte Ltd;
The Community Justice Centre Limited;
St John's Cambridge (Singapore)

Major Appointments**(other than directorships):**

President, Law Society of Singapore;
Senate Member, Vice-President, Singapore
Academy of Law; Board Member, Singapore
Institute of Legal Education; Panel arbitrator,
Singapore International Arbitration Centre
and the Kuala Lumpur Regional Centre for
Arbitration; Member, Legal Education and
Studies Committee, Singapore Academy of
Law; Member, Management Committee of
the Law Society's Pro Bono, Learning and
Support Services; Member, Ethics
Committee, Law Society of Singapore;
Co-Chair, Rules Committee, Singapore
International Commercial Court

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Allens Arthur Robinson TSMP

Others:

Nil

Dr Ong Tiong Guan, 56
Non-Executive and
Non-Independent Director

Bachelor of Engineering
(First Class Honours),
Monash University
Doctor of Philosophy (Ph.D.)
under Monash Graduate Scholarship
Monash University, Australia

Date of first appointment as a director:
1 June 2014
Length of service as a director
(as at 31 December 2014):
7 months

Board Committee(s) served on:

Remuneration Committee (Member)

Present Directorships
(as at 1 January 2015):*Listed companies*

Keppel Infrastructure Fund Management
Pte. Ltd. (the Trustee-Manager of
Keppel Infrastructure Trust)¹

Other principal directorships

Keppel Infrastructure Holdings Pte. Ltd.;
Keppel Energy Pte. Ltd.; Keppel Electric
Pte Ltd; Keppel Gas Pte Ltd; Keppel
Merlimau Cogen Pte Ltd; Keppel
DHCS Pte Ltd; Keppel Infrastructure
Services Pte. Ltd.; GE Keppel Energy
Services Pte Ltd; Keppel Seghers Pte Ltd

Major Appointments**(other than directorships):**

Chief Executive Officer, Keppel
Infrastructure Holdings Pte. Ltd.

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Nil

Others:

Nil



ONG TIONG GUAN



TAN BOON LENG

Mr Tan Boon Leng, 51
Non-Executive and
Non-Independent Director

Master of Science in Management
(Distinction),
Imperial College, London
Bachelor of Science in Computer Science,
University College London

Date of first appointment as a director:
15 July 2013
Length of service as a director
(as at 31 December 2014):
1 year 5 months

Board Committee(s) served on:

Nil

Present Directorships
(as at 1 January 2015):*Listed companies*

Keppel Infrastructure Fund Management
Pte. Ltd. (the Trustee-Manager of
Keppel Infrastructure Trust)¹

Other principal directorships

Keppel Energy Ventures Pte. Ltd.
Keppel DHCS Pte Ltd;
Keppel Seghers UK Ltd;
GE Keppel Energy Services Pte Ltd;
Keppel Seghers Inc.; Keppel Seghers
Holdings BV; Keppel Seghers Belgium NV;
Keppel Seghers GmbH; Keppel Seghers
Newater Development Co. Pte. Ltd.;
Keppel Seghers Tuas Waste-To-Energy
Plant Pte. Ltd.; Senoko Waste-To-Energy
Pte. Ltd.; Keppel Seghers Hong Kong
Limited; Claridge House Limited;
Keppel Seghers Engineering Limited

Major Appointments**(other than directorships):**

Nil

Past Directorships held over the
preceding 5 years (from 1 January
2010 to 31 December 2014):

Hume Bright Pte. Ltd.; Rodeo
Power Pte. Ltd.; Keppel Gas Pte. Ltd.;
Meridian Generation Pte. Ltd.;
Pipenet Pte. Ltd.

Others:

Nil

¹ Keppel Infrastructure Fund
Management Pte. Ltd. is not a
listed company but is a Trustee-
Manager of a listed business trust.

Key Executives of the Trustee-Manager

Mr Khor Un-Hun **Chief Executive Officer**

Mr Khor Un-Hun has been Chief Executive Officer (CEO) of the Trustee-Manager since May 2014.

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

Mr Khor joined Keppel Infrastructure Holdings Pte Ltd (KI) as Development Director in April 2014, where he worked on KI's various business development initiatives.

Prior to joining KI, Mr Khor spent most of his career in banking, where he was involved in a wide range of mergers and acquisitions, financial advisory, capital markets and debt transactions across different sectors throughout Asia.

He held various positions in the corporate finance teams of Deutsche Bank and ING Bank in Singapore and Hong Kong before becoming Managing Director and Head of Corporate Finance, Asia at ING Bank, where he oversaw the origination and execution of corporate finance transactions across the region. He was also a member of ING Bank's regional management committee.

Mr Khor Un-Hun holds a Bachelor of Accountancy degree with First Class Honours from Nanyang Technological University and is a Chartered Financial Analyst.

Mr Koh Hee Song **Senior Adviser**

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

As Senior Adviser, he works with other members of the Trustee-Manager's management team to evaluate potential acquisitions and divestments and analyse and recommend potential asset enhancement initiatives from a technical perspective. He also advises the management team on technical matters relating to the business of KIT as and when circumstances require. Prior to June 2010, Mr Koh was 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 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) from the University of Sydney in 1968. 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.

Mr Lionel Chua **Chief Financial Officer**

Mr Lionel Chua joined the Trustee-Manager as Chief Financial Officer in May 2013.

He is responsible for the Trustee-Manager's and KIT's financial and reporting functions, including accounting, taxation, treasury and compliance.

Mr Chua has more than 18 years of experience in financial and management accounting, where he has held senior positions including Vice President (Finance) of The Ascott Group Limited and Chief Financial Officer (CFO) of Mary Chia Holdings Limited. He has also worked at CapitaLand Group and Singapore Airlines Limited.

Prior to joining the Trustee-Manager, Mr Chua was the Financial Controller of Keppel REIT Management Limited, where he was responsible for the financial and reporting functions and also participated in various acquisition exercises.

Mr Chua holds a Bachelor of Accountancy (Merit) from Nanyang Technological University. He is a Chartered Accountant of Singapore, CA (Singapore), with the Institute of Singapore Chartered Accountants.

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

Ms Foo has over 15 years of experience in investment evaluation, corporate strategy and new business development. She joined Keppel Corporation in 2000, where as a part of Keppel Corporation's strategic development and planning division, she was responsible for 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 Senior Asset Manager, Mr Liew implements asset management plans for KIT's asset portfolio by engaging the Operations and Maintenance contractor to ensure that the required levels of service standards are met and 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 (Keppel FELS) 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 in Singapore.

Mr Liew obtained a Bachelor of Engineering (First Class Honours) in Marine Technology (Offshore Engineering) from the University of Newcastle upon Tyne in 2001 and a Diploma (with Merit) in Shipbuilding & Offshore Engineering from Ngee Ann Polytechnic 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.

Operations and Maintenance Managers

Ms Cindy Lim
General Manager
(Infrastructure Services) and
General Manager
(Business Process Management),
Keppel Infrastructure

Ms Cindy Lim started her career as a management system auditor and consultant before joining Keppel FELS Limited (Keppel FELS) in 2001 as a Quality System Engineer. She has since held several leadership positions at Keppel FELS and Keppel Offshore & Marine Ltd in quality system, process excellence, talent management, and eventually at Keppel Corporation Limited as the General Manager (Group Human Resources).

Ms Lim graduated with a Bachelor of Engineering (Mechanical & Production) with Second Upper Honours from Nanyang Technological University and an Executive MBA from Singapore Management University. She also attended the General Management Programme at Harvard Business School. Ms Lim has been an IRCA-certified Management System Auditor (in the areas of Quality, Environment and OH&S) and National Organisation Excellence Assessor for SPRING.

Mr Goh Chin Aik
General Manager
(Operations and Maintenance),
Keppel Infrastructure

Mr Goh Chin Aik is the General Manager (Operations and Maintenance) of Keppel Infrastructure.

Mr Goh is a Professional Engineer and Certified System Engineering Professional with more than 29 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 and a Master of Science from the National University of Singapore. He is a Member of the Institution of Engineers and a First Grade Steam Engineer.

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 33 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.

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

Mr Francis Ng Tong Wah
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 15 years of experience in the waste-to-energy industry. He was the Operations 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.

He holds a Bachelor of Engineering (Electrical and Electronics Engineering) from Nanyang Technological University and is a First Grade Steam Engineer.

Mr Lee Song Koi
Plant Manager,
Senoko Waste-to-Energy Plant

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

He has more than 28 years of experience in the waste-to-energy industry. He was the Operations 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 and is a First Grade Steam Engineer.

Mr Tor Pee Siong
Operations &
Maintenance Manager,
Keppel Seghers Ulu Pandan
NEWater Plant

Mr Tor Pee Siong is responsible for the operations and maintenance of Keppel Seghers Ulu Pandan NEWater Plant.

He has more than 27 years of experience in the operations and maintenance of diesel power plants. He was the Assistant Operations Manager of Keppel Seghers Ulu Pandan NEWater Plant from January 2013 to July 2013 and Acting Deputy Plant Manager from July 2013 to December 2014.

Prior to joining Keppel Seghers, he was an Assets Manager with Keppel Energy, where he was involved in the testing, commissioning, maintenance as well as the smooth and safe

operations of a power barge in Brazil, Ecuador and the Philippines.

He holds a Diploma in Marine Engineering from Singapore Polytechnic.

Mr Chen Zhixuan
Operations Manager,
Senoko Waste-to-Energy Plant

Mr Chen Zhixuan supports Mr Lee Song Koi in ensuring the smooth operations of Senoko Waste-to-Energy plant.

Prior to joining Keppel Seghers, Mr Chen was an Engineer with the NEA.

He holds a Bachelor in Mechanical Engineering and a Master of Science in Environmental Engineering from Nanyang Technological University. He is also a Singapore Certified Energy Manager and a First Grade Steam Engineer.

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 41 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.

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 24 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 in Electrical and Electronics.

Ms Patricia Chiang
Assistant Manager,
Health, Safety and
Environment (HSE),
Senoko Waste-to-Energy Plant

Ms Patricia Chiang is responsible for the promotion of safety standards and practices at Senoko Waste-to-Energy Plant and its compliance to the Workplace Safety and Health (WSH) Act.

Prior to joining Keppel Seghers in August 2010, Ms Chiang was a Manager at the WSH Council of the Ministry of Manpower (MOM).

She holds a Bachelor of Engineering (Environmental Engineering) from the National University of Singapore and has been a certified WSH Officer of the MOM since 2011.

Keppel Infrastructure 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

Keppel Infrastructure Trust (KIT) actively engages its Sponsor, Keppel Infrastructure Holdings (KI), and its subsidiaries to ensure technical, Operations and Maintenance (O&M), as well as engineering support for smooth asset operations. KIT works closely with KI 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 have the capacity to treat close to half of Singapore's incinerable waste. In diverting waste away from landfill, incineration plants help mitigate greenhouse gas emissions as landfills release methane gas when organic waste decomposes. Modern incineration plants can reduce the volume of waste by as much as 90%, thus significantly increasing the lifespan of landfills. 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 fifth incineration plant built in Singapore and the first built under the Public-Private-Partnership initiative. It incorporates Keppel Seghers' in-house technologies such as the air-cooled grate and flue gas treatment (FGT) 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 commenced in September 2009, and 25 years commenced in October 2009 respectively. The majority of their operating cashflow is derived from capacity payments, which offer a stable source of income with little correlation to economic or population fluctuations.

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

**SENOKO WTE PLANT AND
KEPPEL SEGHERS TUAS
WTE PLANT**

During the review period, Senoko WTE Plant and Keppel Seghers Tuas WTE Plant have met all the required Performance and Customer Service Standards under their respective ISAs.

Senoko WTE Plant achieved Time Availability Factor exceeding the 71.7% (for the fifth contract year ended 31 August 2014) and 73.7% (for the sixth contract year) thresholds required to receive full Fixed Capacity Payments.

Keppel Seghers Tuas WTE Plant achieved Time Availability Factor above the 76.0% (fifth contract year ended 29 October 2014) and 75.9% (for the sixth contract year) thresholds required to receive full Fixed Capacity Payments.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant also met their other obligations under

the ISAs, 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 fifth contract year on 31 August 2014. The new TIC was 2,851 tonnes per day. Keppel Seghers Tuas WTE Plant completed its fifth contract year on 29 October 2014. The new TIC was 1,054 tonnes per day.

There were two instances where flue gas emissions did not meet required emission standards. Both situations were promptly addressed by the O&M contractor.

There was one Lost Time Incident (LTI) at Senoko WTE Plant while Keppel Seghers Tuas WTE Plant had no LTI during the reporting period. Accident Frequency Rates for both plants were better than the industry average.

01

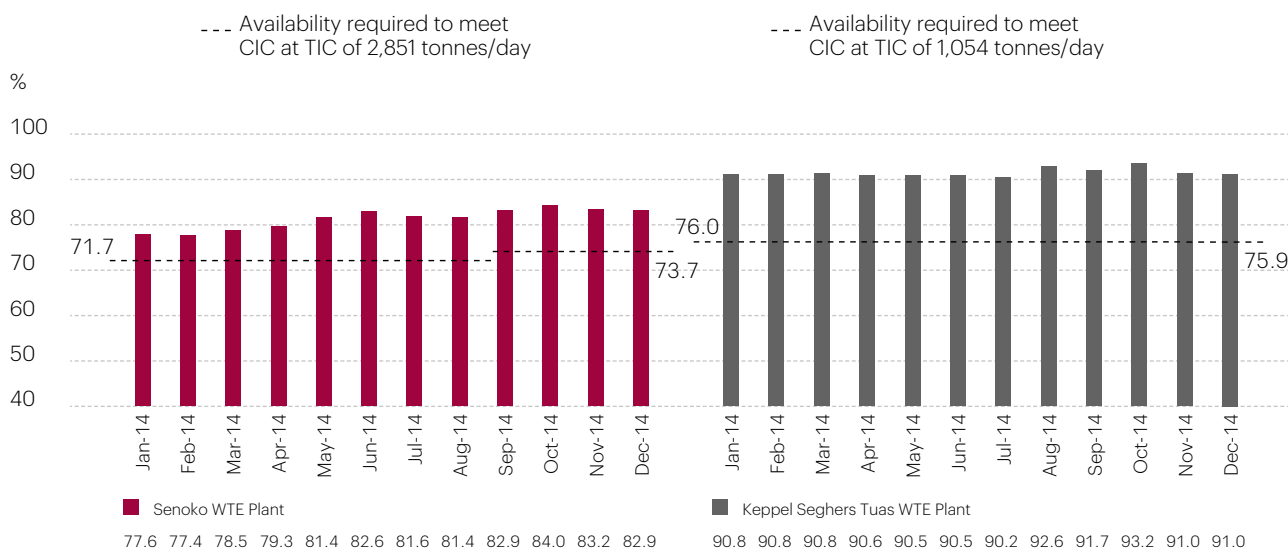
The 1 MWp solar photovoltaic system installed on the rooftops of the Keppel Seghers Ulu Pandan NEWater Plant reduces the plant's electricity intake from the grid, helping to lower the operating cost of the plant.

All the plants in KIT's portfolio met the required performance and customer service standards under their respective concession agreements in 2014.

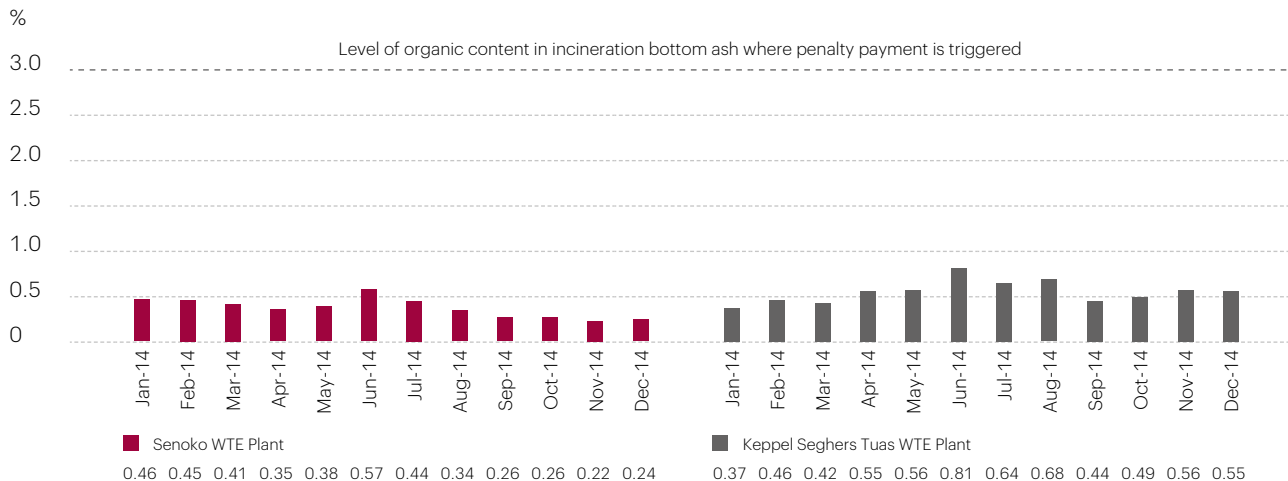


01

TIME AVAILABILITY FACTOR (12-Month Moving Average)



AVERAGE TOTAL ORGANIC CONTENT OF BOTTOM ASH



SENAKO WTE PLANT UPGRADE

Senoko Waste-to-Energy Pte Ltd, trustee of Senoko Trust, has entered into an agreement with the NEA to provide additional incineration services by upgrading the Senoko WTE Plant.

Senoko WTE Plant’s upgrading is currently planned to take place between 3Q 2015 and 3Q 2016 and will progressively increase the plant’s capacity to treat additional waste volumes.

Upon completion, the contracted incineration capacity of the plant will increase by up to 10% from 2,100 tonnes per day. The capacity payments from NEA will correspondingly be increased.

The upgrading works mainly involve modifications to the plant’s incineration units and the steam-condensate system, and will be carried out progressively

and scheduled with the planned annual maintenance of each incineration unit so as to maximise the overall operational availability of the plant during the upgrading period.

Ensuring close coordination with current O&M activities, Keppel Seghers Engineering Singapore, the O&M contractor for the plant, will design and build the upgrade.

KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

Keppel Seghers Ulu Pandan NEWater Plant received full Availability Payment in 2014 as the warranted capacity was kept greater than or equal to 148,000 m³ per day.

The plant also consistently achieved more than 98% plant availability in 2014 while fulfilling other requirements under the NWA, namely the Required Storage Level, quality specifications of NEWater and the residual waste produced.

NEWater demand in 2014 dipped slightly compared to the previous year due to other sources of water supply becoming available to PUB. Ulu Pandan Trust's cash earnings fluctuate with changes in power revenue received from PUB, which in turn responds to changes in electricity price. To mitigate the fluctuations in electricity price, the Trustee-Manager took measures to fix the price of electricity in 2014.

Keppel Seghers Ulu Pandan NEWater Plant had one LTI in 2014.

SOLAR PHOTOVOLTAIC SYSTEM AT KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

The 1 MWp (megawatt peak) solar photovoltaic (PV) power plant installed in February 2013 on the rooftops of Ulu Pandan NEWater Plant generated some 1,300 MWh (megawatt hours) of renewable energy in 2014. This helped to lower the carbon footprint of the plant and contributed to Singapore's national effort to reduce dependency on traditional sources of energy.

FINANCIAL REVIEW

Group revenue for the financial year ended 31 December 2014 was \$65.5 million. Excluding finance income, representing the accretion on service concession receivables in respect of the fixed capital cost and recovery components, O&M revenue was \$49.3 million, 1.4% lower compared to FY 2013. This was mainly due to lower production of NEWater and the lower power tariff arising from changes in fuel price. The O&M costs of \$36.7 million for FY 2014 was \$1.0 million higher than in FY 2013 as a result of higher output from the WTE plants and annual adjustment of O&M tariffs to account for changes in consumer price index (CPI).

Electricity costs of \$5.6 million for FY 2014 was 18.7% lower compared to FY 2013 due to lower production of NEWater, lower electricity prices and savings from the solar PV system that generates electricity for plant consumption. Trust expenses were higher compared to the previous financial year as higher project evaluation and due diligence expenses were incurred in connection with the proposed transactions.

Cash generated from operations of \$56.4 million for FY 2014 was derived from the Group's pre-tax profit of \$13.2 million, after adjusting for non-cash items and changes in working capital of \$43.2 million. After taking into account income taxes paid, net cash flow from operating activities was \$55.9 million for FY 2014 as compared to \$51.5 million in FY 2013.

For 2H 2014, KIT declared a distribution per unit (DPU) of 4.69 cents to its Unitholders. Together with the 3.13 cents paid earlier in the financial year, the full year distribution will be maintained at 7.82 cents, the same as in FY 2013.



01

When its planned upgrade is completed, the Senoko WTE plant will see its contracted incineration capacity increase by up to 10% from the current 2,100 tonnes per day.

Significant Events

2014

20 JANUARY

- K-Green Trust (KGT) announced distribution per unit (DPU) payable of 4.69 cents for the period from 1 July 2013 to 31 December 2013.

21 FEBRUARY

- KGT paid a DPU of 4.69 cents to Unitholders for the period from 1 July 2013 to 31 December 2013.

15 APRIL

- KGT received approval from its Unitholders to expand its investment mandate and change its name to Keppel Infrastructure Trust (KIT) to better represent the nature and scope of the infrastructure assets and businesses that the trust may acquire.

15 MAY

- Mr Khor Un-Hun was appointed Chief Executive Officer, taking over from Mr Thomas Pang.

1 JUNE

- Dr Ong Tiong Guan was appointed as a non-executive and non-independent director in place of Mr Teo Soon Hoe.

01

KGT received approval to expand its mandate and change its name to KIT at the EGM on 15 April 2014.

02

KIT proposed to acquire a 51% stake in Keppel Merlimau Cogen, which will form an integral part of the combination of KIT and CIT.

01



21 JULY

- KIT announced a DPU payable of 3.13 cents for the period from 1 January 2014 to 30 June 2014.

15 AUGUST

- KIT paid a DPU of 3.13 cents to Unitholders for the period from 1 January 2014 to 30 June 2014.

26 SEPTEMBER

- Senoko Waste-to-Energy Pte. Ltd., trustee of Senoko Trust, has entered into an agreement with the National Environment Agency to provide additional incineration services by upgrading the Senoko Waste-to-Energy Plant.

18 NOVEMBER

- KIT proposed to acquire 51% of Keppel Merlimau Cogen Pte. Ltd. and also proposed to combine with CitySpring Infrastructure Trust (CIT).

02

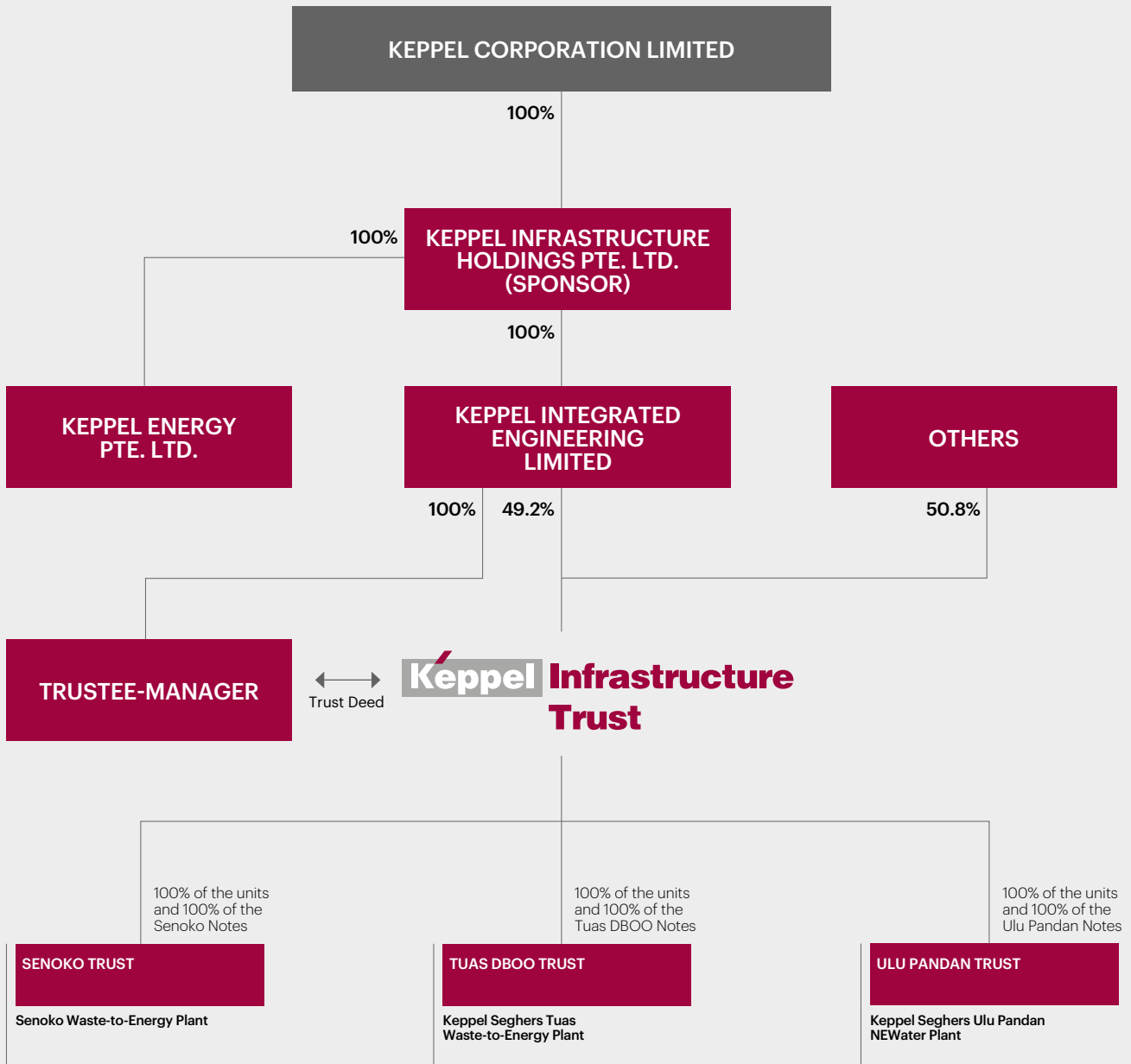


2015

19 JANUARY

- KIT announced DPU payable of 4.69 cents for the period from 1 July 2014 to 31 December 2014.

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 DBOO Trustee), 100% of the units in the Tuas DBOO Trust and 100% of the Tuas DBOO Notes; and (iii) 100% of the issued share capital in 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 Keppel Infrastructure Trust.
- ² The Senoko Trustee, the Tuas DBOO 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 2014.

Corporate Governance

The Board and management of Keppel Infrastructure Fund Management Pte Ltd, as the Trustee-Manager of Keppel Infrastructure Trust (KIT), 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 KIT (Unitholders).

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

In addition, the Trustee-Manager adopts the Code of Corporate Governance 2012¹ (the 2012 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 2012 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 KIT, 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 KIT'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 KIT, 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 and effectiveness 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 KIT.

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 Audit Committee, the Nominating Committee and the Remuneration Committee had been amended following the issuance of the 2012 Code and were disclosed in the appendix to the corporate governance report for FY 2012 and are also disclosed in the Appendix to this report at pages 35 to 37.

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

The Trustee-Manager's Articles of Association permit Board meetings

BOARD AND BOARD COMMITTEE MEETINGS FOR FY 2014:

	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings	Conflicts Resolution Committee Meetings	Non-Executive Directors Meeting (without presence of management)
Khor Poh Hwa	6	-	1	-	-	1
Alan Ow Soon Sian	6	5	1	-	-	1
Paul Ma Kah Woh	6	5	1	-	2	1
Quek Soo Hoon	6	5	-	2	2	1
Thio Shen Yi	6	-	-	2	2	1
Ong Tiong Guan ²	4 out of 4	-	-	1 out of 1	-	0 out of 0
Tan Boon Leng	5	-	-	-	-	0
Teo Soon Hoe ³	1 out of 2	-	-	1 out of 1	-	1
No. of Meetings Held in FY 2014	6	5	1	2	2	1

¹ The Code of Corporate Governance 2012 issued by the Monetary Authority of Singapore on 2 May 2012.

² Dr Ong Tiong Guan was appointed as a non-independent non-executive Director with effect from 1 June 2014.

³ Mr Teo Soon Hoe resigned as non-independent non-executive Director with effect from 1 June 2014.

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
Ong Tiong Guan	Non-Executive and Non-Independent	-	-	Member	-
Tan Boon Leng	Non-Executive and Non-Independent	-	-	-	-

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 2014 between 1 January 2014 and 31 December 2014, as well as the attendance of each Board member at these meetings, are disclosed in the tables on pages 20 and 21.

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 management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as directors. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on KIT and its disclosure obligations, the Directors are briefed

either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act 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. In FY 2014, some Directors attended talks and forums on topics relating to personal data protection, corporate governance, leadership in the boardroom, finance and accounting standards, economic outlook and long term trends, among others.

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-independent non-executive 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 KIT), 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 Infrastructure Holdings Pte. Ltd. (KI) which is in turn wholly-owned by Keppel Corporation Limited (Keppel Corporation). On 1 May 2013, Keppel Corporation announced a strategic exercise pursuant to which Keppel Energy Pte. Ltd. and KIE were reorganised under KI with effect from 2 May 2013. As part of the reorganisation, the Trustee-Manager became a wholly-owned subsidiary of KI. Keppel Corporation and its related and associated companies have extensive business activities in offshore and marine, infrastructure, property sectors and investments. Temasek Holdings (Private) Limited (Temasek), by virtue of their interest in Keppel Corporation, is deemed a substantial shareholder of the Trustee-Manager.

Taking into account the views of the Nominating Committee, the Board has determined that:

- (a) Mr Khor Poh Hwa is not considered to be independent from Keppel Corporation. Mr Khor is a director of a number of subsidiaries of Keppel Corporation. 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 M1 Limited, 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 KIT. Mr Ow's participation in the Board will benefit KIT given his expertise.

Mr Ow will abstain from the Board's decisions in relation to any matter which involves M1 Limited in which he is an independent director.

- (c) although Mr Paul Ma Kah Woh is not considered to be independent from Temasek according to the definition in the BTR, nonetheless, the Board determined that Mr Ma is independent from Temasek 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 Ma is an independent director of Mapletree Investments Pte Ltd, Nucleus Connect Pte Ltd and non-executive Chairman of Mapletree Logistics Trust Management Ltd, which are subsidiaries of Temasek, which is deemed a substantial shareholder of the Trustee-Manager. According to the BTR, Mr Ma is connected to Temasek. After review, the Board is satisfied that the connection to Temasek will not interfere with Mr Ma'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 Ma has shown independent judgment in his deliberation of the interests of KIT. Mr Ma's participation in the Board will benefit KIT given his expertise. Mr Ma will abstain from the Board's decisions in relation to any matter which involves Mapletree

Investments Pte Ltd, Mapletree Logistics Trust Management Ltd and Nucleus Connect Pte Ltd.

- (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 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 to the Trustee-Manager, has shown independent judgment in her deliberation of the interests of KIT. Ms Quek's participation in the Board will benefit KIT 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) Mr Thio Shen Yi is independent from management and business relationships with the Trustee-Manager and independent from Keppel Corporation and Temasek.
- (f) Dr Ong Tiong Guan is not considered to be independent from Keppel Corporation. Dr Ong is the Chief Executive Officer and a Director of Keppel Infrastructure Holdings Pte. Ltd. and a director of several other companies within the Keppel Group, including Keppel Energy Pte Ltd, Keppel Electric Pte Ltd, Keppel Merlimau Cogen Pte Ltd and Keppel Gas Pte Ltd.
- (g) Mr Tan Boon Leng is not considered to be independent from Keppel Corporation. Mr Tan Boon Leng is Executive Director, X-to-Energy of KI and a director of several other companies within the Keppel Group, including Keppel Energy Ventures Pte. Ltd. and Keppel DHCS Pte. Ltd..

The Board, in concurrence with the Nominating Committee is of the view the present size of the Board of 7 members is appropriate. This is

considering the nature, scope and requirements of KIT's businesses and the need to avoid disruptions from changes to the composition of the Board and Board committees.

The Board now comprise 7 directors, the majority of whom 4 are independent. No individual or small group of individuals dominate the Board's decision making.

The nature of the Directors' appointments on the Board and details of their membership on Board Committees are set out on page 21 herein.

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 KIT's businesses and affairs and are knowledgeable about the industry in which the businesses operate. For FY 2014, 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 between the leadership of the Board and the executives responsible for managing the company's business

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 Chairman and CEO are already separate persons, independent Directors currently comprise a majority of the Board, and the various Board committees are chaired by and comprise a majority of independent Directors. In view of the foregoing, the Board has considered that it is not necessary, for the time being, to appoint a lead independent director.

The CEO is responsible for working with the Board to determine the strategy for KIT. The CEO also works with other members of the Trustee-Manager's management team to ensure that KIT is operated in accordance with the stated investment strategy of the Trustee-Manager. He is also responsible for the

strategic planning and development of KIT.

The clear separation of roles of the Chairman and the CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberation on the business activities of KIT.

BOARD MEMBERSHIP

Principle 4

Formal and transparent process for the appointment and re-appointment of 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 currently 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 36 of the Appendix hereto.

PROCESS FOR APPOINTMENT AND RE-APPOINTMENT OF 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, and the re-appointment of Directors, is in place.

The NC leads the process and makes recommendations to the Board as follows:

- (a) the NC reviews the balance of skills, knowledge and experience on the Board and the size of the Board which would facilitate decision making, in the light of such review and evaluation and in consultation with management, the NC assesses if there is any inadequate representation in

respect of any of those attributes and if so, determines the role and the desirable competencies for a particular appointment;

- (b) 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;
- (c) 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;
- (d) the NC is charged with the responsibility of re-nomination having regard to the Director's contribution and performance; and
- (e) the NC makes recommendations to the Board for approval.

The Nominating Committee is satisfied that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge for KIT. The Directors also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge which are required for the Board and the Board committees to be effective.

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 mindedness
- (3) diversity – possess core competencies that meet the current needs of KIT and the Trustee-Manager and complement the skills and competencies of the existing Directors on the Board

- (4) able to commit time and effort to carry out duties and responsibilities effectively – proposed Director does not have more than six listed company board representations and/or other principal commitments
- (5) track record of making good decisions
- (6) experience in high-performing corporations or infrastructure funds
- (7) business acumen and financial literacy

ANNUAL REVIEW OF DIRECTORS' INDEPENDENCE

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.

Please refer to pages 21 to 23 herein on the basis of the NC's determination as to whether a Director should or should not be deemed independent.

ANNUAL REVIEW OF DIRECTORS' TIME COMMITMENTS

The NC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and/or have other principal commitments. As a guide, Directors should not have in aggregate more than six listed company board representations and/or other principal commitments.

The NC determines annually whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director. The NC takes into account the results of the assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination. The NC was satisfied that in FY 2014, where a Director had other listed company board

representations and/or other principal commitments, the Director was able and had been adequately carrying out his duties as a Director.

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

Pages 6 to 9: 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 46: unitholding in KIT as at 21 January 2015.

BOARD PERFORMANCE

Principle 5

Formal assessment of the effectiveness of the Board and Board Committees 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 and its Board committees, the contribution of the Chairman and each individual Director to the effectiveness of the Board.

To ensure that assessments are done promptly and fairly, the Board appointed an independent coordinator (Independent Coordinator) to assist the NC and the Board in collating and analysing the returns of the Board members.

Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Nelson Tan does not have any business relationships or any other connections with KIT or any of the Directors which may affect his independent judgment.

The evaluation of the Board and of the individual Directors for FY 2014 was carried out by the Independent Coordinator in the last quarter of 2014 and presented to the Board in January 2015.

The evaluation processes are disclosed on page 38 of the Appendix to this report.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him to discharge his duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual director assessment exercise allowed for peer review with a view 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 on-going 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 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 KIT'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 KIT 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 board committees, and between 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

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8

The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company. The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company

Principle 9

There should be clear disclosure of 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 pages 36 and 37 of the Appendix hereto. The RC currently comprises entirely non-executive directors, two out of three of whom (including the Chairman) are independent, namely:

Mr Thio Shen Yi	Independent Chairman
Dr Ong Tiong Guan	Non- Independent Member
Ms Quek Soo Hoon	Independent Member

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 key management personnel. 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 management personnel of the Trustee-Manager, without being excessive, and thereby maximise Unitholders' 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, grant of shares and benefits in kind) and the specific remuneration packages for each Director and the CEO. The RC also reviews the remuneration of the key management personnel of the Trustee-Manager. In addition, the RC reviews the Trustee-Manager's obligations arising in the event of termination of key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

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

ANNUAL REMUNERATION REPORT

Although the 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 KIT, the Trustee-Manager is disclosing the following information on the remuneration of its Directors and key management personnel.

POLICY IN RESPECT OF NON-EXECUTIVE 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 has any service contracts with the Trustee-Manager.

REMUNERATION POLICY IN RESPECT OF CEO AND KEY MANAGEMENT PERSONNEL

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

The compensation structure is directly linked to corporate and individual performance, both in terms of financial and non-financial performance. There are four scorecard areas identified as key to measuring performance – (a) Commercial/Financial; (b) Customers; (c) Process; and (d) People. The four scorecard areas have been chosen because they support how the Trustee-Manager achieves its strategic objectives.

The framework in FY 2014 for determining the Directors' fees is shown in the table below:

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

In addition to the framework of Directors' fees set out at page 27, the Chairman of the Board and each Director of the Board of Directors also received a special remuneration of \$10,000 and \$5,000 respectively, in recognition of the additional work done by the Board members in relation to the proposed combination of KIT and CitySpring Infrastructure Trust for the financial year ended 31 December 2014.

The total remuneration mix comprises three key components; that is, annual fixed cash, annual performance incentive, and the Keppel Corporation Limited ("KCL") Share Plan. The annual fixed cash 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 KIT. This allows the Trustee-Manager to better align executive compensation towards Unitholders' value creation. The KCL Share Plan is in the form of KCL Restricted Share Plan.

The compensation structure is designed such that to stay competitive and relevant, the Trustee-Manager benchmarks the annual fixed salaries of key management personnel at the target market level with the variable compensation being strictly performance-driven.

The RC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or of misconduct resulting in restatement of financial statements or of misconduct resulting in financial loss to KIT.

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL FOR THE YEAR ENDED 31 DECEMBER 2014

The level and mix of each of the Directors' remuneration, and that of the CEO and each of the key management personnel (who are not also Directors) in bands of \$250,000

for the year ended 31 December 2014 are set out at page 29.

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 \$50,000 during FY 2014. "Immediate family member" means the spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT

Principle 10

The Board should present a balanced and understandable assessment of the company's performance, position and prospects

Principle 12

Establishment of Audit Committee with written terms of reference

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

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

Management provides all members of the Board with management accounts which present a balanced and understandable assessment of KIT's performance, position and prospects on a periodic basis and as the Board may require from time to time. Such reports 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 currently comprises three independent non-executive Directors:

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

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 a sound system of internal controls.

The AC's terms of reference are set out on pages 35 and 36 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 a review of the financial statements of KIT before the announcement of KIT'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

LEVEL AND MIX OF REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

Remuneration & Names of Directors	Base/Fixed Salary (\$)	Variable or Performance-Related Income/Bonuses (\$)	Directors' Fees (\$)	Benefits-in-Kind (\$)	Contingent awards of shares (\$)	Total Remuneration (\$)
Khor Poh Hwa	-	-	54,000	-	-	54,000
Alan Ow Soon Sian	-	-	46,000	-	-	46,000
Paul Ma Kah Woh	-	-	50,000	-	-	50,000
Quek Soo Hoon	-	-	50,000	-	-	50,000
Thio Shen Yi	-	-	42,000	-	-	42,000
Ong Tiong Guan ¹	-	-	19,934	-	-	19,934
Tan Boon Leng	-	-	30,000	-	-	30,000
Teo Soon Hoe ²	-	-	14,066	-	-	14,066

¹ Dr Ong Tiong Guan was appointed as a non-independent non-executive Director with effect from 1 June 2014. His director's fees are pro-rated.

² Mr Teo Soon Hoe resigned as non-independent non-executive Director with effect from 1 June 2014. His director's fees are pro-rated.

The total remuneration paid to the CEO and key management personnel (who are not also Directors) in FY 2014 was \$1,828,903. The level and mix of the CEO and key management personnel (who are not also Directors) in bands of \$250,000 are set out below:

Remuneration Band & Names of CEO and Key Management Personnel	Base/Fixed Salary	Performance-Related Bonuses Earned (including EVA ² and non-EVA Bonuses)		Benefits in-Kind	Contingent awards of shares ¹
		Paid	Deferred & at risk		RSP
Above \$250,000 to \$500,000					
Khor Un-Hun ⁴	42%	22%	36%	n.m. ³	-
Thomas Pang ⁵	29%	16%	1%	n.m. ³	54%
Foo Chih Chi	43%	27%	14%	n.m. ³	16%
Chua Lionel	61%	24%	-	n.m. ³	15%
Below \$250,000					
Koh Hee Song	92%	8%	-	n.m. ³	-
Liew Yuen Cheng	64%	16%	-	n.m. ³	20%

¹ Based on Keppel Corporation Limited Restricted Share Plan (KCL RSP) granted on 31 March 2014. Shares awarded under the KCL RSP are subject to pre-determined performance targets set over a one-year performance period. As at 31 March 2014, the estimated fair value of each share granted in respect of the contingent awards under the KCL RSP was \$10.31.

² "EVA" means Economic Value Added.

³ "n.m." means not material.

⁴ Mr Khor Un-Hun was appointed as Chief Executive Officer of the Trustee-Manager with effect from 15 May 2014. His total remuneration is pro-rated.

⁵ Mr Thomas Pang relinquished his role as Chief Executive Officer of the Trustee-Manager on 15 May 2014 before being appointed as Chief Executive Officer of Keppel Telecommunications & Transportation Ltd ("KTT") on the same day. The pay component (fixed salary and performance-related bonus) reflected above are pro-rated from 1 January 2014 to 14 May 2014.

policies and any significant changes made that would have had a material impact on the financial statements. Changes to accounting standards and issues which have a direct impact on the financial statements were reported to the AC by the Trustee-Manager and highlighted by the external auditors in their report to the AC. In addition, the AC members were also invited to the annual finance conference hosted by Keppel Corporation's Group Control & Accounts where relevant changes to accounting standards that will impact the Keppel Group of companies were discussed with accounting practitioners from one of the "Big Four" accounting firms.

The AC also reviewed and approved both the internal auditors' and external auditors' plans to ensure that the plans covered sufficiently in terms of audit scope in reviewing the significant internal controls of KIT and the Trustee-Manager. Such significant controls comprise financial, operational, compliance and information technology controls, and risk management. All audit findings and recommendations put up by the internal and the external auditors, were presented and discussed at the AC meetings.

In addition, the AC undertook a review of the independence and objectivity of the external auditors through discussions with and representations from the external auditors as well as a review of the non-audit services performed and the non-audit fees paid to them, and concluded that the non-audit services performed by the external auditors would not affect their independence.

The aggregate audit fees payable to the external auditors, broken down into audit services and non-audit services paid or payable for FY 2014 have been disclosed at page 68.

KIT has complied with Rule 712, and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to its auditing firms.

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, and was satisfied that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

To facilitate the management of incidences of alleged fraud or other misconduct, the AC is guided by a set of guidelines to ensure proper conduct of investigations and appropriate closure actions following completion of the investigations, including administrative, disciplinary, civil and/or criminal actions, and remediation of control weaknesses that perpetrated the fraud or misconduct so as to prevent a recurrence. At each quarterly meeting, the AC will review any reported case filed under the Whistle-Blower Protection Policy to ensure proper and timely follow-up. The details of the Whistle-Blower Protection Policy are set out on pages 38 to 39 hereto.

On a quarterly basis, management reported to the AC the interested person transactions ("IPTs") in accordance with KIT's Unitholders' Mandate for IPTs. The IPTs were reviewed by the internal auditors. All findings were reported during the AC meetings.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11

Sound system of risk management and internal controls

The Board of Directors, supported by the AC, oversees the Trustee-Manager's system of internal controls and risk management.

The AC assists the Board in the effective discharge of its responsibilities in ensuring that KIT and the Trustee-Manager maintain a sound system of risk management and internal

controls to safeguard KIT's assets and Unitholders' interests. The AC reviews and guides the Trustee-Manager in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, and ensures that the Trustee-Manager has put in place internal control policies and procedures in areas such as financial, operational, compliance and information technology controls, and risk management.

Recognising and managing risk is central to the business of KIT and to protecting Unitholders' interests and value. The Trustee-Manager has appointed an experienced and well-qualified Operation and Maintenance (O&M) contractor to handle its day-to-day operations.

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

The Board met 4 times in 2014 to review the financial performance of KIT. During the year, the Board also discussed the key business risks in KIT and the risk management policies and procedures that management had put in place.

In assessing business risks, the Board takes into consideration the economic environment, the risks relevant to the infrastructure industry, the risks particular to KIT and the procedures put in place by the O&M contractor. The Trustee-Manager has implemented a systematic risk

assessment process to identify business risks and mitigating actions.

In addition, the Trustee-Manager has adopted the Keppel's System of Management Controls Framework (the "Framework") outlining its internal control and risk management processes and procedures. The Framework comprises three lines of Defence ("LoD") towards ensuring the adequacy and effectiveness of the Trustee-Manager's system of internal controls and risk management.

Under the first LoD, the Trustee-Manager is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to KIT's business scope and environment. Such policies and procedures govern financial, operational, information technology and compliance matters and are reviewed and updated periodically. Employees are also guided by the Keppel Group's Core Values and expected to comply strictly with the Employee Code of Conduct.

Under the second LoD, the Trustee-Manager conducted an annual self-assessment exercise to assess the status of the internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified weaknesses. Through the Enterprise Risk Management Framework, significant risks areas were identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Fraud risk management processes include mandatory conflict of interest declaration by employees in high-risk positions and the implementation of policies such as the Whistle-Blower Protection Policy and Employee Code of Conduct to establish a clear tone at the top with regard to employees' business and ethical conduct.

Under the third LoD, assurances are sought from the internal and external auditors based on their independent assessments.

The Board has also received assurance from the CEO and CFO that, amongst others:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of KIT's operations and finances;
- (b) the internal controls are adequate and effective to address the financial, operational, compliance and information technology risks which the Trustee-Manager considers relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and
- (c) they are satisfied with the adequacy and effectiveness of the Trustee-Manager's risk management system.

For FY 2014, based on the Trustee-Manager's framework of management control, the internal control policies and procedures established and maintained by the Trustee-Manager, the operational risk management procedures put in place by the O&M contractor, and the regular audits, monitoring and reviews performed by the internal and external auditors, and representations from management, the Board, with the concurrence of the AC, is of the opinion that, the internal controls to address the financial, operational, compliance risks and information technology controls, and risk management systems which the Trustee-Manager considers relevant and material to its current business scope and environment, are adequate and effective.

The system of internal controls and risk management established by the Trustee-Manager provides reasonable, but not absolute, assurance that the Trustee-Manager

will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

Principle 13

Effective and independent internal audit function that is adequately resourced

The role of Group Internal Audit is to assist the AC to ensure that KIT 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 and experienced executives, Group Internal Audit has unrestricted direct access to the AC and unfettered access to all documents, records, properties and personnel. 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 (International Standards) set by the IIA. These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every 5 years by qualified professionals, with the last assessment conducted in 2011 and the results reaffirmed that the

internal audit activity conforms to the International Standards.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance and information technology 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. To ensure timely and adequate closure of audit findings, the status of implementation of the actions agreed by management is tracked and discussed with the AC.

The AC reviewed and is satisfied that Group Internal Audit is adequately resourced to perform its functions and has appropriate standing within KIT and the Trustee-Manager.

COMMUNICATION WITH UNITHOLDERS

Principle 14

Fair and equitable treatment of unitholders and protection of unitholders' rights

Principle 15

Regular, effective and fair communication with Unitholders

Principle 16

Greater unitholder participation at 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.

KIT has in place an Investor Relations Policy which sets out the principles and practices that KIT applies in order to provide Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field.

The Investor Relations Policy is published on KIT's website at www.kepinfratrust.com.

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.

The Trustee-Manager keeps equity research analysts apprised of corporate developments through conference calls and via emails following KIT's results announcements to encourage and facilitate research coverage.

The Trustee-Manager also holds investor meetings and site visits to introduce and explain KIT's businesses to the investment community.

The Trustee-Manager ensures that Unitholders have the opportunity to participate effectively and vote at Unitholders' meeting. Unitholders are informed of Unitholders' meetings through notices published in the newspapers and via SGXnet, and reports 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. Unitholders are also informed of the rules, including voting procedures, governing such meetings. 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. To ensure transparency, the Trustee-Manager conducts electronic poll voting for unitholders/proxies present at the meeting for all the

resolutions proposed at the general meeting. Votes cast for and against and the respective percentages, on each resolution will be displayed 'live' to Unitholders/proxies immediately after each poll conducted. The total number of votes cast for or against the resolutions and the respective percentages are also announced in a timely manner after the general meeting via SGXnet.

The Chairman of the Board and each Board committee is required to be present to address questions at general meetings of Unitholders. 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 issued a formal insider trading policy on dealings in the securities of KIT to its directors and officers, setting out the implications of insider trading and guidance on such dealings. In compliance with Rule 1207(19) of 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 KIT one month before the release of the full-year results and two weeks before the release of

quarterly results, and if they are in possession of unpublished price-sensitive information.

CONFLICTS OF INTERESTS

GENERAL

The Board has formed a Conflicts Resolution Committee (CRC), consisting entirely of independent Directors:

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

The CRC's primary role is to review conflicts or potential conflicts of interest that may arise from time to time in the course of KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual). The CRC's terms of reference are set out at page 37 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 either abstain from participating in the deliberations of the Board on the transaction, or abstain from voting in the transaction, or both;
- (d) The CRC will monitor the implementation by the Trustee-Manager of the measures imposed by the CRC in order to resolve or mitigate the Potential Conflict of Interest; and
- (e) The obligation on the Director 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.

On 1 May 2013, Keppel Corporation announced a strategic exercise pursuant to which Keppel Energy Pte. Ltd. and KIE were reorganised under KI with effect from 2 May 2013. As part of the reorganisation, the Trustee-Manager became a wholly-owned subsidiary of KI.

The CRC and the framework will be in place for so long as (i) the Trustee-Manager remains as the Trustee-Manager of KIT and (ii) KI, 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 38 of the Appendix hereto.

INTERESTED PERSON TRANSACTIONS TRANSACTED FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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) (\$'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) (\$'000)
Keppel Corporation Group		
General Transactions	-	64,089
Treasury Transactions	-	49,112
Total	-	113,201

SPECIFIC POTENTIAL CONFLICT OF INTEREST

There may be potential conflict of interests between KIT, KI and other KI Group Entities (ie. a subsidiary entity, trust or undertaking of KI (including 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 unless expressly invited to by 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 KIT which Keppel Corporation, KI 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, KI 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 KIT with an interested party of the Trustee-Manager, the Trustee-Manager shall consult with a reputable law firm for legal advice on the matter. For example, if there is a breach of an O&M Agreement, the Trustee-Manager will be required to consult a reputable law firm for legal advice on the matter.

DISCLOSURE OF CONFLICTS OR POTENTIAL CONFLICTS OF INTEREST

During the year, the CRC met to review conflicts or potential conflicts of interest in the course of KIT's business or operations between (i) KIT and any (ii) director or officer of the Trustee-Manager,

controlling Unitholder, or controlling shareholder of the Trustee-Manager.

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

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

On 15 April 2014, the Trustee-Manager obtained a general mandate from KIT's Unitholders pursuant to Chapter 9 of the Listing Manual (Unitholders' Mandate) to enable KIT, a subsidiary of KIT or an associated company of KIT (collectively the "Entities at Risk" or "EAR Group"), as the term is used in the Listing Manual, in the ordinary course of their business, to enter into the Mandated Transactions with the Mandated Interested Persons (as respectively defined in the Appendix to the Notice of Annual General Meeting dated 24 March 2014) which are necessary for the day-to-day operations of KIT, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of KIT 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 KIT's interested persons, it would be advantageous to KIT to renew the above Unitholders' Mandate and the Trustee-Manager will seek Unitholders' approval for the same during the forthcoming Annual General Meeting.

The interested person transactions transacted for the period 1 January 2014 to 31 December 2014 by KIT are as shown in the table on page 34.

MATERIAL CONTRACTS

For the financial period between 1 January 2014 to 31 December 2014, there was no material contract that was not in the ordinary course of business, entered into by KIT or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Unitholder.

STATEMENT OF POLICIES AND PRACTICES

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

- (a) the trust property of KIT is properly accounted for and trust property is kept distinct from the property of the Trustee-Manager in its own capacity. The Trustee-Manager maintains different bank accounts in its personal capacity and in its capacity as the Trustee-Manager of KIT.
- (b) the Board reviews and approves all investments and acquisitions by KIT in accordance with the business objectives and investment scope as set out in KIT's trust deed.
- (c) the Board has set up the CRC, consisting entirely of independent Directors, to deal with conflicts or potential conflicts of interest between KIT and the Trustee-Manager. The details of the measures taken are as set out at pages 37 and 38.
- (d) 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 KIT and its minority Unitholders. The internal auditors carry out a review of interested person transactions and submit 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 between 1 January 2014 and 31 December 2014 have been set out on page 34.
- (e) the Trustee-Manager has adopted a Whistle-Blower Protection Policy, an Employee Code of Conduct, a Code of Practice on Safeguarding Information and an Insider Trading Policy which reflects the management commitment to conduct its business within a framework that fosters the highest ethical and legal standards.
- (f) the expense and cost allocations (if any) payable to the Trustee-Manager in its capacity as Trustee-Manager of KIT out of the trust property of KIT are reviewed and approved by the Board, to ensure that the fees and expenses charged to KIT are appropriate and in accordance with the KIT trust deed. The fees and expenses paid to the Trustee-Manager relate to Management Fees and Performance Fees disclosed at page 65.
- (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) Review and report to the Board at least annually the adequacy and effectiveness of the Trustee-Manager's internal control system, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties);
- (2) Perform a review of Keppel Infrastructure Trust's (KIT) financial statements and announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for assurance of the integrity of such statements and announcements;
- (3) Review audit plans and reports of the external and internal auditors, and consider the effectiveness of actions or policies taken by management on the recommendations and observations;
- (4) Monitor the procedures established to regulate interested person transactions, including reviewing any interested person transactions entered into from time to time and ensuring compliance with applicable legislation and the relevant provisions of the Listing Manual (this review will exclude conflicts of interest, which are dealt with by the Conflicts Resolution Committee);
- (5) Monitor the implementation of the foreign exchange hedging policy approved by the Board as well as review and recommend to the Board all other hedging policies and instruments before implementation by KIT;
- (6) Review the independence and objectivity of the external and internal auditors annually and as part of the review of independence, to review the nature and extent of non-audit

- services performed by the external auditors;
- (7) Meet with external and internal auditors, without the presence of Management, at least annually;
 - (8) Review the adequacy and effectiveness of the Trustee-Manager's internal audit function, at least annually;
 - (9) Review and ensure at least annually that the internal audit function is adequately resourced and has appropriate standing within the Trustee-Manager;
 - (10) Approve the hiring, removal, evaluation and compensation of the accounting/auditing firm or corporation to which the internal audit function is outsourced;
 - (11) Recommend to the Board on the proposal to the Unitholders on the appointment, re-appointment and removal of the external auditor;
 - (12) Approve the remuneration of the external auditor;
 - (13) Investigate any matters within the Audit Committee's terms of reference, whenever it deems necessary;
 - (14) Obtain, at the Trustee-Manager's or KIT's expense, external professional advice on any matter within its terms of reference;
 - (15) Report to the Board on material matters, findings and recommendations;
 - (16) Review the policy and arrangements (such as whistle-blowing policy) by which staff of the company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.
 - (17) 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;
 - (18) 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 Trustee-Manager's Board and KIT's subsidiaries.
 - (2) Re-nomination for re-election of the Directors on the Trustee-Manager's Board and Keppel Infrastructure Trust'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 and conduct an annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
 - (4) Determine annually whether or not a Director of the Trustee-Manager is independent in the manner provided in the Business Trust Regulations. In this connection, the Nominating Committee should conduct particularly rigorous review of the independence of any director who has served on the Board beyond nine years from the date of his first appointment.
 - (5) Ensure that the Board of the Trustee-Manager comprises:
 - (a) at least a majority of the Directors who shall be independent from management and business relationships with the Trustee-Manager;
 - (b) at least one-third of the Directors who shall be independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
 - (c) at least a majority of the Directors who shall be independent from any single substantial shareholder of the Trustee-Manager.
 - (6) Decide, where a Director has other listed company board representation and/or other principal commitments, whether the Director is able to and has been adequately carrying out his duties as Director of the Trustee-Manager.
 - (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 the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the Chief Executive Officer).
 - (9) Review talent development plans.
 - (10) Review the training and professional development programs for Board members.
 - (11) Report to the Board on material matters and recommendations.
 - (12) Review the Nominating Committee's terms of reference annually and recommend any proposed changes to the Board.
 - (13) Perform such other functions as the Board may determine.
 - (14) 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.
- 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) Review and recommend to the Board a framework of

remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.

- (2) Review the Trustee-Manager's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- (3) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).
- (4) Report to the Board on material matters and recommendations.
- (5) Review the Remuneration Committee's terms of reference annually and recommend any proposed changes to the Board.
- (6) Perform such other functions as the Board may determine.
- (7) 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, award of shares 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 KIT's business or operations between (i) KIT and (ii) any Director or officer of the Trustee-Manager, any controlling Unitholder (as defined in the Listing Manual), or any controlling shareholder of the Trustee-Manager (as defined in the Listing Manual);

- (2) Consider declarations made by a Director and/or officer of the Trustee-Manager when they declare a potential conflict of interest, identify conflict or potential conflict of interest issues and then assess and evaluate its nature and extent;
- (3) Develop and implement one or more appropriate measures with the aim of controlling, avoiding or mitigating such conflict or potential conflict (including, where material, disclosure of such measures to Unitholders at the appropriate time);
- (4) Monitor the implementation by the Trustee-Manager of the measures imposed by the Conflicts Resolution Committee in order to resolve or mitigate conflict or potential conflict of interest;
- (5) Periodically review the framework to resolve conflict or potential conflict of interest and ascertain how it has worked out in practice and, where appropriate, to consider and implement further measures to fine-tune the framework so as to make it better suited to the potential conflict issues that the Trustee-Manager may face, including procedures to ensure that no controlling Unitholder or controlling shareholder of the Trustee-Manager would be able to influence the evaluation of potential acquisitions or disposals in a manner contrary to the interests of Unitholders as a whole; and
- (6) Where appropriate, appoint an independent adviser to advise on and recommend procedures to resolve or mitigate such conflict or potential conflict of interests, so as to enable the Conflicts Resolution Committee to discharge its duties to the Unitholders.

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

**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. The Board may nonetheless invite such an interested director, on a case by case basis, particularly where he has the relevant expertise in the subject matter of the transaction, to attend Board meetings and discussions to assist the Board in its deliberation of the transaction, and in such event, the Board should excuse the interested director who is also a counterparty from deliberations which involves sensitive information of the transaction.
- (4) It is acknowledged that a Director has a right to information but the decision whether to disclose such sensitive information (for instance, where the transaction is that of a competitive bid between

interested persons) must be made in the best interests of KIT and this is to be decided on a case-by-case basis. Management should consult the 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. Based on the returns of each Director, the Independent Coordinator prepares a consolidated report to brief the Chairman of the Nominating Committee and the Board Chairman on the report. The Independent Coordinator will thereafter present the report to the Board for discussion on the changes which should be made to help the Board discharge its duties more effectively.

**WHISTLE-BLOWER
PROTECTION POLICY
WHISTLE-BLOWER
PROTECTION POLICY**

The Whistle-Blower Protection Policy (the "Policy") took effect on 1 February 2011 to encourage reporting in good faith of suspected Reportable Conduct (as defined below) by establishing clearly defined processes through which such reports may be made with confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal.

Reportable Conduct refers to any act or omission by an employee of the Group or contract worker appointed by a company within the Group, which occurred in the course of his or her work (whether or not the act is within the scope of his or her employment) which in the view of a Whistle Blower acting in good faith, is:

- (a) dishonest, including but not limited to theft or misuse of resources within the Group;
- (b) fraudulent;
- (c) corrupt;
- (d) illegal;
- (e) other serious improper conduct;
- (f) an unsafe work practice; or
- (g) any other conduct which may cause financial or non-financial loss to the Group or damage to the Group's reputation.

A person who files a report or provides evidence which he knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he subjects (i) a person who has made or intends to make a report in accordance with the Policy; or (ii) a person who was called or may be called as a witness, to any form of reprisal which would not have occurred if he did not intend to, or had not made the report or be a witness.

The Head of Group Internal Audit is the Receiving Officer for the purposes of the Policy and is responsible for the administration, implementation and overseeing ongoing compliance with the Policy. She reports directly to the AC Chairman on all matters arising under the Policy.

REPORTING MECHANISM

The Policy emphasises that the role of the Whistle Blower is as a reporting party, and that Whistle Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible

for promptly informing the Receiving Officer, who in turn is required to promptly report to the AC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefers not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he may make the report directly to the Receiving Officer or the AC Chairman.

Other Whistle Blowers may report a suspected Reportable Conduct to either the Receiving Officer or the AC Chairman.

All reports and related communications made will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

INVESTIGATION

The AC Chairman will review the information disclosed, interview the Whistle Blower(s) when required and, either exercising his own discretion or in consultation with the other AC members, determine whether the circumstances warrant an investigation and if so, the appropriate investigative process to be employed and corrective actions (if any) to be taken. The AC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on administrative leave or investigatory leave when it is determined by the AC Chairman that it would be in the best interests of the employee, the Company or both. Such leave is not to be interpreted as an accusation

or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle Blower(s), participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

NO REPRISAL

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

- (a) dismissal;
- (b) demotion;
- (c) suspension;
- (d) termination of employment/contract;
- (e) any form of harassment or threatened harassment;
- (f) discrimination; or
- (g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the AC Chairman) or directly to the AC Chairman. The AC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the AC Chairman will take into account the fact that he or she has cooperated as a Whistle Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

CODE OF CORPORATE GOVERNANCE 2012
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 20 and 21
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 20
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 21
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 21
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Pages 21 to 23
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable
Guideline 3.1 Relationship between the Chairman and CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 21, 24 and 36
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 25
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Pages 24 and 25
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 6 to 9 and 21 to 23
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 25, 26 and 38
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 21, 26 to 28 and 36 and 37
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Not applicable
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 26 to 29
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 28 and 29

Guideline 9.2	Page 29
Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives	
Guideline 9.3	Page 29
Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel	
Guideline 9.4	Page 28
Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000	
Guideline 9.5	Not applicable
Details and important terms of employee share schemes	
Guideline 9.6	Pages 26 to 29
For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met	
Guideline 11.3	Pages 30 and 31
The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems	
The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems	
The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems	
Guideline 12.1	Pages 28, 30, 35 and 36
Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board	
Guideline 12.6	Page 68
Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement	
Guideline 12.7	Pages 38 and 39
The existence of a whistle-blowing policy should be disclosed in the company's Annual Report	
Guideline 12.8	Pages 28 and 30
Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements	
Guideline 15.4	Page 32
The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings	
Guideline 15.5	Not applicable
Where dividends are not paid, companies should disclose their reasons.	

Statistics of Unitholdings

As at 18 March 2015

ISSUED AND FULLY PAID UNITS

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

There is only one class of units in Keppel Infrastructure Trust.

DISTRIBUTION OF UNITHOLDINGS

Size of Holdings	No. of Unitholders	%	No. of Units	%
1 – 99	115	0.45	4,512	0.00
100 – 1,000	15,374	60.11	6,900,251	1.10
1,001 – 10,000	7,310	28.58	32,008,372	5.08
10,001 – 1,000,000	2,758	10.78	132,019,391	20.96
1,000,001 and above	19	0.08	458,848,753	72.86
Total	25,576	100.00	629,781,279	100.00

DISTRIBUTION OF UNITHOLDINGS

Country	No. of Unitholders	%	No. of Units	%
Singapore	25,124	98.23	624,122,317	99.10
Malaysia	252	0.99	4,593,864	0.73
Others	200	0.78	1,065,098	0.17
Total	25,576	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 (Private) Limited	74,897,353	11.89
3	Citibank Nominees Singapore Pte Ltd	25,799,893	4.10
4	Raffles Nominees (Pte) Limited	11,344,199	1.80
5	Bank Of Singapore Nominees Pte. Ltd.	6,565,067	1.04
6	HSBC (Singapore) Nominees Pte Ltd	5,938,795	0.94
7	DB Nominees (Singapore) Pte Ltd	4,134,030	0.66
8	United Overseas Bank Nominees (Private) Limited	3,669,935	0.58
9	OCBC Nominees Singapore Private Limited	2,843,909	0.45
10	BNP Paribas Nominees Singapore Pte Ltd	2,029,044	0.32
11	NTUC Fairprice Co-Operative Ltd	2,000,000	0.32
12	UOB Kay Hian Private Limited	1,524,423	0.24
13	Ali Iskandar	1,500,000	0.24
14	Kng Hwee Peng (Kang Weiping)	1,312,000	0.21
15	Shanwood Development Pte Ltd	1,280,000	0.20
16	Teo Yew Hwa	1,221,200	0.19
17	Trimount Pte Ltd	1,060,000	0.17
18	OCBC Securities Private Limited	1,042,300	0.17
19	Heng Siew Eng	1,003,600	0.16
20	Lim Chee Onn	915,833	0.15
	Total	459,764,586	73.00

SUBSTANTIAL UNITHOLDERS

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Trustee-Manager as at 18 March 2015, the Substantial Unitholders of Keppel Infrastructure Trust and their interests in the Units of Keppel Infrastructure Trust are as follows:

Name	Direct Interest No. of units	%	Deemed Interest No. of units	%
Keppel Integrated Engineering Limited	309,683,005	49.17	-	-
Keppel Infrastructure Holdings Pte. Ltd. ¹	-	-	309,683,005	49.17
Keppel Corporation Limited ²	-	-	309,683,005	49.17
Temasek Holdings (Private) Limited ³	-	-	309,683,081	49.17

Notes:

¹ Keppel Infrastructure Holdings Pte. Ltd. is deemed to have an interest in the Units held by Keppel Integrated Engineering Limited, its wholly-owned subsidiary.

² Keppel Corporation Limited is deemed to have an interest in which its wholly-owned subsidiary, Keppel Infrastructure Holdings Pte. Ltd., has interest.

³ Temasek Holdings (Private) Limited is deemed to have an interest in the Units in which 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 18 March 2015, approximately 50.82% of the issued Units in Keppel Infrastructure Trust is held by the public and therefore, pursuant to Rules 1207 and 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited, it is confirmed that at least 10% of the issued Units in Keppel Infrastructure Trust is at all times held by the public.

As at 18 March 2015, there are no treasury units held.

**TRUSTEE-MANAGER
OF KEPPEL
INFRASTRUCTURE 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@kepinfratrust.com
Website: www.kepinfratrust.com

AUDIT COMMITTEE

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

**CONFLICTS
RESOLUTION COMMITTEE**

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

**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

Dr Ong Tiong Guan
Non-Executive and
Non-Independent Director

Mr Tan Boon Leng
Non-Executive and
Non-Independent Director

**NOMINATING
COMMITTEE**

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

AUDITORS

Deloitte & Touche LLP
Certified Public Accountants
6 Shenton Way,
OUE Downtown 2
#33-00
Singapore 068809
Phone: +65 6224 8288
Fax: +65 6538 6166

Partner-in-charge:
Patrick Tan Hak Pheng
Year appointed: 2013

**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

**REMUNERATION
COMMITTEE**

Mr Thio Shen Yi (Chairman)
Ms Quek Soo Hoon
Dr Ong Tiong Guan

**COMPANY
SECRETARIES**

Mr Ng Wai Hong
Ms Winnie Mak

Report of the Trustee-Manager

The directors of Keppel Infrastructure Fund Management Pte Ltd, the Trustee-Manager of Keppel Infrastructure 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, 2014.

1. Directors

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

Khor Poh Hwa (Chairman)
 Alan Ow Soon Sian
 Paul Ma Kah Woh
 Quek Soo Hoon
 Thio Shen Yi
 Ong Tiong Guan (Appointed on May 21, 2014)
 Tan Boon Leng

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 companies either at the beginning of the financial year or 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	At end of year
Interest in Keppel Infrastructure Trust (Units)		
Paul Ma Kah Woh	10,000	10,000
Quek Soo Hoon	3,170	3,170
Thio Shen Yi	400	400

The unitholdings of the above directors as at January 21, 2015 were the same as those at December 31, 2014.

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) Options 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 unit in the Trust.

(b) Options exercised

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

(c) Unissued unit under options

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

There was no option issued by subsidiaries during the financial year.

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 audits 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 unitholders' funds of the Trust and the consolidated financial statements of the Group before their submission to the Board of Directors of the Trustee-Manager;
- d) the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- e) external auditors' report on those financial statements;
- f) the quarterly and annual announcements on the results and financial position of the Trust and the Group;
- g) the co-operation and assistance given by the Trustee-Manager's officers to the Group's external auditors; and
- h) 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



Ong Tiong Guan
Director

Singapore
January 21, 2015

Statement by the Trustee-Manager

In our opinion,

- (a) the financial statements set out on pages 51 to 74 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, 2014 and the consolidated financial statements of the Group and statement of financial position and changes in unitholders' funds 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 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 Group during the financial year ended December 31, 2014 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



Ong Tiong Guan
Director

Singapore
January 21, 2015

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.



Khor Un-Hun
Chief Executive Officer

Singapore
January 21, 2015

Independent Auditors' Report

to the Unitholders of Keppel Infrastructure Trust (Formerly known as "K-Green Trust") (Constituted under a Trust Deed in Singapore)

Report on the Financial Statements

We have audited the accompanying financial statements of Keppel Infrastructure 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, 2014, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in unitholders' funds and statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 51 to 74.

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 the 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' funds 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, 2014 and of the results, changes in unitholders' funds 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
Chartered Accountants
Singapore

Patrick Tan Hak Pheng

Partner
Appointed on April 16, 2013

January 21, 2015

Statement of Financial Position

51

December 31, 2014

	Note	Group		Trust	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-Current Assets					
Plant and equipment	6	1,587	1,876	-	-
Subsidiaries	7	-	-	253,792	289,836
Service concession receivables	8	471,047	509,805	-	-
Notes receivable	9	-	-	290,142	290,142
Total Non-Current Assets		472,634	511,681	543,934	579,978
Current Assets					
Inventories	10	11,411	13,491	-	-
Service concession receivables	8	54,956	54,956	-	-
Trade and other receivables	11	22,281	19,258	3,727	92
Cash, bank and deposit balances	12	49,744	43,143	37,971	37,130
Total Current Assets		138,392	130,848	41,698	37,222
Current Liabilities					
Trade and other payables	13	15,940	14,217	3,361	2,435
Loan from a related party	5b	3,479	-	3,479	-
Income tax payable		511	666	1	1
Total Current Liabilities		19,930	14,883	6,841	2,436
Net Current Assets		118,462	115,965	34,857	34,786
Non-Current Liability					
Deferred tax liability	14	-	10	-	-
Net Assets		591,096	627,636	578,791	614,764
Represented by:					
Unitholders' Funds					
Units in issue	15	719,307	719,307	719,307	719,307
Revenue reserves		(128,211)	(91,671)	(140,516)	(104,543)
Net Unitholders' Funds		591,096	627,636	578,791	614,764

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2014

	Note	2014 \$'000	2013 \$'000
Revenue	17	65,451	67,113
Other income		832	869
Operation and maintenance costs	5	(36,674)	(35,703)
Electricity costs	5	(5,551)	(6,829)
Depreciation	6	(289)	(350)
Trustee-Manager's fees	5	(4,769)	(4,698)
Trust expenses		(1,853)	(1,414)
Other operating expenses	18	(4,044)	(4,279)
Operating profit		13,103	14,709
Interest income	19	100	77
Interest expense	19	(8)	-
Profit before income tax		13,195	14,786
Income tax expense	20	(486)	(603)
Profit for the year, representing total comprehensive income for the year		12,709	14,183
Earnings per unit (cents):			
Basic and diluted	16	2.02	2.25

See accompanying notes to financial statements.

Statement of Changes in Unitholders' Fund

53

Year ended December 31, 2014

	Units in issue \$'000	Revenue reserves \$'000	Total unitholders' funds \$'000
Group			
Balance at January 1, 2013	719,307	(56,605)	662,702
Profit for the year, representing total comprehensive income for the year	-	14,183	14,183
Distribution paid (Note 23), representing transaction with unitholders, recognised directly in equity	-	(49,249)	(49,249)
Balance at December 31, 2013	<u>719,307</u>	<u>(91,671)</u>	<u>627,636</u>
Profit for the year, representing total comprehensive income for the year	-	12,709	12,709
Distribution paid (Note 23), representing transaction with unitholders, recognised directly in equity	-	(49,249)	(49,249)
Balance at December 31, 2014	<u>719,307</u>	<u>(128,211)</u>	<u>591,096</u>
Trust			
Balance at January 1, 2013	719,307	(66,619)	652,688
Profit for the year, representing total comprehensive income for the year	-	11,325	11,325
Distribution paid (Note 23), representing transaction with unitholders, recognised directly in equity	-	(49,249)	(49,249)
Balance at December 31, 2013	<u>719,307</u>	<u>(104,543)</u>	<u>614,764</u>
Profit for the year, representing total comprehensive income for the year	-	13,276	13,276
Distribution paid (Note 23), representing transaction with unitholders, recognised directly in equity	-	(49,249)	(49,249)
Balance at December 31, 2014	<u>719,307</u>	<u>(140,516)</u>	<u>578,791</u>

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2014

	2014 \$'000	2013 \$'000
Operating activities		
Profit before income tax	13,195	14,786
Adjustments for:		
Depreciation	289	350
Interest income	(100)	(77)
Interest expense	8	-
Operating cash flows before movements in working capital	<u>13,392</u>	<u>15,059</u>
Decrease in inventories	2,080	1,868
Decrease in service concession receivables	38,758	37,811
Decrease in trade and other receivables	456	109
Increase/(decrease) in trade and other payables	1,716	(2,523)
Cash generated from operations	56,402	52,324
Income tax paid	(651)	(858)
Interest received	99	77
Net cash from operating activities	55,850	<u>51,543</u>
Investing activity		
Construction of assets, representing net cash used in investing activity	-	<u>(1,946)</u>
Financing activity		
Distribution paid, representing net cash used in financing activity	(49,249)	<u>(49,249)</u>
Net increase in cash and cash equivalents	6,601	348
Cash and cash equivalents at beginning of year	43,143	<u>42,795</u>
Cash and cash equivalents at end of year (Note 12)	49,744	<u>43,143</u>

Non-cash transaction

In 2014, the advance payment made to a related party (Note 11) for capacity expansion works at the Senoko plant of \$3,479,000 (2013: Nil) was financed by a loan from a related party (Note 5b).

See accompanying notes to financial statements.

December 31, 2014

1. General

Keppel Infrastructure Trust (the "Trust", formerly known as K-Green Trust) is a business trust constituted by a Trust Deed dated July 23, 2009 and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Trust Deed is governed by the laws 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 principal activity of the Trust is investment holding.

The principal activities of the subsidiaries are disclosed in Note 7 to the 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").

On November 18, 2014, the Trustee-Manager announced the entry into two separate conditional transactions (the "Transactions") by the Trust. The first transaction is the acquisition of a 51% stake in Keppel Merlimau Cogen Pte Ltd ("KMC") and the second transaction is the combination of the Trust and CitySpring Infrastructure Trust ("CIT") (the "Combined Trust"). Following the completion of the Transactions, the Trustee-Manager shall propose to wind up the Trust and all the assets and liabilities of the Trust will be transferred to the Combined Trust. The Trustee-Manager shall continue to act as the Trustee-Manager for the Combined Trust. The financial statements of the Group have been prepared on a going concern basis as the completion of the Transactions are conditional upon several factors which include the approval of the unitholders of the respective Trusts.

Had the Transactions been completed before the date of this report, the going concern assumption would no longer be valid. The Trust may have to reclassify non-current assets/liabilities as current assets/liabilities.

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, 2014 were authorised for issue by the Board of Directors of the Trustee-Manager on January 21, 2015.

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").

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

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

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

2. Summary of significant accounting policies (continued)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2014, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new/ revised FRSs and INT FRSs did 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 except as disclosed below:

Impact of the application of FRS 110 Consolidated Financial Statements

FRS 110 replaces the parts of FRS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and INT FRS 12 *Consolidation – Special Purpose Entities*. FRS 110 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in FRS 110 to explain when an investor has control over an investee.

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 except as disclosed below:

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial years beginning on or after January 1, 2017. The Group is currently evaluating the impact of the changes in the period of initial adoption and does not expect it to be material.

BASIS OF CONSOLIDATION - The consolidated financial statements include the financial statements of the Trust and entities controlled by the Trust (its subsidiaries) as at the end of the financial year. Control is achieved where the Trust:

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

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

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

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

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 to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders of the Trust.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

BUSINESS COMBINATIONS - Acquisition of subsidiaries is accounted for using the acquisition method. The consideration of each acquisition is measured at the aggregate of the acquisition date 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. 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.

2. Summary of significant accounting policies (continued)

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.

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 rate basis for debt instruments.

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned. Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Trade and other receivables

Trade and other receivables that have fixed or determined payments that are not quoted in an active market are classified and accounted for as "loans and receivables". 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 effect of discounting is immaterial.

Service concession arrangements

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 to 25 years and transfer the plants to the grantors at the end of the concession period. Such a concession arrangements fall within the scope of INT FRS 112 *Service Concession Arrangements* and are accounted for as service concession receivables.

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

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 financial year. 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 expenses are deducted directly from unitholders' funds.

Financial liabilities

Trade payables and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Interest-bearing loan from a related party is initially measured at fair value, and is 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.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

INVENTORIES - Inventories comprise spare parts and consumables and are stated at the lower of cost and net realisable value. 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. The estimated useful lives of the assets are as follows:

Office equipment	- 3 to 5 years
Furniture and fittings	- 5 years
Machinery and equipment	- 5 to 14 years

2. Summary of significant accounting policies (continued)

No depreciation is provided on capital work-in-progress.

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 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 profit or loss.

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 profit or loss.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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 financial year, 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 financial year, 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.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 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 total 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 upon delivery of the scrap materials 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.

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 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 profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year 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 Singapore dollars, which is 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 IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, cash 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 there is no instance of application of judgements which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

(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 an 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 financial year is disclosed in Note 7 to the financial statements.

(b) Recognition of service concession receivables

The Group recognises a finance 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 profit or loss, and (ii) a repayment of the receivable used to reduce the carrying amount of the receivable at the end of the financial year. 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 are expected to arise from the concession agreements.

(c) Allowance for doubtful debts

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the year in which such estimate has been changed. The carrying amount of the Group's trade and other receivables is disclosed in Note 11 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 financial year:

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Financial Assets				
Loans and receivables (including cash, bank and deposit balances)	67,743	62,040	331,602	327,273
Service concession receivables	526,003	564,761	-	-
Total	593,746	626,801	331,602	327,273
Financial Liabilities				
Payables, at amortised cost	18,429	12,975	6,840	2,435

(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 financial year. 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 are on the interest-bearing 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 financial year, there is a significant concentration of credit risk with the Group's customer, which is the Government 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 (2013: 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 Singapore.

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

(iv) Liquidity risk management

In the management of 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.

4. Financial instruments, financial risks and capital risks management (continued)

Liquidity and interest risk analyses

Non-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	Between 1 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
Group						
2014						
Non-interest bearing	-	18,794	-	-	-	18,794
Fixed interest rate instrument	0.30 to 0.38	48,974	-	-	(25)	48,949
Service concession receivable (fixed rate)	2.13 to 4.68	54,956	219,822	377,410	(126,185)	526,003
Total		<u>122,724</u>	<u>219,822</u>	<u>377,410</u>	<u>(126,210)</u>	<u>593,746</u>
2013						
Non-interest bearing	-	19,763	-	-	-	19,763
Fixed interest rate instrument	0.28 to 0.31	42,295	-	-	(18)	42,277
Service concession receivable (fixed rate)	2.13 to 4.68	54,956	219,822	432,365	(142,382)	564,761
Total		<u>117,014</u>	<u>219,822</u>	<u>432,365</u>	<u>(142,400)</u>	<u>626,801</u>
Trust						
2014						
Non-interest bearing	-	-	210	-	-	210
Fixed interest rate instrument	0.33 to 6.00	-	41,263	500,814	(210,685)	331,392
Total			<u>41,473</u>	<u>500,814</u>	<u>(210,685)</u>	<u>331,602</u>
2013						
Non-interest bearing	-	-	341	-	-	341
Fixed interest rate instrument	0.28 to 6.00	-	36,802	500,814	(210,684)	326,932
Total			<u>37,143</u>	<u>500,814</u>	<u>(210,684)</u>	<u>327,273</u>

Non-derivative financial liabilities

All financial liabilities of the Group and Trust as at the end of the financial year are repayable on demand or due within 1 year from the end of the financial year.

(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 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 manage 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 unitholders' funds, comprising issued units and revenue reserves as disclosed in the notes to the financial statements.

The Trustee-Manager reviews the capital structure on an annual basis. As 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.

The Group's overall strategy remains unchanged from prior year.

5. Related party transactions**a) Related Parties**

Some of the Group's 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, interest-free and expected to be settled in cash unless otherwise stated.

Significant transactions with affiliated companies of a corporate shareholder:

	Group	
	2014	2013
	\$'000	\$'000
Operation and maintenance costs	(36,674)	(35,703)
Electricity costs	(5,551)	(6,829)
Trustee-Manager's management and performance fees	(4,769)	(4,698)
Interest income	100	77
Interest expense	(8)	-

b) Loan from a related party

The Group has a loan of \$3,479,000 (2013: Nil) from an affiliated company of a corporate unitholder which is unsecured, bears interest of 1.695% (2013: Nil) per annum and is repayable on November 13, 2015.

c) 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 Consumer Price Index of Singapore ("CPIS") for the 12 calendar months immediately preceding the beginning of each financial year ("FY") over the average of the monthly CPIS for FY2010.

5. Related party 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 Unit 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 the 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 Infrastructure 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 those five Trading Days divided by the total volume transacted for those 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.

6. Plant and equipment

	Office equipment \$'000	Furniture and fittings \$'000	Machinery and equipment \$'000	Capital work- in-progress \$'000	Total \$'000
Group					
Cost:					
At January 1, 2013	33	-	1,163	1,263	2,459
Additions	-	4	564	-	568
Transfer	-	-	1,263	(1,263)	-
At December 31, 2013 and December 31, 2014	33	4	2,990	-	3,027
Accumulated depreciation:					
At January 1, 2013	24	-	777	-	801
Depreciation	4	-	346	-	350
At December 31, 2013	28	-	1,123	-	1,151
Depreciation	5	1	283	-	289
At December 31, 2014	33	1	1,406	-	1,440
Carrying amount:					
At December 31, 2014	-	3	1,584	-	1,587
At December 31, 2013	5	4	1,867	-	1,876

7. Subsidiaries

	Trust	
	2014 \$'000	2013 \$'000
Unquoted unit trusts, at cost net of distribution	253,792	289,836

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		Cost		Principal activity
		2014 %	2013 %	2014 \$'000	2013 \$'000	
Senoko Trust	Singapore	100	100	195,732	224,604	Waste incineration and electricity generation
Tuas DBOO Trust	Singapore	100	100	39,946	43,882	Waste incineration and electricity generation
Ulu Pandan Trust	Singapore	100	100	18,112	21,348	Collection, purification and distribution of water
Senoko Waste-to-Energy Pte Ltd	Singapore	100	100	*	*	Trustee of Senoko Trust

7. Subsidiaries (continued)

Name of subsidiary	Country of constitution/ incorporation and operations	Proportion of ownership interest and voting power held		Cost		Principal activity
		2014 %	2013 %	2014 \$'000	2013 \$'000	
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				253,792	289,836	

* Less than \$1,000.

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

For 2014, the aggregate fees payable to auditors was \$289,000 (2013: \$394,000), broken down into audit services of \$104,000 (2013: \$104,000) and non-audit services of \$185,000 (2013: \$290,000).

8. Service concession receivables

	Group	
	2014 \$'000	2013 \$'000
Service concession receivables	526,003	564,761
Less: Due within 12 months	(54,956)	(54,956)
Due after 12 months	471,047	509,805

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-Own-Operate ("DBOO") contract to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The 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 design, build, 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.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rate ranging from 2.13% to 4.68% (2013: 2.13% to 4.68%) per annum was used to discount the future expected cash flows. 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 (2013: \$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	
	2014 \$'000	2013 \$'000
Spare parts and consumables	11,411	13,491

11. Trade and other receivables

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables:				
Outside parties	9,176	9,215	-	-
Unbilled revenue	8,576	9,286	-	-
	17,752	18,501	-	-
Other receivables:				
Goods and services tax	182	43	182	43
Prepayments	621	318	56	48
Advance payment to a related party (Note 5)	3,479	-	-	-
Related party (Note 5)	147	71	2	1
Due from a subsidiary (Note 7)	-	-	3,487	-
Others	4	6	-	-
Government grant	96	319	-	-
	4,529	757	3,727	92
Total	22,281	19,258	3,727	92

The average credit period is 45 days (2013: 45 days). No interest is charged on the outstanding trade receivables.

Included in the amount due from a subsidiary is \$3,479,000 (2013: Nil) which is unsecured, bears interest of 1.695% (2013: Nil) per annum and is repayable on November 13, 2015.

During the year, the Group made an advance payment to a related party of \$3,479,000 for capacity expansion works to be overseen by the related party and carried out at the Senoko Plant in 2015.

12. Cash, bank and deposit balances

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash at banks and on hand	795	866	200	340
Deposits placed with a related party (Note 5)	48,949	42,277	37,771	36,790
Total	49,744	43,143	37,971	37,130

The deposits placed with a related party bear effective interest ranging from 0.30% to 0.38% (2013: 0.28% to 0.31%) per annum for the Group and the Trust and are for tenure of less than 2 months (2013: tenure of less than 3 months).

13. Trade and other payables

	Group		Trust	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables:				
Goods and services tax	990	1,242	-	-
Related party (Note 5)	8,223	6,898	2,055	1,989
	9,213	8,140	2,055	1,989
Other payables:				
Accrued expenses	6,651	6,003	1,306	435
Deposits received	17	17	-	-
Related party (Note 5)	-	-	-	11
Others	59	57	-	-
	6,727	6,077	1,306	446
Total	15,940	14,217	3,361	2,435

Average credit period for purchase goods and service is 60 days (2013: 60 days). No interest is charged on overdue balances.

14. Deferred tax liability

	Group	
	2014 \$'000	2013 \$'000
Balance at beginning of year	10	67
Credit to profit or loss (Note 20)	(10)	(57)
Balance at end of year	-	10

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

15. Units in issue

	Group and Trust			
	2014 Number of Units	2013 Number of Units	2014 \$'000	2013 \$'000
At beginning and end of year	629,781,279	629,781,279	719,307	719,307

- 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.

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	
	2014	2013
Earnings for the purpose of basic earnings per unit (\$'000)	12,709	14,183
Weighted average number of units for the purpose of basic earnings per unit ('000)	629,781	629,781
Earnings per unit (cents) – basic	2.02	2.25

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	
	2014 \$'000	2013 \$'000
Finance income from service concession arrangement	16,199	17,143
Operation and maintenance income	49,252	49,970
Total	65,451	67,113

18. Other operating expenses

	Group	
	2014 \$'000	2013 \$'000
Property tax	2,925	2,923
Insurance	863	852
Others	256	504
	4,044	4,279

19. Interest income/(expense)

	Group	
	2014 \$'000	2013 \$'000
Related party (Note 5):		
Interest income	100	77
Interest expense	(8)	-

20. Income tax expense

	Group	
	2014 \$'000	2013 \$'000
Current tax	499	661
Overprovision of current tax in prior year	(3)	(1)
Deferred tax (Note 14)	(10)	(57)
	486	603

Domestic income tax is calculated at 17% (2013: 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	
	2014 \$'000	2013 \$'000
Profit before income tax	13,195	14,786
Tax at the domestic income tax rate	2,243	2,514
Overprovision of current tax in prior year	(3)	(1)
Non (taxable)/deductible items	(12)	18
Exempt income	(1,742)	(1,928)
	486	603

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

21. Commitment

	Group	
	2014 \$'000	2013 \$'000
Capital expenditure contracted but not provided for	19,708	-

The capital expenditure contracted but not provided for relates to capacity expansion works to be carried out at the Senoko Plant in 2015.

22. 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
2014			
Revenue	51,648	13,803	65,451
Result:			
Operating profit	17,370	2,355	19,725
Interest income	57	10	67
Profit before income tax	17,427	2,365	19,792
Income tax expense	(486)	-	(486)
Segment profit	16,941	2,365	19,306
Trustee-Manager's fees			(4,769)
Interest income			33
Interest expense			(8)
Trust expenses			(1,853)
			12,709
Other information:			
Depreciation	158	131	289
2013			
Revenue	51,564	15,549	67,113
Result:			
Operating profit	18,110	2,711	20,821
Interest income	43	6	49
Profit before income tax	18,153	2,717	20,870
Income tax expense	(603)	-	(603)
Segment profit	17,550	2,717	20,267
Trustee-Manager's fees			(4,698)
Interest income			28
Trust expenses			(1,414)
			14,183
Other information:			
Additions to non-current assets	-	568	568
Depreciation	237	113	350

22. Operating segments (continued)

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 before allocation of Trustee-Manager's fees and trust expenses.

In 2013, additions to non-current assets for Waste Management and Water and Wastewater Treatment segment relate to the flue gas treatment upgrade recognised as service concession receivables under INT FRS 112 *Service Concession Arrangements* and construction of 1MWp solar photovoltaic system capitalised as plant and equipment under INT FRS 16 *Property, Plant and Equipment* respectively at the end of the reporting period.

23. Distributions

During the financial year, tax-exempt distributions paid are as follows:

	\$'000
For the period from July 1 to December 31, 2013	
- distribution of 4.69 cents per unit	29,537
For the period from January 1 to June 30, 2014	
- distribution of 3.13 cents per unit	19,712
	<u>49,249</u>

For the period from July 1, 2014 to December 31, 2014 (2013: July 1, 2013 to December 31, 2013), the Trust declared a tax-exempt distribution of 4.69 cents per unit (2013: 4.69 cents per unit). Together with the distribution of 3.13 cents per unit (2013: 3.13 cents per unit) paid for the period from January 1, 2014 to June 30, 2014 (2013: January 1, 2013 to June 30, 2013), total cash distribution in respect of the financial year ended December 31, 2014 will be 7.82 cents per unit (2013: 7.82 cents per unit).

Reconciliation of Consolidated Statement of Cash Flows to distribution:

	2014 \$'000	2013 \$'000
Cash generated from operations	56,402	52,324
Interest received	99	77
Tax paid and amount set aside for working capital	(7,252)	(3,152)
Total distribution for the financial year of 7.82 cents per unit	49,249	49,249
Distribution paid of 3.13 cents per unit	(19,712)	(19,712)
Distribution for period from July 1 to December 31	29,537	29,537
Distribution per unit (cents)	4.69	4.69

- based on total issued units of at end of financial year

FY 2014

Financial year-end	31 December 2014
Announcement of 2014 1Q results	14 April 2014
Announcement of 2014 2Q results	21 July 2014
Announcement of 2014 3Q results	16 October 2014
Announcement of 2014 full year results	19 January 2015
Distribution payout to Unitholders for the period 1 January to 30 June 2014	
- Books closure date	30 July 2014
- Payment date	15 August 2014
Distribution payout to Unitholders for the period 1 July to 31 December 2014	
- Books closure date	27 January 2015
- Payment date	13 February 2015

FY 2015

Financial year-end	31 December 2015
Announcement of 2015 1Q results	April 2015
Announcement of 2015 2Q results	July 2015
Announcement of 2015 3Q results	October 2015
Announcement of 2015 full year results	January 2016

Notes

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE LTD

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