IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be located in the United States or a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. Person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. Person, the electronic mail address that you gave us and to which this email has been delivered is not located in the United States and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore and (B) agree to be bound by the limitations and restrictions described therein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of Keppel Infrastructure Trust) (the "**Issuer**"), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the subscription or purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES WHICH ARE IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF SECURITIES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, DBS Bank Ltd. or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the Issuer in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to subscribe or purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.
(IN ITS CAPACITY AS TRUSTEE-MANAGER OF KEPPEL INFRASTRUCTURE TRUST)

INFORMATION MEMORANDUM DATED 4 MAY 2021

S$2,000,000,000
Multicurrency Debt Issuance Programme
(the "**Programme**")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**")) (the "**Issuer**" or "**Trustee-Manager**") pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Securities shall not be sold within the period of six (6) months from the date of the initial acquisition of the Securities, except to any of the following persons:

(i) an institutional investor (as defined in Section 4A of the SFA);

(ii) a relevant person (as defined in Section 275(2) of the SFA); or

(iii) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from the SGX-ST, admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, KIT, their respective subsidiaries (as defined herein) (if any) and/or their respective associated entities (as defined herein) (if any), the Programme or such Securities.

Potential investors should pay attention to the risk factors and considerations set out in the section on "*Risk Factors*".

Arrangers

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NOTICE

DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each an "**Arranger**" and together, the "**Arrangers**") have been authorised by the Issuer to arrange the Programme described herein. Under the Programme, subject to compliance with all relevant laws, regulations and directives, Securities may be issued by the Issuer from time to time denominated in Singapore dollars, U.S. dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, KIT, the subsidiaries of KIT, the Programme, and the Securities. The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities and the information in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the Issuer and there are no other facts the omission of which in the said context would make any such information or expression (if any) of the Issuer misleading in any material respect.

Notes may be issued in Series (as defined herein) having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "*Summary of the Programme*")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each Series may be issued in one or more Tranches (as defined herein) on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with, or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement issued in relation to each Series or Tranche of Notes (the "**Redemption Amount**"). Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in Series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each Series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with, or registered in the name of, or in the name of a nominee of, either CDP or a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase. The Perpetual Securities will confer a right to receive distributions at a fixed or floating rate. Details applicable to each Series or Tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S$2,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be determined pursuant to the Programme Agreement (as defined herein). On 4 May 2021, the maximum aggregate principal amount of Securities which may be issued from time to time under the Programme and which remains outstanding was increased from S$1,000,000,000 to S$2,000,000,000.

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, KIT, either of the Arrangers, any of the Dealers (as defined herein), the Trustee (as defined herein) or any of the Agents (as defined herein). The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, KIT or any of their respective subsidiaries, associated entities or other entities to which they are related (collectively, the "**Related Entities**"), either of the Arrangers, any of the Dealers, the Trustee or the Agents (if any).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme, and the issue of Securities may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, KIT, either of the Arrangers, any of the Dealers, the Trustee or any of the Agents to subscribe for or purchase any of the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information or into whose possession this Information Memorandum (or any part thereof) or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and Securities may include Bearer Securities that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities may not be offered, sold or (in the case of Securities in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Securities are subject to certain restrictions on transfer. See the section titled "Subscription, Purchase and Distribution" of this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, KIT, either of the Arrangers, any of the Dealers, the Trustee or the Agents to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the

recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, KIT or any of their respective Related Entities (if any) or any statement of fact in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Trustee, the Agents, the Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Issuer, KIT, the Trustee, any of the Agents, the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation, warranty or undertaking express or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, KIT or any of their Related Entities (if any). Further, none of the Arrangers, the Dealers, the Trustee and the Agents makes any representation or warranty and no responsibility or liability is accepted by the Trustee, the Agents, the Arrangers or any of the Dealers as to the Issuer, KIT or their Related Entities (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, KIT or their respective Related Entities (if any), the Trustee, any of the Agents, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser and/or subscriber shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of either of the Issuer, KIT and their respective Related Entities (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, KIT and their respective Related Entities (if any). Accordingly, notwithstanding anything herein, no representation, warranty or undertaking express or implied is made and none of the Trustee, any of the Agents, the Arrangers, any of the Dealers or any of their respective officers, employees or agents shall be held responsible or liable as to the accuracy or completeness of the information contained in this Information Memorandum or any other information provided by the Issuer, KIT or any of their respective officers, employees or agents in connection with the Securities or their distribution. Save as aforesaid, none of the Issuer, KIT, the Trustee, any of the Agents, the Arrangers nor any of the Dealers nor any of their respective officers, employees or agents shall be held responsible or liable for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers, any of the Dealers, the Trustee or the Agents accepts any responsibility for the contents of this Information Memorandum or for any other statement made or purported to be made by either of the Arrangers, any of the Dealers, the Trustee or the Agents or on its behalf in connection with the Issuer, the Group (as defined herein) or the issue and offering of the Securities. Each of the Arrangers, Dealers, Trustee and Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

In connection with the issue of any Tranche or Series of Securities, one or more Dealer(s) named as stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or persons acting on behalf of any Stabilisation Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant Series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series of Securities and 60 days after the date of the allotment of the relevant Series of Securities. Any stabilisation action will be conducted in accordance with the applicable laws.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any half-yearly financial results presentation, (2) any annual reports, audited consolidated accounts and/or publicly announced consolidated financial statements or interim results (whether audited or unaudited) of the Group and (3) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Securities, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of the most recent half-yearly financial results presentation, annual reports, audited consolidated accounts, publicly announced consolidated financial statements or interim results (whether audited or unaudited) of the Group deemed incorporated by reference in this Information Memorandum are available on the website of the SGX-ST at https://www.sgx.com/.

Copies of all documents deemed incorporated by reference herein are available for inspection during usual office hours with prior notice at the specified office of the Principal Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, KIT, the

Arrangers, any of the Dealers, the Trustee and the Agents) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies (if any) in the tables included herein between the listed amounts and totals thereof are due to rounding.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section titled "Subscription, Purchase and Distribution" of this Information Memorandum.

Any person(s) who is invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for, purchase or otherwise acquire any of the Securities consult their own legal and other advisers before subscribing for, purchasing or acquiring the Securities.

Prospective investors of the Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

Prospective investors should pay attention to the risk factors set out in the section titled "*Risk Factors*".

Notification under Section 309B of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MiFID II Product Governance/Target Market

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**EU MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise, neither the Arrangers, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the EU MiFID Product Governance Rules.

The Pricing Supplement in respect of any Securities may include a legend entitled "EU MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

UK MiFIR Product Governance/Target Market

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance rules set out in the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger, the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

The Pricing Supplement in respect of any Securities may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, KIT and/or the Group (including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, KIT and/or the Group, expected growth of the Issuer, KIT and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, KIT and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, discussion under the section titled "*Risk Factors*".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, KIT and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, KIT, the Arrangers, any of the Dealers, the Trustee and the Agents do not represent or warrant that the actual future results, performance or achievements of the Issuer, KIT and/or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, KIT or the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, KIT, the Group, the Arrangers, the Dealers, the Trustee and the Agents disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

The following definitions have, where appropriate, been used in this Information Memorandum:

"**2005 Pipenet Agreement**"	:	The long-term agreement entered into between KMC and PipeNet for the construction and maintenance of the back-up fuel pipeline in relation to the KMC Plant.
"**Agency Agreement**"	:	The agency agreement dated 23 May 2019, made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent and CDP registrar, (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent and non-CDP registrar and (4) the Trustee, as trustee, amended, varied or supplemented from time to time.
"**Agents**"	:	The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the other paying agent and the calculation agent and shall include such other agent or agents as may be appointed from time to time.
"**Ancillary Services Agreement**"	:	The ancillary services agreement entered into between KMC and EMC pursuant to which EMC will provide services to energise a portion of the KMC Plant.
"**Arrangers**"	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each, an "**Arranger**").
"**AusNet Services"**	:	AusNet Services (formerly known as AusNet Services Limited), a corporation incorporated in Australia.
"**Australia CPI**"	:	The index titled Consumer Price Index "Australia All Groups", Catalogue No. 6401.0 published by the Australian Bureau of Statistics.
"**availability factor**"	:	The availability factor for incineration capacity in relation to the Senoko WTE Plant.
"Availability Payments"	:	The monthly fixed payments payable by PUB to the Ulu Pandan Trustee for the provision of production capacity under the NEWater Agreement.
"**Basslink**"	:	Basslink Pty Ltd, a corporation incorporated in Australia.
"**Basslink Facility Fee**"	:	The monthly facility payments payable by Hydro Tasmania to Basslink under the Basslink Services Agreement.
"**Basslink Interconnector**"	:	A 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia that is owned and operated by Basslink.

"**Basslink Operations Agreement**"	:	The operations agreement entered into between Basslink and the State of Tasmania pursuant to which Basslink will operate and maintain the Basslink Interconnector to meet certain minimum technical specifications and operational requirements from the date it is commissioned for a 40-year period.
"**Basslink Services Agreement**"	:	The services agreement entered into between Basslink and Hydro Tasmania pursuant to which the Basslink Interconnector is made exclusively available to Hydro Tasmania and Basslink will pass through to Hydro Tasmania all revenue received by Basslink from Australian Energy Market Operator for participating in the NEM in return for certain fees.
"**Bearer Securities**"	:	Securities in bearer form.
"**Board of Directors**"	:	The board of Directors of the Trustee-Manager.
"**Business Day**"	:	A day (other than Saturday or Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
"**Business Trusts Act**"	:	The Business Trusts Act, Chapter 31A of Singapore, as amended, modified or supplemented from time to time.
"**Calculation Agency Agreement**"	:	A calculation agency agreement between the Issuer, the Trustee and the relevant Calculation Agent made pursuant to the Programme Agreement.
"**Calculation Agent**"	:	In relation to a Series of Securities, the person appointed as calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement for that Series and as specified in the applicable Pricing Supplement as calculation agent or its successor in such capacity.
"**Capacity Payment**"	:	The monthly fixed payments payable by PUB to SingSpring for making available the output capacity of the SingSpring Plant to PUB under the Water Purchase Agreement.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**CDP Registrar**"	:	Shall have the meaning ascribed to it in Clause 1.1 of the Trust Deed.
"**CDP System**"	:	The computerised system operated by CDP whereby Securities Accounts are maintained by Depositors with CDP and, *inter alia*, transfers of the Securities are effected electronically between Securities Accounts.
"**CEO**"	:	The chief executive officer of the Trustee-Manager.

"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series being substantially in the form set out in Part II of Schedule 1 or, as the case may be, Part II of Schedule 5 of the Trust Deed and, save as provided in the terms and conditions of the Notes or, as the case may be, the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**City Gas**"	:	The trust known as "City Gas Trust", which carries on the business of producing and retailing town gas in Singapore.
"**City Gas Plants**"	:	The three continuous reforming plants and five cyclic reforming plants in Senoko Gasworks, each with a production capacity of 200,000 m^3 per day.
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
"**Conditions**"	:	(i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.

"**Coupons**"	:	An interest or distribution coupon appertaining to an interest or distribution bearing Bearer Security.
"**CRSM**"	:	The commercial risk sharing mechanism under the Basslink Services Agreement for the sharing of the market risk associated with participating in the NEM between Hydro Tasmania and Basslink.
"**CRSM Adjustment**"	:	An adjustment under the CRSM which is applied to a portion of the unadjusted Basslink Facility Fee (as adjusted for Australia CPI changes), subject to certain limits, to reflect the differences between the average high and low Victorian electricity pool prices.
"**CTA**"	:	A 15-year capacity tolling agreement entered into between KMC and Keppel Electric.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Security**"	:	A definitive Bearer Security, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
"**Depositors**"	:	Persons (including Depository Agents) having any Securities standing to the credit of their Securities Accounts at that time.
"**Distribution & Network**"	:	The distribution and network segment of KIT's portfolio of assets.
"**Depository Agent**"	:	A corporation authorised by CDP to maintain sub-accounts.
"**Directors**"	:	Directors of the Trustee-Manager.
"**Electricity Act**"	:	Electricity Act, Chapter 89A of Singapore, as amended, modified or supplemented from time to time.
"**Electricity Generation Payment**"	:	The monthly fixed payments payable by NEA to the Tuas DBOO Trustee for the provision of electricity generation services under the Tuas DBOO ISA.
"**EMA**"	:	The Energy Market Authority.
"**EMC**"	:	Energy Market Company Pte Ltd, a company incorporated in Singapore.
"**Energy**"	:	The energy segment of KIT's portfolio of assets.
"**EPHA**"	:	Environmental Public Health Act, Chapter 95 of Singapore, as amended, modified or supplemented from time to time.

"**Euroclear**"	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.
"**Extraordinary Resolution**"	:	(a) a resolution passed at a meeting of the Securityholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of holders of not less than 90 per cent. in aggregate principal amount of the Securities for the time being outstanding, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Securityholders.
"**FY**"	:	Financial year ended or ending 31 December.
"**Gas Management Agreement**"	:	The gas management agreement entered into between KMC and Keppel Gas Pte Ltd for the provision of services required for the management of the Vesting LNG Contract.
"**Gas Purchase Agreement**"	:	The gas purchase agreement entered into between City Gas and GSPL, pursuant to which City Gas has agreed to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time.
"**Global Certificate**"	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of (i) the common depository for Euroclear and Clearstream, Luxembourg, (ii) CDP and/or (iii) any other clearing system.
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
"**Group**"	:	KIT and its subsidiaries and "**member of the Group**" shall be construed accordingly.
"**GSPL**"	:	Gas Supply Pte Ltd, a company incorporated in Singapore.
"**Hydro Tasmania**"	:	Hydro-Electric Corporation, an entity owned by the State of Tasmania.
"**Hyflux Engineering**"	:	Hyflux Engineering Pte Ltd, a company incorporated in Singapore.

"**Incineration Capacity Payment**"	:	The fixed monthly payments payable by NEA to Tuas DBOO Trustee for the provision of incineration capacity under the Tuas DBOO ISA.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Issuer**" or "**Trustee-Manager**"	:	Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of KIT).
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore as amended, modified or supplemented from time to time.
"**Ixom**"	:	Ixom Holdco Pty Ltd.
"**Ixom Group**"	:	Ixom and its subsidiaries.
"**JTC**"	:	Jurong Town Corporation.
"**Keppel Capital**"	:	Keppel Capital Holdings Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of Keppel Corporation Limited.
"**Keppel Corporation**"	:	Keppel Corporation Limited, a company incorporated in Singapore.
"**Keppel DC**"	:	Keppel Data Centres Holding Pte Ltd.
"**Keppel Electric**"	:	Keppel Electric Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of KIHPL.
"**Keppel Group**"	:	Keppel Corporation and its subsidiaries.
"**Keppel Seghers**" or the "**Keppel O&M Operator**"	:	Keppel Seghers Engineering Singapore Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of KIHPL.
"**Keppel Seghers Tuas WTE Plant**"	:	Keppel Seghers Tuas Waste-To-Energy Plant.
"**KIHPL**"	:	Keppel Infrastructure Holdings Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of Keppel Corporation Limited.
"**KIT**"	:	Keppel Infrastructure Trust, a business trust established in Singapore and constituted by the KIT Trust Deed.
"**KIT Trust Deed**"	:	The trust deed dated 5 January 2007 constituting KIT as amended by an amendment and restatement deed dated 18 May 2015 and further supplemented by a first supplemental trust deed dated 17 April 2018 and as further amended, modified, supplemented and/or restated from time to time.

"**KMC**"	:	Keppel Merlimau Cogen Pte Ltd, a company incorporated in Singapore and a subsidiary of KIT.
"**KMC Electricity Licence**"	:	The electricity licence obtained by KMC from EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC.
"**KMC Plant**"	:	Keppel Merlimau Cogen power plant.
"**KMC O&M**"	:	KMC O&M Pte. Ltd., a company incorporated in Singapore, and a wholly-owned subsidiary of KIHPL.
"**Latest Practicable Date**"	:	20 April 2021.
"**Listing Manual**"	:	The listing manual of the SGX-ST.
"**LNG**"	:	Liquefied Natural Gas.
"**LPG**"	:	Liquefied Petroleum Gas.
"**Major Maintenance Contractor**"	:	Alstom Power O&M Ltd and GE Power (Singapore) Pte. Ltd. (formerly known as Alstom Asia Pte. Ltd.).
"**MAS**"	:	The Monetary Authority of Singapore.
"**Medora**"	:	Medora Environmental.
"**MMAs**"	:	The major maintenance agreements in relation to the KMC Plant.
"**MPIC**"	:	Metro Pacific Investments Corporation.
"**NEA**"	:	The National Environment Agency of Singapore.
"**NEM**"	:	National Electricity Market of Australia.
"**NEMS**"	:	National Electricity Market of Singapore.
"**NEWater Agreement**"	:	The agreement entered into between the Ulu Pandan Trustee and PUB pursuant to which Ulu Pandan Trustee will own and operate Keppel Seghers Ulu Pandan NEWater Plant for a term of 20 years commencing from 28 March 2007.
"**Non-CDP Paying Agent**"	:	Deutsche Bank AG, Hong Kong Branch in its capacity as non-CDP paying agent under the Agency Agreement, or its successor in such capacity.
"**Non-CDP Registrar**"	:	Shall have the meaning ascribed to it in Clause 1.1 of the Trust Deed.
"**Noteholders**"	:	The holders of the Notes.

"**Notes**"	:	The notes to be issued by the Issuer under the Programme.
"**O&M**"	:	Operations and maintenance.
"**OMSA**"	:	The 20-year operations and maintenance and service agreement entered into between KMC O&M and KMC, pursuant to which KMC O&M is responsible for the operation and maintenance of the KMC Plant.
"**Output Payments**"	:	The monthly variable payments payable by PUB to Ulu Pandan Trustee for the volume of feedwater treated under the NEWater Agreement.
"**Paying Agent**"	:	Shall have the meaning ascribed to it in Clause 1.1 of the Trust Deed.
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security, substantially in the form set out in Schedule 3 to the Trust Deed (with respect to the Notes) or, as the case may be, Schedule 7 to the Trust Deed (with respect to the Perpetual Securities).
"**Perpetual Securities**"	:	The perpetual securities to be issued by the Issuer under the Programme.
"**PGPL**"	:	Pavilion Gas Pte. Ltd., a company incorporated in Singapore.
"**Philippine Coastal**"	:	Philippine Coastal Storage & Pipeline Corporation.
"**Pipenet**"	:	PipeNet Pte Ltd, a company incorporated in Singapore.
"**Plants**"	:	KMC Plant, Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, the Basslink Interconnector, the City Gas Plants and the SingSpring Plant.
"**PowerGas**"	:	PowerGas Limited, a company incorporated in Singapore.
"**Power Trains**"	:	The gas turbine and steam turbine of the KMC Plant.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"**Principal Paying Agent**"	:	Deutsche Bank AG, Singapore Branch, in its capacity as Principal Paying Agent under the Agency Agreement, or its successor in such capacity.

"**Programme**"	:	The S$2,000,000,000 multicurrency debt issuance programme established by the Issuer.
"**Programme Agreement**"	:	The Programme Agreement dated 23 May 2019 and entered into by (1) the Issuer, as issuer, (2) the Arrangers, as arrangers and (3) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers, as supplemented and amended by a Supplemental Programme Agreement dated 4 May 2021 made between (1) the Issuer, as issuer, (2) the Arrangers, as arrangers, and (3) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers and as further amended, varied or supplemented from time to time.
"**PTSI**"	:	Philippine Tank Storage International (Holdings) Inc.
"**PUB**"	:	The Public Utilities Board of Singapore.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended.
"**Securityholder**"	:	The holders of the Notes and the Perpetual Securities.
"**Senoko Electricity Licence**"	:	The electricity licence obtained by the Senoko Trustee from the EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC.
"**Senoko EPHA Licence**"	:	The licence obtained by the Senoko Trustee from NEA under the EPHA authorising it to maintain and operate the waste disposal facility at Senoko WTE Plant.
"**Senoko Fixed Capacity Payments**	:	The monthly fixed payments payable by NEA to the Senoko Trustee for the provision of incineration capacity under the Senoko ISA.
"**Senoko Gasworks**"	:	Senoko gasworks plant.
"**Senoko ISA**"	:	The incineration services agreement entered into between the Senoko Trustee and NEA pursuant to which the Senoko Trustee will own and operate the Senoko WTE Plant.
"**Senoko O&M Agreement**"	:	The O&M agreement entered into between Keppel Seghers and the Senoko Trustee pursuant to which Keppel Seghers will operate, maintain and repair Senoko WTE Plant in return for fixed O&M fees and variable O&M fees payable by Senoko Trust.
"**Senoko Trust**"	:	A business trust established in Singapore and constituted to hold the assets and business undertakings relating to Senoko WTE Plant.

"**Senoko Trustee**"	:	Senoko Waste-To-Energy Pte. Ltd., acting in its capacity as trustee of Senoko Trust.
"**Senoko Variable Payments**"	:	The monthly variable payments payable by NEA to the Senoko Trustee, comprising a variable O&M cost component (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges which are paid by the Senoko Trustee to the NEMS), under the Senoko ISA.
"**Senoko WTE Plant**"	:	Senoko Waste-To-Energy Plant.
"**Series**"	:	Shall have the meaning ascribed to it in Clause 1.1 of the Trust Deed.
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Singapore CPI**"	:	The index titled Singapore Consumer Price published by the Department of Statistics Singapore.
"**SingSpring**"	:	SingSpring Trust, a business trust established in Singapore and constituted to hold the assets and business undertakings relating to SingSpring Plant.
"**SingSpring O&M Agreement**"	:	The O&M agreement entered into between SingSpring and Hyflux Engineering, pursuant to which Hyflux Engineering was appointed as O&M operator in respect of the SingSpring Plant.
"**SingSpring Output Payment**"	:	The variable monthly payment payable by PUB to SingSpring, depending on the actual volume of water supplied to PUB, under the Water Purchase Agreement.
"**SingSpring Plant**"	:	SingSpring desalination plant.
"**SP PowerAssets**"	:	SP PowerAssets Limited, a company incorporated in Singapore.
"**SP Services**"	:	SP Services Limited, a company incorporated in Singapore.
"**Sponsor**"	:	Keppel Infrastructure Holdings Pte. Ltd.
"**Sqm**"	:	Square metre.

"**subsidiary**"	:	Any company which is for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to KIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate): (1) which is controlled, directly or indirectly, by KIT (whether through the Issuer as trustee-manager of KIT or otherwise); (2) more than half the voting power of which is controlled, directly or indirectly, by KIT (whether through the Issuer as trustee-manager of KIT or otherwise); or (3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies, and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by KIT if KIT (whether through the Issuer as trustee-manager of KIT or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
"**Temporary Global Security**"	:	Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed (with respect to the Notes) or, as the case may be, Schedule 6 to the Trust Deed (with respect to the Perpetual Securities).
"**TIC**"	:	Tested incineration capacity.
"**Tolling Fees**"	:	The tolling fees payable by Keppel Electric to KMC upon KMC meeting certain availability and capacity targets under the terms of the CTA.
"**Tranche**"	:	Securities which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The trust deed dated 23 May 2019 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as supplemented and amended by the supplemental trust deed dated 4 May 2021 and as further amended, varied or supplemented from time to time.
"**Trust Property**"	:	Has the meaning ascribed to it in the Business Trusts Act.
"**Trustee**"	:	DB International Trust (Singapore) Limited in its capacity as trustee under the Trust Deed, or its successor in such capacity.

"**TUA Direct Agreement**"	:	The terminal user agreement direct agreement entered into between KMC and Singapore LNG Ltd. for the payment of terminal charges arising from the use of the LNG terminal.
"**Tuas DBOO Electricity Licence**"	:	The electricity licence obtained by the Tuas DBOO Trustee from the EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC.
"**Tuas DBOO EPHA Licence**"	:	The licence obtained by the Tuas DBOO Trustee from the NEA under the EPHA authorising the construction, establishment, maintenance and operation of the disposal facility at Keppel Seghers Tuas WTE Plant.
"**Tuas DBOO Fixed Capacity Payments**"	:	The monthly fixed capacity payments payable by NEA to the Tuas DBOO Trustee, comprising (a) an incineration capacity payment for the provision of incineration capacity and (b) electricity generation payment for the provision of electricity generation services, under the Tuas DBOO ISA.
"**Tuas DBOO ISA**"	:	The incineration services agreement entered into between the Tuas DBOO Trustee and NEA pursuant to which the Tuas DBOO Trustee will own and operate Keppel Seghers Tuas WTE Plant.
"**Tuas DBOO O&M Agreement**"	:	The O&M agreement entered into between Keppel Seghers and the Tuas DBOO Trustee pursuant to which Keppel Seghers will operate, maintain and repair Keppel Seghers Tuas WTE Plant in return for fixed O&M fees and variable O&M fees payable by Tuas DBOO Trust.
"**Tuas DBOO Trustee**"	:	Keppel Seghers Tuas Waste-to-Energy Plant Pte. Ltd., acting in its capacity as trustee of Tuas DBOO Trust.
"**Tuas DBOO Variable Payments**"	:	The monthly variable payments payable by NEA to Tuas DBOO Trustee, comprising a variable O&M cost component (for the provision of incineration services), electricity generation incentive payment (as an incentive for the efficient generation and sale of electricity) and payment for energy market charges (as reimbursement of the energy market charges that Tuas DBOO Trustee has to pay the NEMS), under the Tuas DBOO ISA.
"**Ulu Pandan O&M Agreement**"	:	The O&M agreement dated 4 March 2005 entered into between Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity) and Keppel Seghers, as novated, amended and restated on 27 May 2010 among Keppel Seghers NEWater Development Co Pte. Ltd. (in its personal capacity), the Ulu Pandan Trustee and Keppel Seghers.
"**Ulu Pandan Trustee**"	:	Keppel Seghers NEWater Development Co Pte. Ltd., acting in its capacity as trustee of Ulu Pandan Trust.

"**Unit**"	:	One unit representing an undivided interest in KIT.
"**United States**" or "**U.S.**"	:	United States of America.
"**Unitholder**"	:	A holder of Unit(s).
"**US$**" or "**US dollars**"	:	United States dollars.
"**Vesting LNG Contract**"	:	The gas sales agreement entered into between KMC and BG Singapore Gas Marketing Pte. Ltd. for delivery of regasified liquefied natural gas.
"**Vesting Contract**"	:	The vesting contract entered into between KMC and SP Services.
"**Waste & Water**"	:	The waste and water segment of KIT's portfolio of assets.
"**Water Purchase Agreement**"	:	The long-term water purchase agreement entered into between SingSpring and PUB, pursuant to which SingSpring receives a fixed monthly payment from PUB for making available the output capacity of the plant to PUB (which is payable regardless of the actual volume of water supplied) and a variable monthly payment depending on the actual volume of water supplied to PUB.
"**WTE**"	:	Waste-to-energy.
"**S$**" or "**$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**%**"	:	Per cent.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. In this Information Memorandum, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Board Of Directors	:	Mr Daniel Cuthbert Ee Hock Huat Mr Thio Shen Yi Mr Mark Andrew Yeo Kah Chong Mr Kunnasagaran Chinniah Ms Chong Suk Shien Ms Christina Tan Hua Mui
Company Secretary	:	Mr Marc Tan Weiqiang Mr Tan Wei Ming, Darren
Registered Office	:	1 Harbourfront Avenue #18-01 Keppel Bay Tower Singapore 098632
Auditors	:	Deloitte & Touche LLP
Arranger	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982 Oversea-Chinese Banking Corporation Limited 63 Chulia Street, #03-05 OCBC Centre East Singapore 049514
Principal Paying Agent and CDP Registrar	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Non-CDP Paying Agent and CDP Registrar	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
Trustee	:	DB International Trust (Singapore) Limited One Raffles Quay #16-00 South Tower Singapore 048583
Legal Advisers to the Arranger and Dealers	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer	:	Allen & Overy LLP 50 Collyer Quay #09-01 OUE Bayfront Singapore 049321
Legal Advisers to the Trustee and the Agents	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement. Capitalised terms used in this summary shall have the same meanings as ascribed to them in the Conditions or, as the case may be, the Trust Deed.

Issuer	:	Keppel Infrastructure Fund Management Pte. Ltd. (as trustee-manager of Keppel Infrastructure Trust).
Arrangers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
Dealers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Principal Paying Agent and CDP Registrar	:	Deutsche Bank AG, Singapore Branch.
Non-CDP Paying Agent and Non-CDP Registrar	:	Deutsche Bank AG, Hong Kong Branch.
Trustee	:	DB International Trust (Singapore) Limited.
Description	:	S$2,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$2,000,000,000 or such other amount as may be determined pursuant to the Programme Agreement.
Purpose	:	The net proceeds of an issuance of Securities will be used by the Issuer towards (a) financing or refinancing acquisitions and/or investments of the Group and any asset enhancement works of the Group, (b) financing the general working capital purposes and/or capital expenditure requirements of the Group, (c) refinancing the borrowings of the Group or (d) such other purpose as may be specified in the relevant Pricing Supplement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars, US dollars or such other currency as the Issuer and the relevant Dealer(s) may so agree.
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination of Securities	:	The Securities will be issued in bearer form or in registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Securities upon the terms therein. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Securities, one Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.
Custody	:	Securities which are to be listed on the SGX-ST may be cleared through CDP. Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Listing	:	Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Securities is approved, for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of the Securities and the distribution of offering material relating to the Securities, see the section on "*Subscription, Purchase and Distribution*". Further restrictions may apply in connection with any particular Series or Tranche of Securities.

Non-disposal covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, that it shall not, and will ensure that none of the Principal Subsidiaries of KIT will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or, as the case may be, the assets of KIT or the Group nor any part of its assets or, as the case may be, the assets of KIT or the Group which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16(y) of the Trust Deed, is substantial in relation to the assets of the Group taken as a whole, and the disposal of which (either alone or so aggregated) would have a material adverse effect on it or, as the case may be, KIT. The following disposals shall not be taken into account under Clause 16(y) of the Trust Deed: (i) any disposal of Basslink Pty Ltd and/or any or its subsidiaries; (ii) any disposal in the ordinary course of business and on normal commercial terms whether or not for cash; (iii) any disposal of assets which are obsolete, excess or no longer required for the purpose of KIT's business; (iv) any payment of cash as consideration for the acquisition of any asset on normal commercial terms and on an arm's length basis; (v) any disposal by the Issuer or by any Principal Subsidiary to the Issuer or to any other Principal Subsidiary (or to a subsidiary which becomes a Principal Subsidiary following such disposal); (vi) any exchange of assets for other assets of a similar or superior nature and value and cash; (vii) the making of lawful dividends or distributions other than as restricted under this Trust Deed; or (viii) any disposal which the Trustee or the Securityholders by way of Extraordinary Resolution shall have agreed shall not be taken into account.
Governing Law	:	The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face (if the Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if the Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR, S$ SWAP RATE or Compounded Daily SORA (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrears on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined, in the case of Hybrid Notes which are denominated in Singapore dollars, by reference to S$ SIBOR, S$ SWAP RATE or Compounded Daily SORA (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero-Coupon Notes	:	Zero-Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption upon Termination of KIT	:	In the event that KIT is terminated in accordance with the provisions of the KIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of KIT.
Redemption upon De-listing of KIT	:	In the event that KIT is unable to maintain its listing on the SGX-ST, the Issuer shall redeem all (and not some only) of the Notes at their redemption amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

Redemption for Taxation Reasons	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their redemption amount or (in the case of Zero-Coupon Notes) early redemption amount, together with interest accrued to (but excluding) the date fixed for redemption, if: (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Negative Pledge : For so long as any of the Notes remains outstanding the Issuer will not create or permit to subsist and, will procure that no Principal Subsidiary (as defined in the terms and conditions of the Notes) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any freely transferable securities (as defined in the terms and conditions of the Notes) issued by the Issuer or any subsidiary of KIT or to secure any guarantee of or indemnity of the Issuer or any subsidiary of KIT in respect of any freely transferable securities, unless, at the same time or prior to such Security being given, the obligations of the Issuer under the Notes and the Trust Deed (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially prejudicial to the interests of the Noteholders, or as shall be approved by way of an Extraordinary Resolution of the Noteholders.

Provided that nothing in this paragraph:

(i) shall prohibit or restrict the creation by the Issuer or any subsidiary of KIT of any Security upon (i) any property or assets acquired, purchased or owned or to be acquired, purchased or owned by the Issuer or any subsidiary of KIT, as the case may be, or (ii) any property or assets of any entity acquired, purchased or owned or to be acquired, purchased or owned by the Issuer or any subsidiary of KIT, as the case may be, for the purpose of securing the payment of any sum due in respect of freely transferable securities or any payment under any guarantee of, or indemnity or other like obligation relating to freely transferable securities, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets (including, without limitation, the equipping, alteration or improvement of such property or assets following their redevelopment, development or construction);

(ii) shall extend to any Security existing on (i) any property or asset of, or any interests in, any entity at the time the Issuer or any subsidiary of KIT acquires such entity after the Issue Date or (ii) any property or asset at the time it is acquired by the Issuer or any subsidiary of KIT after the Issue Date provided that, in the case of (i) and (ii) above, such Security was not created in anticipation of such entity, property or asset being acquired by the Issuer or the relevant subsidiary of KIT (as the case may be); or

(iii) shall extend to any Security of the Issuer or any subsidiary of KIT existing as at the Issue Date and any Security to be created in connection with the refinancing of the indebtedness secured by such existing Security.

Financial Covenants : For so long as any of the Notes remains outstanding, the Issuer will ensure that the Adjusted EBITDA in respect of any Test Period to Net Interest Expense for that Test Period shall be at least 3.5 times.

For the purposes of this paragraph:

The financial covenant set out shall be calculated and interpreted on a non-consolidated basis (at the KIT trust level) and interpreted in accordance with FRS as at the end of each financial half-year of KIT, and shall be tested semi-annually against the most recent audited yearly financial statements of KIT and half-yearly unaudited interim financial statements of KIT;

"**Adjusted EBITDA**" means in relation to any Test Period, the EBITDA of KIT for that Test Period adjusted by adding the aggregate amount in cash received during that Test Period by the Issuer which is directly or indirectly attributable to any form of distribution from any member of the Group, whether by way of capital redemption or repayment of intercompany loans, to the extent such cash was not included in calculating the profit of KIT and without double counting;

"**EBITDA**" means, in relation to any Test Period, the total unconsolidated operating profit of KIT (at the KIT trust level) for that Test Period:

(a) before taking into account for that period:

  (i) Net Interest Expense;

  (ii) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

  (iii) any share of the profit of any associated company or undertaking, except for dividends received in cash by the Issuer; and

  (iv) extraordinary and exceptional items;

(b) after adding back all amounts provided for depreciation and amortisation for that Test Period;

(c) adjusted for any deduction in respect of any loss against book value incurred on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any loss on any revaluation of any asset during that Test Period;

(d) adjusted for any contribution in respect of any profit against book value obtained on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any profit on any revaluation of any asset during that Test Period;

(e) adjusted for unrealised exchange gains and losses and gains and losses on hedging agreements that have not been closed-out;

(f) adjusted for any non-cash FRS-related adjustments and changes; and

(g) adjusted for any non-recurring transaction costs incurred with any debt or equity raising or any acquisition;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility; and

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (other than pursuant to any issue of perpetual securities and any other financial instruments which, in each case, is recognised as equity under FRS),

but excluding:

(i) any intra-group debt or indebtedness to unitholders, subsidiaries, associated companies and related corporations of the Issuer; and

(ii) any deposits and indebtedness comprising trade payables owing or incurred in respect of assets, goods and services obtained in the ordinary course of business;

"**FRS**" means the financial reporting standards prescribed by the Accounting Standards Council of Singapore from time to time;

"**Interest Expense**" means in relation to any Test Period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued by the Issuer in that period in respect of Total Borrowings including:

(a) the interest element of leasing and hire purchase payments;

(b) commitment fees, commissions and guarantee fees; and

(c) amounts in the nature of interest payable in respect of any shares other than equity share capital, perpetual securities and any other financial instruments which, in each case, is recognised as equity under FRS, adjusted (but without double counting) by:

    (i) adding back the net amount payable (or deducting the net amount receivable) by the Issuer in respect of that period under any interest or (so far as they relate to interest) currency hedging arrangements; and

    (ii) for the avoidance of doubt, excluding any arrangement fee or front-end fee or bank option fee payable in respect of Financial Indebtedness;

"**Net Interest Expense**" means, in relation to any Test Period, the Interest Expense of the Issuer in that Test Period adjusted (but without double counting) by deducting the interest income of the Issuer in respect of that period;

"**Test Period**" means each period of 12 months ending on the last day of each financial half-year of KIT; and

"**Total Borrowings**" means, as at any particular time, the aggregate of the outstanding principal, nominal or capital amount (and any fixed or minimum premium payable on prepayment or redemption) of the Financial Indebtedness of the Issuer, calculated on a non-consolidated basis (at the KIT trust level) (but excluding any marked-to-market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account)) of any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

For this purpose, any amount outstanding or repayable in a currency other than Singapore dollars should on that day be taken into account:

(a) if any audited balance sheet of KIT has been prepared as at that day, in the Singapore dollar equivalent at the rate of exchange used for the purpose of preparing that balance sheet; and

(b) in any other case, in the Singapore dollar equivalent at the rate of exchange that would have been used had an audited balance sheet of KIT been prepared as at that day in accordance with the FRS.

For the avoidance of doubt, for the purposes of these definitions, any securities or financial instruments issued by the Issuer, KIT or any member of the Group which are regarded by FRS as "equity" shall be treated as such (and not as debt).

No Merger Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it shall not, unless required by law or with the prior written consent of the Trustee acting under the directions of the Noteholders by way of an Extraordinary Resolution, undertake or permit any reorganisation, amalgamation, reconstruction, merger or consolidation with any other company or person, or any other schemes of compromise or arrangement affecting its present constitution ("**Reconstruction Event**"), in each case, other than any Reconstruction Event (i) which is made on solvent terms, (ii) where the Issuer remains a surviving entity and (iii) which does not have a material adverse effect on the Issuer or KIT.
Events of Default	:	See Condition 10 of the Notes.
Taxation	:	All payments in respect of the Notes and Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on "*Singapore Taxation*".

PERPETUAL SECURITIES

No Fixed Redemption Date	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be subject to reset on such date and bases as may be set out in the relevant Pricing Supplement.

Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to distribution at a rate to be determined separately for each Series by reference to S$ SIBOR, S$ SWAP RATE or Compounded Daily SORA (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the terms and conditions of the Perpetual Securities) by giving notice to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. For the purposes of this "*Summary of the Programme*" section: "**Junior Obligation**" means any class of equity capital in KIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of KIT. "**Parity Obligation**" means any instrument or security (including without limitation any preference units in KIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit (as defined in the terms and conditions of the Perpetual Securities) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

Non-Cumulative Deferral and Cumulative Deferral	:	If Non-Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis. If Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full. If Additional Distribution is set out on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restriction in the case of Non-Payment	:	If Dividend Stopper is set out on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall: (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Parity Obligations, in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Parity Obligations of KIT for Junior Obligations of KIT unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders. For the avoidance of doubt, nothing contained in the terms and conditions of the Perpetual Securities shall restrict the payment of management fees to the Trustee-Manager in the form of units in KIT, cash or any other form of consideration.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in Condition 3(b) of the Perpetual Securities.
Subordination of Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of bankruptcy, termination, winding up, liquidation, receivership or similar proceedings ("**Winding-Up**") of KIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of KIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of KIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "**Notional Preferred Units**") having an equal right to return of assets in the Winding-Up of KIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of KIT, and so ranking ahead of, the holders of Junior Obligations of KIT, but junior to the claims of all other present and future creditors of KIT (other than Parity Obligations of KIT), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Perpetual Securities) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with the terms and conditions of the Perpetual Securities.

No set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Subordinated Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the terms and conditions of the Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Subordinated Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding-Up or administration of KIT, the liquidator or, as appropriate, administrator of KIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of KIT) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on the First Call Date (as specified on the face of the Perpetual Security and the relevant Pricing Supplement) or on any Distribution Payment Date thereafter at their principal amount, together with the distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable).

Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if: (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.
Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of KIT pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of: (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date, payments by the Issuer which would otherwise have been deductible to the Issuer, are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

Redemption upon a Ratings Event	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to (but excluding) the date fixed for redemption), if as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of the Rating Agency specified on the face of the Perpetual Security and the relevant Pricing Supplement (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Perpetual Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Perpetual Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of such Rating Agency) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency), provided that, prior to the publication of any notice of redemption pursuant to Condition 5(f) of the Perpetual Securities, the Issuer shall deliver, or procure that there is delivered to the Trustee and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting out the details of such circumstances.
Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Redemption upon Cessation or Suspension of Trading of Units	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified on the face of the Perpetual Security and the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event. For the purposes of this "*Summary of the Programme*" section: (i) "**Cessation/Suspension of Trading Event**" occurs when (i) the units of the Issuer cease to be traded on the SGX-ST, or (ii) trading in the units of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days; and (ii) "**market day**" means a day on which the SGX-ST is open for securities trading.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for Winding-Up of KIT in relation to Perpetual Securities is limited to circumstances set out in Condition 9(b) of the Perpetual Securities. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities. In addition, nothing in Condition 9 of the Perpetual Securities, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.
Proceedings for winding-up	:	If (1) a Winding-Up of KIT occurs, or (2) the Issuer does not pay any sum payable by it under the Perpetual Securities when due and, such default continues for a period of three (3) business days after the due date (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of KIT and/or prove in the Winding-Up of KIT and/or claim in the liquidation of KIT for such payment.

Taxation	:	Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "*Singapore Taxation*" herein.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. Details of the relevant Series are shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 23 May 2019, as supplemented by a supplemental trust deed dated 4 May 2021 (as further amended, varied or supplemented from time to time, the "**Trust Deed**") made between (1) Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**")) (the "**Trustee-Manager**"), as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns including any substitute or replacement trustee-manager of KIT), and (2) DB International Trust (Singapore) Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "**Deed of Covenant**") dated 23 May 2019 executed by the Issuer, relating to Notes cleared through the CDP System (as defined in the Trust Deed) ("**CDP Notes**") issued by the Issuer. These terms and conditions (the "**Conditions**") are subject to the detailed provisions of the Trust Deed. The Issuer has entered into an agency agreement (the "**Agency Agreement**") dated 23 May 2019 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent in respect of CDP Notes (in such capacity, the "**Principal Paying Agent**") and registrar and transfer agent in respect of CDP Notes (in such capacity, the "**CDP Registrar**"), (3) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Notes that are cleared or to be cleared through a clearing system other than the CDP System (the "**Non-CDP Notes**") (in such capacity, the "**Non-CDP Paying Agent**" and together with the Principal Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and registrar and transfer agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar, the "**Registrar**" and the Registrar, together with any other transfer agents that may be appointed, the "**Transfer Agents**") and (4) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form (the "**Bearer Notes**") or in registered form (the "**Registered Notes**") in each case in the Denomination Amount shown hereon. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Note that does not bear interest (a "**Zero-Coupon Note**"), a combination of any of the foregoing or any other type of Note (depending on the Interest and Redemption/Payment Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and where applicable, a Talon) attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**"), and save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents (as defined below) all other agents of the Issuer and the Trustee as the holder of

such principal amount of Notes other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the holder of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Security or, as the case may be, the Global Certificate and such Global Security or, as the case may be, the Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, premium, interest, redemption, purchases and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

(iv) For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts in respect of such Notes, for which purpose the holder of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg. For so long as any of the Notes is represented by a Global Security or, as the case may be, the Global Certificate and such Global Security or, as the case may be, the Global Certificate is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for the purposes of determining entitlements to any payment of principal, premium, interest, redemption, purchase and any other amounts in respect of the Note shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(v) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream Luxembourg and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon, or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(vi) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF NOTES AND TRANSFER OF REGISTERED NOTES

(a) No Exchange of Notes:

Registered Notes may not be exchanged for Bearer Notes, Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes:

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes which is a schedule to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes:

In the case of an exercise of an Issuer's or Noteholder's option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer or exercise notice (as referred to in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, exercise notice (as referred to in Condition 6(e)) or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice (as referred to in Condition 6(e)) or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge:

Transfers of Notes and registrations and issues of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or governmental charges.

(f) Closed Periods:

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of fifteen (15) days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (ii) after any such Note has been called for redemption and (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. STATUS

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes and Coupons shall at all times rank *pari passu*, and rateably without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer, from time to time outstanding.

4. NEGATIVE PLEDGE AND FINANCIAL COVENANTS

4.1 For so long as any of the Notes remains outstanding, the Issuer will not create or permit to subsist and, will procure that no Principal Subsidiary (as defined below) will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("**Security**") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any freely transferable securities (as defined below) issued by the Issuer or any subsidiary of KIT ("**Subsidiary**") or to secure any guarantee of or indemnity of the Issuer or any Subsidiary in respect of any freely transferable securities, unless, at the same time or prior to such Security being given, the obligations of the Issuer under the Notes and the Trust Deed (a) are secured equally and rateably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially prejudicial to the interests of the Noteholders, or as shall be approved by way of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Conditions:

"**freely transferable securities**" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market, having an original maturity of more than 365 days from its date of issue.

Provided that nothing in this Condition 4.1:

(i) shall prohibit or restrict the creation by the Issuer or any Subsidiary of any Security upon (i) any property or assets acquired, purchased or owned or to be acquired, purchased or owned by the Issuer or any Subsidiary, as the case may be, or (ii) any property or assets of any entity acquired, purchased or owned or to be acquired, purchased or owned by the Issuer or any Subsidiary, as the case may be, for the purpose of securing the payment of any sum due in respect of freely transferable securities or any payment under any guarantee of, or indemnity or other like obligation relating to freely transferable securities, the proceeds of which are to be applied towards financing or refinancing the cost of the acquisition, purchase, development, construction, redevelopment and ownership of such property or assets (including, without limitation, the equipping, alteration or improvement of such property or assets following their redevelopment, development or construction);

(ii) shall extend to any Security existing on (i) any property or asset of, or any interests in, any entity at the time the Issuer or any Subsidiary acquires such entity after the Issue Date or (ii) any property or asset at the time it is acquired by the Issuer or any Subsidiary after the Issue Date provided that, in the case of (i) and (ii) above, such Security was not created in anticipation of such entity, property or asset being acquired by the Issuer or the relevant Subsidiary (as the case may be); or

(iii) shall extend to any Security of the Issuer or any Subsidiary existing as at the Issue Date and any Security to be created in connection with the refinancing of the indebtedness secured by such existing Security.

4.2 For so long as any of the Notes remains outstanding, the Issuer will ensure that the Adjusted EBITDA in respect of any Test Period to Net Interest Expense for that Test Period shall be at least 3.5 times.

For the purposes of this Condition:

The financial covenant set out shall be calculated and interpreted on a non-consolidated basis (at the KIT trust level) and interpreted in accordance with FRS as at the end of each financial half-year of KIT, and shall be tested semi-annually against the most recent audited yearly financial statements of KIT and half-yearly unaudited interim financial statements of KIT;

"**Adjusted EBITDA**" means in relation to any Test Period, the EBITDA of KIT for that Test Period adjusted by adding the aggregate amount in cash received during that Test Period by the Issuer which is directly or indirectly attributable to any form of distribution from any member of the Group, whether by way of capital redemption or repayment of intercompany loans, to the extent such cash was not included in calculating the profit of KIT and without double counting;

"**EBITDA**" means, in relation to any Test Period, the total unconsolidated operating profit of KIT (at the KIT trust level) for that Test Period:

(a) before taking into account for that period:

(i) Net Interest Expense;

(ii) any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);

(iii) any share of the profit of any associated company or undertaking, except for dividends received in cash by the Issuer; and

(iv) extraordinary and exceptional items;

(b) after adding back all amounts provided for depreciation and amortisation for that Test Period;

(c) adjusted for any deduction in respect of any loss against book value incurred on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any loss on any revaluation of any asset during that Test Period;

(d) adjusted for any contribution in respect of any profit against book value obtained on the disposal of any asset (not being disposals made in the ordinary course of trading) during that period and any profit on any revaluation of any asset during that Test Period;

(e) adjusted for unrealised exchange gains and losses and gains and losses on hedging agreements that have not been closed-out;

(f) adjusted for any non-cash FRS-related adjustments and changes; and

(g) adjusted for any non-recurring transaction costs incurred with any debt or equity raising or any acquisition;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility; and

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (other than pursuant to any issue of perpetual securities and any other financial instruments which, in each case, is recognised as equity under FRS),

but excluding:

(i) any intra-group debt or indebtedness to unitholders, subsidiaries, associated companies and related corporations of the Issuer; and

(ii) any deposits and indebtedness comprising trade payables owing or incurred in respect of assets, goods and services obtained in the ordinary course of business;

"**FRS**" means the financial reporting standards prescribed by the Accounting Standards Council of Singapore from time to time;

"**Interest Expense**" means in relation to any Test Period, the aggregate amount of interest and any other finance charges (whether or not paid, payable or capitalised) accrued by the Issuer in that period in respect of Total Borrowings including:

(a) the interest element of leasing and hire purchase payments;

(b) commitment fees, commissions and guarantee fees; and

(c) amounts in the nature of interest payable in respect of any shares other than equity share capital, perpetual securities and any other financial instruments which, in each case, is recognised as equity under FRS,

adjusted (but without double counting) by:

(i) adding back the net amount payable (or deducting the net amount receivable) by the Issuer in respect of that period under any interest or (so far as they relate to interest) currency hedging arrangements; and

(ii) for the avoidance of doubt, excluding any arrangement fee or front-end fee or bank option fee payable in respect of Financial Indebtedness;

"**Net Interest Expense**" means, in relation to any Test Period, the Interest Expense of the Issuer in that Test Period adjusted (but without double counting) by deducting the interest income of the Issuer in respect of that period;

"**Test Period**" means each period of 12 months ending on the last day of each financial half-year of KIT; and

"**Total Borrowings**" means, as at any particular time, the aggregate of the outstanding principal, nominal or capital amount (and any fixed or minimum premium payable on prepayment or redemption) of the Financial Indebtedness of the Issuer, calculated on a non-consolidated basis (at the KIT trust level) (but excluding any marked-to-market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account)) of any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price).

For this purpose, any amount outstanding or repayable in a currency other than Singapore dollars should on that day be taken into account:

(a) if any audited balance sheet of KIT has been prepared as at that day, in the Singapore dollar equivalent at the rate of exchange used for the purpose of preparing that balance sheet; and

(b) in any other case, in the Singapore dollar equivalent at the rate of exchange that would have been used had an audited balance sheet of KIT been prepared as at that day in accordance with the FRS.

For the avoidance of doubt, for the purposes of these definitions, any securities or financial instruments issued by the Issuer, KIT or any member of the Group which are regarded by FRS as "equity" shall be treated as such (and not as debt).

5. RATE OF INTEREST

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(II)(e)) in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to (but excluding) the Relevant Date (as defined in Condition 8).

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction (as defined in Condition 5(II)(e)) shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 5(II)(e)) for any Fixed Rate Interest Period (as defined below) in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 5(II)(e)).

For the purposes of these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) **Interest on Floating Rate Notes or Variable Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note or Variable Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) to (but excluding) the Relevant Date.

(b) **Rate of Interest – Floating Rate Notes**

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note), Swap Rate (in which case such Note will be a Swap Rate Note) or Singapore Overnight Rate Average ("**SORA**") (in which case such Note will be a SORA Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the

Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any);

(3) in the case of Floating Rate Notes which are specified in the applicable Pricing Supplement as being SORA Notes, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SORA (as defined below) plus or minus the Spread:

(A) where Lookback is specified in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

where: $$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_{i-x\ SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**", for the relevant Interest Period, is the number of Singapore Business Days in such Interest Period;

"$_i$", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period to, but excluding, the last Singapore Business Day in such Interest Period;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period (or such other number of Singapore Business Days specified in the applicable Pricing Supplement);

"n_i", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Interest Period, the period from, and including, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Interest Payment Date at the end of such Interest Period (or the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the SORA Notes become due and payable);

"**Singapore Business Days**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"$\mathbf{SORA_{i-x\ SBD}}$" means, in respect of any Singapore Business Day, "$_i$" in the relevant Interest Period, the reference rate equal to SORA in respect of the Singapore Business Day falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the relevant Singapore Business Day "$_i$".

(B) where Backward Shifted Observation Period is specified in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

where: $$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

"**d**" is the number of calendar days in the relevant Observation Period;

"$\mathbf{d_o}$", for the relevant Interest Period, is the number of Singapore Business Days in the relevant Observation Period;

"$_{\mathbf{i}}$", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Observation Period to, but excluding, the last Singapore Business Day in such Observation Period;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period (or such other number of Singapore Business Days specified in the applicable Pricing Supplement);

"$\mathbf{n_i}$", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Interest Period, the period from, and including, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Interest Payment Date at the end of such Interest Period (or the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the SORA Notes become due and payable);

"**Singapore Business Days**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"**SORA$_i$**" means, in respect of any Singapore Business Day "$_i$" in the relevant Observation Period, the reference rate equal to SORA in respect of that Singapore Business Day "$_i$".

For the avoidance of doubt, the formula for the calculation of Compounded Daily SORA only compounds SORA in respect of any Singapore Business Day. SORA applied to a day that is not a Singapore Business Day will be taken by applying SORA for the previous Singapore Business Day but without compounding.

(C) If, subject to Condition 5(II)(b)(iii), by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such Singapore Business Day "$_i$", SORA in respect of such Singapore Business Day "$_i$" has not been published and a Benchmark Event has not occurred, then SORA for that Singapore Business Day "$_i$" will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.

(D) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5(II)(b)(iii), the Rate of Interest shall be:

(aa) that determined as at the last preceding Interest Determination Date (though substituting, where a different Spread or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Spread or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Period in place of the Spread or Minimum Rate of Interest relating to that last preceding Interest Period); or

(bb) if there is no such preceding Interest Determination Date the initial Rate of Interest which would have been applicable to such SORA Notes for the first Interest Period had the SORA Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Spread and any Minimum Rate of Interest applicable to the first Interest Period).

If the relevant SORA Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall,

notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such SORA Notes became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SORA formula) and the Rate of Interest on such SORA Notes shall, for so long as any such SORA Note remains outstanding, be that determined on such date.

(4) in the case of Floating Rate Notes which are not SIBOR Notes, Swap Rate Notes or SORA Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) Benchmark Discontinuation

(1) where "Benchmark Replacement (General)" is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event has occurred in relation to the current Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by the current Reference Rate, then the following provisions shall apply:

(A) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Successor Rate, failing which the Alternative Rate (in accordance with Condition 5(II)(b)(iii)(1)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5(II)(b)(iii)(1)(C)), and any Benchmark Amendments (in accordance with Condition 5(II)(b)(iii)(1)(D)) by the relevant Interest Determination Date.

An Independent Adviser appointed pursuant to this Condition 5(II)(b)(iii)(1) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(II)(b)(iii)(1).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Successor Rate, failing which the Alternative Rate prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Successor Rate, failing which the Alternative Rate (as the case may be) (in accordance with Condition 5(II)(b)(iii)(1)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 5(II)(b)(iii)(1)(C)), and any Benchmark Amendments (in accordance with Condition 5(II)(b)(iii)(1)(D)).

If the Issuer is unable to determine the Successor Rate or the Alternative Rate (as the case may be) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Spread or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Spread or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Spread or Minimum Rate of Interest relating to that last preceding Interest Period.

For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 5(II)(b)(iii)(1)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 5(II)(b)(iii)(1)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5(II)(b)(iii)(1) in the event of a further Benchmark Event affecting the Successor Rate); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 5(II)(b)(iii)(1)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the subsequent operation of this Condition 5(II)(b)(iii)(1) in the event of a further Benchmark Event affecting the Alternative Rate).

(C) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(D) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(II)(b)(iii)(1)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(II)(b)(iii)(1)(E), the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including*, inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall not be obliged so to concur if in its reasonable opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the Principal Paying Agent or the Calculation Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement or the Calculation Agency Agreement (as the case may be) in any way.

For the avoidance of doubt, the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions and (if applicable) the Calculation Agency Agreement as may be required in order to give effect to this Condition 5(II)(b)(iii)(1)(D). Noteholders' consent shall not be required in connection with effecting the Successor Rate or the Alternative Rate (as the case may be) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Principal Paying Agent, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with this Condition 5(II)(b)(iii)(1)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(II)(b)(iii)(1) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(aa) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or the Alternative Rate (as the case may be), (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(II)(b)(iii)(1); and

(bb) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. Further, none of the Trustee, the Principal Paying Agent or the Calculation Agent shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on such certifications provided to each of them in this regard.

The Successor Rate, the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Principal Paying Agent and the Noteholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(II)(b)(iii)(1)(A), 5(II)(b)(iii)(1)(B), 5(II)(b)(iii)(1)(C) and 5(II)(b)(iii)(1)(D), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b) will continue to apply unless and until the Trustee, the Principal Paying Agent and the Calculation Agent have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5(II)(b)(iii)(1)(E).

(G) Definitions:

As used in this Condition 5(II)(b)(iii)(1):

"**Adjustment Spread**" means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry accepted replacement rate for the Original Reference Rate, to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be); or

(iii) (if no such determination has been made, or in the case of an Alternative Rate) the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be); or

(iv) if the Independent Adviser determines that no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines in accordance with Condition 5(II)(b)(iii)(1)(B)) has replaced the Original Reference Rate in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same Interest Period and in the same currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(II)(b)(iii)(1)(D));

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate), and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of

subparagraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Principal Paying Agent. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Principal Paying Agent shall have any responsibility for making such determination.

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 5(II)(b)(iii)(1)(A);

"**Original Reference Rate**" means initially, the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes, as specified in the relevant Pricing Supplement, provided that if a Benchmark Event has occurred with respect to the then-original benchmark or screen rate (as the case may be), then "**Original Reference Rate**" means the applicable Successor Rate or the Alternative Rate (as the case may be).

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(1)(A)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(2) where "Benchmark Replacement (SOR)" is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event has occurred in relation to the current Reference Rate when any Rate of Interest (or the relevant component part thereof) remains to be determined by the current Reference Rate, then the following provisions shall apply:

(A) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 5(II)(b)(iii)(2)(B)) and an Adjustment Spread, if any (in accordance with Condition 5(II)(b)(iii)(2)(C)), and any Benchmark Amendments (in accordance with Condition 5(II)(b)(iii)(2)(D)) by the relevant Interest Determination Date. An Independent Adviser appointed pursuant to this Condition 5(II)(b)(iii)(2)(A) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(II)(b)(iii)(2).

If the Issuer is unable to appoint an Independent Adviser after using its commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the relevant Interest Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 5(II)(b)(iii)(2)(B)) and an Adjustment Spread if any (in accordance with Condition 5(II)(b)(iii)(2)(C)) and any Benchmark Amendments (in accordance with Condition 5(II)(b)(iii)(2)(D)).

If the Issuer is unable to determine the Benchmark Replacement prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Spread or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Spread or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Spread or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 5(II)(b)(iii)(2)(A).

(B) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) shall (subject to adjustment as provided in Condition 5(II)(b)(iii)(2)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5).

(C) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Benchmark Replacement and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(D) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines (i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(II)(b)(iii)(2)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(II)(b)(iii)(2)(E), the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall not be obliged so to concur if in its reasonable opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the Principal Paying Agent or the Calculation Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement or the Calculation Agency Agreement (as the case may be) in any way.

For the avoidance of doubt, the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions and (if applicable) the Calculation Agency Agreement as may be required in order to give effect to this Condition 5(II)(b)(iii)(2)(D). Noteholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Principal Paying Agent, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 5(II)(b)(iii)(2)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(II)(b)(iii)(2) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Benchmark Replacement and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5(II)(b)(iii)(2); and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. Further, none of the Trustee, the Principal Paying Agent or the Calculation Agent shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to the Benchmark Replacement or any other changes and shall be entitled to rely conclusively on such certifications provided to each of them in this regard.

The Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Principal Paying Agent and the Noteholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5(II)(b)(iii)(2)(A), 5(II)(b)(iii)(2)(B), 5(II)(b)(iii)(2)(C) and 5(II)(b)(iii)(2)(D), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b) will continue to apply unless and until the Trustee, the Principal Paying Agent and the Calculation Agent have been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5(II)(b)(iii)(2)(E).

(G) Definitions

As used in this Condition 5(II)(b)(iii)(2):

"**Adjustment Spread**" means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(i) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(ii) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(iii) is determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same Interest Period and in the same currency as the Notes;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines in accordance with Condition 5(II)(b)(iii)(2)(B) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same Interest Period and in the same currency as the Notes (including, but not limited to, Singapore Government Bonds);

"**Benchmark Amendments**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period", timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period, any other amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines is reasonably necessary);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate), and such cessation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued and such discontinuation is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months and such prohibition is reasonably expected by the Issuer to occur prior to the Maturity Date; or

(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate; or

(vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of subparagraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Benchmark Replacement**" means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Interest Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be):

(i) Term SORA;

(ii) Compounded SORA;

(iii) the Successor Rate;

(iv) the ISDA Fallback Rate (including Fallback Rate (SOR)); and

(v) the Alternative Rate.

"**Compounded SORA**" means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) in accordance with:

(i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that:

(ii) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes at such time.

Notwithstanding the foregoing, Compounded SORA will include a selected mechanism as specified in the applicable Pricing Supplement to determine the interest amount payable prior to the end of each Interest Period;

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

"**Fallback Rate (SOR)**" has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 5(II)(b)(iii)(2)(A);

"**Interpolated Benchmark**" with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Original Reference Rate**" means, initially, Swap Offer Rate (being the originally-specified reference rate of applicable tenor used to determine the Rate of Interest) or any component part thereof, including the relevant USD London Interbank Offered Rate, provided that if a Benchmark Event has occurred with respect to Swap Offer Rate or the then-current Original Reference Rate, then "**Original Reference Rate**" means the applicable Benchmark Replacement;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

"**SORA**" or "**Singapore Overnight Rate Average**" with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor; and

"**Term SORA**" means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been selected or recommended by the Relevant Nominating Body, or as determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(II)(b)(iii)(2)(A)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes.

(iv) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(v) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero (subject to any applicable Minimum Rate of Interest), the Rate of Interest in relation to such Interest Period shall be zero.

(c) **Rate of Interest – Variable Rate Notes**

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer(as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**" and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Principal Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined, but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Principal Paying Agent, the Non-CDP Paying Agent (if applicable) and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Principal Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**" determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)), Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or SORA (in which case such Variable Rate Note(s) will be SORA Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, (subject to any applicable Minimum Rate of Interest) the Rate of Interest in relation to such Interest Period shall be zero.

(d) **Minimum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5(II)(b) or Condition 5(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

(e) **Definitions**

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent's specified office and (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with Condition 5:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360;

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365; and

(iv) if "30/360" is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

"**Euros**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement specified in the Pricing Supplement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) **Interest on Hybrid Notes**

(a) **Interest Rate and Accrual**

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown on the face of such Note.

(b) **Fixed Rate Period**

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

(ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to (but excluding) the Relevant Date.

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of such Hybrid Note during the Fixed Rate Period.

(c) **Floating Rate Period**

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its principal amount outstanding from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next

day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning on (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to (but excluding) the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) **Zero-Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(i)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(i)).

(V) **Calculations**

(a) **Determination of Rate of Interest and Calculation of Interest Amounts**

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**" in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) **Notification**

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, the Registrar, the Trustee and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Variable Rate Notes, at the request and expense of the Issuer and to the extent practicable, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as practicable after their determination. In the case of Floating Rate Notes at the request and expense of the Issuer and to the extent practicable, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as practicable after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) **Calculation Agent and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero-Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholder's Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(c) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof, and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(d) **Purchase at the Option of the Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Principal Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(e) **Purchase at the Option of Noteholders**

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase and all unexchanged Talons with the Principal Paying Agent or any other Paying Agent at its specified office, or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes or Certificates representing such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent, and in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Principal Paying Agent, and in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(f) **Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as determined in accordance with Condition 6(i)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent and the Trustee a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or other professional advisors of recognised standing stating that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certification as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Noteholders.

(g) **Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 6(g), the Issuer shall be bound to redeem all the Notes in accordance with this Condition 6(g).

(h) **Purchases**

The Issuer and/or any subsidiaries of KIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Notes so purchased, while held by or on behalf of the Issuer and/or any subsidiaries of KIT shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes purchased by the Issuer and/or any subsidiaries of KIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Principal Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Trustee-Manager, KIT or relevant subsidiary of KIT (as the case may be) be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) **Early Redemption of Zero-Coupon Notes**

(i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of Condition 6(i)(iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(i)(ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this Condition 6(i)(iii) will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(j) **Redemption upon Termination of KIT**

In the event that KIT is terminated in accordance with the provisions of the KIT Trust Deed (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of KIT.

The Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the termination of KIT.

(k) **Redemption upon De-listing of KIT**

In the event that KIT is unable to maintain its listing on the SGX-ST (as defined in the Trust Deed) the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes.

The Issuer shall forthwith notify the Trustee, the Agents and the Noteholders of the de-listing events.

(l) **Cancellation**

All Notes purchased by or on behalf of the Issuer and/or any of the subsidiaries of KIT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar, and in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

Payments of principal (or, as the case may be, Redemption Amounts and Early Redemption Amount) and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Principal Paying Agent by a cheque drawn in the currency in which that payment is due, or, at the option of the holders, by transfer to an account maintained by that payee in that currency with a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or the first named of the joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre of that currency.

(c) Payments subject to law etc.

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents, provided that it will at all times maintain (i) an Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Paying Agent, as the case may be, (ii) a Registrar in relation to Registered Notes and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change of appointment or any change of any specified office will promptly be given by the Issuer to the Noteholders in accordance with Condition 16 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of any Noteholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which shall not be materially prejudicial to the interests of the Noteholders and Couponholders. Such amendment shall be binding on the Noteholders and Couponholders.

(e) **Unmatured Coupons and Unexchanged Talons**

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons and unexchanged Talons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of three (3) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talons (if any) relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) **Non-business days**

Subject as provided in the relevant Pricing Supplement and/or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) **Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders, or, as the case may be, Couponholders (after as well as before judgment) at a rate per annum determined by the Principal Paying Agent to be equal to one (1) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Principal Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. TAXATION

(a) Payment after Withholding

All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (1) a resident in Singapore for tax purposes or (2) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon;

(ii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(iii) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

(b) Interpretation

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within three (3) years from the appropriate Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs and is continuing, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case subject to it being indemnified and/or secured and/or pre-funded to its satisfaction give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero-Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to (but excluding) the date of payment shall immediately become due and payable:

(a) the Issuer does not pay any sum in respect of principal or premium payable by it under any of the Notes when due and such default continues for a period of three business days after the due date, or the Issuer does not pay any sum in respect of interest or other amounts payable by it under any of the Notes when due and such default continues for a period of five business days after the due date;

(b) the Issuer fails to perform or observe any one or more of its obligations (other than the payment obligation referred to in Condition 10(a)) under the Trust Deed or any of the Notes and if the default is capable of remedy, it is not remedied within 30 days of the Trustee giving written notice of such default to the Issuer;

(c) any representation or warranty by the Issuer in any of the Transaction Documents (as defined in the Trust Deed) or any of the Notes or in any document delivered under any of the Transaction Documents or the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if the event resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of the Trustee giving written notice of such non-compliance or incorrectness to the Issuer;

(d) (i) any other present or future indebtedness of the Issuer, KIT or any Principal Subsidiary in respect of borrowed money is or is declared to be or is capable of being rendered due and payable before its stated maturity by reason of any event of default or the like (however described) or is not paid when due, or as the case may be, within any applicable grace period; or

(ii) the Issuer, KIT or any of the Principal Subsidiaries fails to pay when properly called upon to do so any present or future guarantee of indebtedness for, or indemnity in respect of, any moneys borrowed or raised,

however, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$50,000,000;

(e) the Issuer, KIT or any Principal Subsidiary shall cease or threaten to cease to carry on all or any material part of its business, operations and undertakings as carried on at the date hereof (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (i) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of a Principal Subsidiary, not involving insolvency, or (iii) which does not materially and adversely affect the ability of the Issuer to perform or observe its obligations under the Notes or the Trust Deed) or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets (other than permitted pursuant to Clause 16(y) of the Trust Deed);

(f) any meeting is convened, or any petition or originating summons is presented for the winding-up or termination of the Issuer, KIT or any of the Principal Subsidiaries (save and except where (1) any petition, originating summons or step of a frivolous or vexatious nature is contested, dismissed, struck out, stayed or withdrawn within 45 days from the date the petition or originating summon is served on, or the step is taken is brought to the notice of the Issuer, KIT or the Principal Subsidiary, as the case may be, and (2) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation, (A) on terms approved by the Trustee or by an Extraordinary Resolution of Noteholders or (B) in the case of a Principal Subsidiary, not involving insolvency, or (C) which does not materially and adversely affect the ability of the Issuer to perform or observe its obligations under the Notes or the Trust Deed) or any step is taken for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, KIT or any Principal Subsidiary or over a material part of the assets of the Issuer, KIT or any Principal Subsidiary;

(g) the Issuer, KIT or any of the Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed, effected, declared or otherwise arises by operation of law in respect of or affecting all or any material part of the indebtedness or property of the Issuer, KIT or any of the Principal Subsidiaries;

(h) a distress, attachment or execution or other legal process is levied, enforced or sued out upon or against all or a material part of the properties or assets of the Issuer, KIT or any Principal Subsidiary and is not discharged or stayed within 45 days;

(i) any security on or over the whole or any material part of the assets of the Issuer, KIT or any Principal Subsidiary becomes enforceable;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, KIT or any Principal Subsidiary;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any decree, resolution, authorisation, approval, consent, filing, registration or exemption necessary for the execution and delivery of the Notes on behalf of the Issuer and the performance of the Issuer's obligations under the Notes and/or the Trust Deed is withdrawn or modified or otherwise ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with;

(l) it is or will become unlawful or illegal for the Issuer to observe, perform or comply with any one or more of its payment or other material obligations under the Notes or any other Transaction Document to which it is a party;

(m) (i) any Transaction Document to which it is a party or the Notes ceases or is claimed by the Issuer to cease at any time and for any reason to constitute legal and valid obligations of the Issuer binding upon it in accordance with its terms; or

(ii) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render any Transaction Document to which the Issuer is a party unenforceable;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature or which are contested in good faith, and in each case, discharged within 45 days of its commencement) is current or pending against the Issuer, KIT or any of the Principal Subsidiaries (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the payment or other material obligations of the Issuer under any of the Transaction Documents or any of the Notes or (ii) which has or is reasonably likely to have a material adverse effect on the Issuer and/or KIT taken as a whole;

(o) any event occurs which, under the laws of any relevant jurisdiction, has an analogous effect to any of the events referred to in Condition 10(f) to (j);

(p) (i) (1) the Trustee-Manager resigns, retires, ceases to be or is removed or is unable to continue to act as trustee-manager of KIT; or (2) the ability of the Issuer to perform its payment or other material obligations under the Transaction Documents to which it is party or any of the Notes is prevented or restricted as a result of matters relating to the Trustee-Manager (including but not limited to winding-up or insolvency proceedings involving the Trustee-Manager); and (ii) the replacement or substitute trustee-manager is not appointed in accordance with the terms of the KIT Trust Deed and/or in accordance with the applicable law; or

(q) the Issuer or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

A reference to "**Principal Subsidiaries**" means any subsidiary of KIT (save for Basslink Pty Ltd and its subsidiaries) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 20 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary of KIT (the "**transferee**") then:

(A) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is KIT) shall thereupon become a Principal Subsidiary; and

(B) if a substantial part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is KIT) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (A) above or which remains or becomes a Principal Subsidiary by virtue of (B) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (AA) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets as shown by the accounts of such subsidiary (where consolidated accounts are prepared, consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (BB) a report by the Auditors (as defined in the Trust Deed) dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 20 per cent. of the total assets of the Group. A report by the Auditors, who shall also be responsible for

reviewing any pro-forma accounts required for the above purpose, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

"**subsidiary**" has the meaning ascribed to it in the Trust Deed.

11. ENFORCEMENT

At any time after the Notes shall have become due and payable pursuant to Condition 10, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, and/or to enforce the provisions of the Transaction Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Notes outstanding or so directed by an Extraordinary Resolution of the Noteholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 25 per cent. of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any amount of interest in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating Amortised Face Amount, (v) to vary the currency or currencies of payment or denomination of the Notes, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed and/or the Notes or any of the other Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with the mandatory provisions of Singapore law or is required by the relevant Stock Exchange, Euroclear and/or Clearstream,

Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and/or the Notes and any of the other Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and unless the Trustee agrees in writing, the Issuer shall cause such modification, waiver or authorisation to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

In connection with the exercise of its functions, powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver of any breach or proposed breach of these Conditions or any of the provisions of the Trust Deed), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to any interest arising from circumstances particular to individual Noteholders (whatever their number) and in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, except to the extent provided for in Condition 8.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Securityholders convened for the purpose of and in relation to Clauses 9.1(b) and 27 of the Trust Deed, Schedule 9 of the Trust Deed and Conditions 10, 11 and 12, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer and the subsidiaries of KIT and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

13. REPLACEMENT OF NOTES, CERTIFICATES, COUPONS AND TALONS

Should any Note, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to the Noteholders in accordance with Condition 16, upon payment by the claimant of the fees, costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND KIT

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee or any corporation related to it is entitled, *inter alia*, (a) to enter into business transactions with the Issuer or the Group (or any of their respective related corporations) and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer or the Group (or any of their respective related corporations), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Each Noteholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder and Couponholder shall not rely on the Trustee in respect thereof.

16. NOTICES

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given two days after the date of mailing. Notwithstanding the foregoing, notices to the holders of the Notes shall be valid if published in a newspaper in the English language of general circulation in Singapore (or, if the holders of any Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16. Notices to the holders of Notes shall be in English language or, if not in the English language, accompanied by a certified translation into the English language.

So long as the Notes are represented by a Global Security or Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, there may be substituted for such publication in such newspapers or delivery to Noteholders, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of CDP) CDP for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the first two paragraphs. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or CDP in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or CDP may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where:

(a) the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and such notices will be deemed to have been given two (2) business days from the date of despatch to the Noteholders; or

(b) the Notes are listed on the SGX-ST, notices to the holders may be given by way of an announcement through the corporate announcement system administered by the SGX-ST including, but not limited to, the website maintained by the SGX-ST (the "**SGX-ST Corporate Announcement System**"), such notices will be deemed to have been given upon the publication of such notices on the SGX Corporate Announcement System.

17. GOVERNING LAW AND JURISDICTION

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons and accordingly, any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes the Coupons or the Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term or condition of this Note.

19. ACKNOWLEDGEMENT BY PARTIES

(a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders and the Couponholders acknowledge and agree that the Issuer has entered into the Trust Deed only in its capacity as trustee-manager of KIT and not in its personal capacity and all references to the Issuer or the Trustee-Manager in the Trust Deed, the Notes and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Issuer has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as the trustee-manager of KIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking,

representation and/or warranty given by the Issuer under the Trust Deed, the Notes and the Coupons is given by the Issuer only in its capacity as the trustee-manager and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of KIT over which the Issuer has recourse and shall not extend to any personal assets or other assets of the Issuer or any assets held by the Issuer as trustee-manager of any other trust (other than KIT) including but not limited to assets held by the Issuer as trustee-manager for the account of parties other than KIT. Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to KIT (and shall not extend to the Issuer's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes or the Coupons, it is hereby agreed that the Issuer's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Issuer and there shall be no recourse against the shareholders, directors, officers or employees of the Issuer for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes or Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes or the Coupons shall be brought against the Issuer in its capacity as trustee-manager of KIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(d) The provisions of this Condition 19 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Issuer issues under or pursuant to the Trust Deed and the Notes as if expressly set out in such notices, certificates or documents and shall survive the termination or rescission of the Trust Deed and the Notes.

PRINCIPAL PAYING AGENT AND CDP REGISTRAR

Deutsche Bank AG, Singapore Branch
One Raffles Quay, #16-00
South Tower, Singapore 048583

NON-CDP PAYING AGENT AND NON-CDP REGISTRAR

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to "**Perpetual Securities**" are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme. Details of the relevant Series are shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed dated 23 May 2019, as supplemented by a supplemental trust deed dated 4 May 2021 (as further amended, varied or supplemented from time to time, the "**Trust Deed**") made between (1) Keppel Infrastructure Fund Management Pte. Ltd. (in its capacity as trustee-manager of Keppel Infrastructure Trust ("**KIT**")) (the "**Trustee-Manager**"), as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns including any substitute or replacement trustee-manager of KIT), and (2) DB International Trust (Singapore) Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the "**Deed of Covenant**") dated 23 May 2019 executed by the Issuer, relating to Perpetual Securities cleared through the CDP System (as defined in the Trust Deed) ("**CDP Perpetual Securities**") issued by the Issuer. These terms and conditions (the "**Conditions**") are subject to the detailed provisions of the Trust Deed. The Issuer has entered into an agency agreement (the "**Agency Agreement**") dated 23 May 2019 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent in respect of CDP Perpetual Securities (in such capacity, the "**Principal Paying Agent**") and registrar and transfer agent in respect of CDP Perpetual Securities (in such capacity, the "**CDP Registrar**"), (3) Deutsche Bank AG, Hong Kong Branch, as paying agent in respect of Perpetual Securities that are cleared or to be cleared through a clearing system other than the CDP System (the "**Non-CDP Perpetual Securities**") (in such capacity, the "**Non-CDP Paying Agent**", and together with the Principal Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and registrar and transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar, the "**Registrar**"; and the Registrar, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), and (4) the Trustee, as trustee for the Perpetual Securityholders. The Perpetual Securityholders and the holders (the "**Couponholders**") of distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being.

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form (the "**Bearer Perpetual Securities**") or in registered form (the "**Registered Perpetual Securities**"), in each case in the Denomination Amount shown hereon. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

(i) Subject as set out below, title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents (as defined below), all other agents

of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, the Global Certificate and such Global Security or, as the case may be, the Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, premium, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five (5) Business Days prior to the relevant payment date (or such other date as may be prescribed by CDP).

For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Perpetual Securities (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of such Perpetual Securities other than with respect to the payment of principal, premium, distribution, redemption, purchase and/or any other amounts in respect of such Perpetual Securities, for which purpose the holder of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, the Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, the Global Certificate and such Global Security or, as the case may be, the Global Certificate is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for the purposes of determining entitlements to any payment of principal, premium, distribution, redemption, purchase and/or any other amounts in respect of the

Perpetual Security shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg, and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

(v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFER OF REGISTERED PERPETUAL SECURITIES

(a) **No Exchange of Perpetual Securities:**

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) **Transfer of Registered Perpetual Securities:**

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities which is a schedule to the Agency Agreement. The

regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

(c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:**

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against the surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates:**

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge:**

Transfers of Perpetual Securities and registrations and issues of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agent, but upon payment of any tax or governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or governmental charges.

(f) **Closed Periods:**

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of fifteen (15) days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5, (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. STATUS

(a) **Senior Perpetual Securities**: This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) **Subordinated Perpetual Securities**: This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status of Subordinated Perpetual Securities

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, "**Parity Obligation**" means any instrument or security (including without limitation any preference units in KIT) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with a Notional Preferred Unit (as defined below) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) Subordination

Subject to the insolvency laws of Singapore and other applicable laws, in the event of bankruptcy, termination, winding up, liquidation, receivership or similar proceedings ("**Winding-Up**") of KIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of KIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of KIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "**Notional Preferred Units**") having an equal right to return of assets in the Winding-Up of KIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of KIT, and so ranking ahead of, the holders of Junior Obligations of KIT, but junior to the claims of all other present and future creditors of KIT (other than Parity Obligations of KIT), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

In these Conditions, "**Junior Obligation**" means any class of equity capital in KIT and any instrument or security issued, entered into or guaranteed by the Issuer, other than any instrument or security (including without limitation any preferred units) ranking in priority in payment and in all other respects to the ordinary units of KIT.

(iii) No set-off

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Subordinated Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Subordinated Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding-Up or administration of KIT, the liquidator or, as appropriate, administrator of KIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of KIT) and accordingly any such discharge shall be deemed not to have taken place.

Each holder of Subordinated Perpetual Securities or any Coupons relating to them by his acceptance thereof authorises and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Condition 3(b) and appoints the Trustee his attorney for any and all such purposes.

4. DISTRIBUTION AND OTHER CALCULATIONS

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date (as defined in Condition 4(II)(c)) in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

Distribution will cease to accrue on each Fixed Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Perpetual Security is improperly withheld or refused, in which event distribution at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(I) to (but excluding) the Relevant Date (as defined in Condition 7).

(b) **Distribution Rate**

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

(i) (if no Reset Date is specified in the applicable Pricing Supplement),

(1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

(ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to (but excluding) the immediately following Reset Date, the Reset Distribution Rate.

For the purposes of these Conditions:

"**Reset Distribution Rate**" means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement); and

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and a number header "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(bb) if on the Reset Determination Date, there is no swap offer rate available on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading

reference banks), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days prior to and ending on the Reset Determination Date, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be zero per cent. per annum.

(c) **Calculation of Distribution Rate or Reset Distribution Rate**

The Calculation Agent will, on the second business day prior to each Fixed Rate Determination Date, determine the applicable Reset Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each

quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In these Conditions, "**Fixed Rate Determination Date**" means each Step-Up Date or each Reset Date.

(d) **Notification of Relevant Reset Distribution Rate**

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate to be notified to the Paying Agents, the Trustee and the Issuer as soon as practicable after its determination but in no event later than the fourth business day thereafter. The Calculation Agent shall cause notice of the then applicable Reset Distribution Rate or (if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

(e) **Determination or Calculation by Trustee**

If the Calculation Agent does not at any material time determine or calculate the applicable Distribution Rate or the applicable Reset Distribution Rate (as the case may be), the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) **Calculations**

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate or Reset Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 4(II)(c)).

In these Conditions, "**Fixed Rate Distribution Period**" means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

(II) Distribution on Floating Rate Perpetual Securities

(a) **Distribution Payment Dates**

Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date ("**Distribution Payment Date**"). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these

Conditions) falls the number of months specified as the Distribution Period (as defined below) on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date is herein called a "**Distribution Period**".

Distribution will cease to accrue on each Floating Rate Perpetual Security from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(II) to (but excluding) the Relevant Date.

(b) **Rate of Distribution – Floating Rate Perpetual Securities**

(i) Each Floating Rate Perpetual Security confers a right to receive distribution on its principal amount outstanding at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security), Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or Singapore Overnight Rate Average ("**SORA**") (in which case such Perpetual Security will be a SORA Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Margin (if any) stated on the face of such Perpetual Security. The "Spread" and the Step-Up Margin are the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

The rate of distribution payable in respect of a Floating Rate Perpetual Security from time to time is referred to in these Conditions as the "**Rate of Distribution**".

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any), in consultation with the Issuer and taking into account the industry practice at the relevant time and the Step-Up Margin (if any);

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Margin (if any), as determined by the Calculation Agent;

(C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Margin (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any) and the Step-Up Margin (if any);

(B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

(C) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Margin (if any);

(3) in the case of Floating Rate Perpetual Securities which are specified in the applicable Pricing Supplement as being SORA Perpetual Securities, the Rate of Distribution for each Distribution Period will, subject as provided below, be Compounded Daily SORA (as defined below) plus or minus the Spread:

(A) where Lookback is specified in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to a Distribution Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Distribution Period (with the reference rate for the calculation of distribution being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement) on the Distribution Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

where: $$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_{i-x\,SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

"**d**" is the number of calendar days in the relevant Distribution Period;

"**d_o**", for the relevant Distribution Period, is the number of Singapore Business Days in such Distribution Period;

"**i**", for the relevant Distribution Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Distribution Period to, but excluding, the last Singapore Business Day in such Distribution Period;

"**Distribution Determination Date**" means, with respect to a Rate of Distribution and Distribution Period, the date falling one Singapore Business Day after the end of each Observation Period (or such other number of Singapore Business Days specified in the applicable Pricing Supplement);

"**n_i**", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Distribution Period, the period from, and including, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Distribution Period (and the first Distribution Period shall begin on and include the Distribution Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Distribution Payment Date at the end of such Distribution Period (or the date falling five Singapore Business Days (or

such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the SORA Perpetual Securities become due and payable);

"**Singapore Business Days**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"$\mathbf{SORA_{i-x\ SBD}}$" means, in respect of any Singapore Business Day, "$_i$" in the relevant Distribution Period, the reference rate equal to SORA in respect of the Singapore Business Day falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the relevant Singapore Business Day "$_i$".

(B) where Backward Shifted Observation Period is specified in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to a Distribution Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Distribution Period (with the reference rate for the calculation of distribution being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement) on the Distribution Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Observation Period;

"$\mathbf{d_o}$", for the relevant Distribution Period, is the number of Singapore Business Days in such Observation Period;

"$_i$", for the relevant Distribution Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Observation Period to, but excluding, the last Singapore Business Day in such Observation Period;

"**Distribution Determination Date**" means, with respect to a Rate of Distribution and Distribution Period, the date falling one Singapore Business Day after the end of each Observation Period (or such other number of Singapore Business Days specified in the applicable Pricing Supplement);

"n_i", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Distribution Period, the period from, and including, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the first day of such Distribution Period (and the first Distribution Period shall begin on and include the Distribution Commencement Date) and to, but excluding, the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to the Distribution Payment Date at the end of such Distribution Period (or the date falling five Singapore Business Days (or such other number of Singapore Business Days specified in the applicable Pricing Supplement) prior to such earlier date, if any, on which the SORA Perpetual Securities become due and payable);

"**Singapore Business Days**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"$SORA_i$" means, in respect of any Singapore Business Day "$_i$" in the relevant Observation Period, the reference rate equal to SORA in respect of that Singapore Business Day "$_i$".

For the avoidance of doubt, the formula for the calculation of Compounded Daily SORA only compounds SORA in respect of any Singapore Business Day. SORA applied to a day that is not a Singapore Business Day will be taken by applying SORA for the previous Singapore Business Day but without compounding.

(C) If, subject to Condition 4(II)(b)(iii), by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such Singapore Business Day "$_i$", SORA in respect of such Singapore Business Day "$_i$" has not been published and a Benchmark Event has not occurred, then SORA for that Singapore Business Day "$_i$" will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.

(D) In the event that the Rate of Distribution cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Distribution, as specified in the applicable Pricing Supplement), subject to Condition 4(II)(b)(iii), the Rate of Distribution shall be:

(aa) that determined as at the last preceding Distribution Determination Date (though substituting, where a different Spread or Minimum Rate of Distribution is to be applied to the relevant Distribution Period from that which applied to the last preceding Distribution Period, the Spread or Minimum Rate of Distribution (as specified in the applicable Pricing Supplement) relating to the relevant Distribution Period in place of the Spread or Minimum Rate of Distribution relating to that last preceding Distribution Period); or

(bb) if there is no such preceding Distribution Determination Date the initial Rate of Distribution which would have been applicable to such SORA Perpetual Securities for the first Distribution Period had the SORA Perpetual Securities been in issue for a period equal in duration to the scheduled first Distribution Period but ending on (and excluding) the Distribution Commencement Date (but applying the Spread and any Minimum Rate of Distribution applicable to the first Distribution Period).

If the relevant SORA Perpetual Securities become due and payable in accordance with Condition 9, the final Distribution Determination Date shall, notwithstanding any Distribution Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such SORA Perpetual Securities became due and payable (with corresponding adjustments being deemed to be made to the Compounded Daily SORA formula) and the Rate of Distribution on such SORA Perpetual Securities shall, for so long as any such SORA Perpetual Security remains outstanding, be that determined on such date.

(4) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities, Swap Rate Perpetual Securities or SORA Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any) and the Step-Up Margin (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any) and the Step-Up Margin (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) Benchmark Discontinuation

(1) where "Benchmark Replacement (General)" is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event has occurred in relation to the current Reference Rate when any Rate of Distribution (or the relevant component part thereof) remains to be determined by the current Reference Rate, then the following provisions shall apply:

(A) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Distribution Determination Date when any Rate of Distribution

(or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Successor Rate, failing which the Alternative Rate (in accordance with Condition 4(II)(b)(iii)(1)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4(II)(b)(iii)(1)(C)), and any Benchmark Amendments (in accordance with Condition 4(II)(b)(iii)(1)(D)) by the relevant Distribution Determination Date.

An Independent Adviser appointed pursuant to this Condition 4(II)(b)(iii)(1) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent, the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(II)(b)(iii)(1).

If the Issuer is unable to appoint an Independent Adviser after using commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Successor Rate, failing which the Alternative Rate prior to the relevant Distribution Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Successor Rate, failing which the Alternative Rate (as the case may be) (in accordance with Condition 4(II)(b)(iii)(1)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4(II)(b)(iii)(1)(C)), and any Benchmark Amendments (in accordance with Condition 4(II)(b)(iii)(1)(D)).

If the Issuer is unable to determine the Successor Rate or the Alternative Rate (as the case may be) prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Spread or Minimum Rate of Distribution is to be applied to the relevant Distribution Period from that which applied to the last preceding Distribution Period, the Spread or Minimum Rate of Distribution relating to the relevant Distribution Period shall be substituted in place of the Spread or Minimum Rate of Distribution relating to that last preceding Distribution Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4(II)(b)(iii)(1)(A).

In the case of Fixed Rate Perpetual Securities and if a Reset Date is specified in the applicable Pricing Supplement, if the Issuer is unable to or does not determine the Successor Rate or the Alternative Rate (as the case may be) prior to the Reset Determination Date in respect of a Reset Date (an "**Original Reset Date**"), the Rate of Distribution applicable to the next succeeding Distribution Period falling immediately

after the Original Reset Date shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Period. Where a different Spread or Minimum Rate of Distribution is to be applied to the relevant Distribution Period from that which applied to the last preceding Distribution Period, the Spread or Minimum Rate of Distribution relating to the relevant Distribution Period shall be substituted in place of the Spread or Minimum Rate of Distribution relating to that last preceding Distribution Period. The foregoing shall apply to the relevant next Distribution Period falling immediately after the Original Reset Date only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4(II)(b)(iii)(1)(A), and such relevant Reset Date shall be adjusted so that it falls on the Distribution Payment Date immediately after the Original Reset Date (the "**Adjusted Reset Date**"). For the avoidance of doubt, this paragraph shall apply, *mutatis mutandis*, to each Adjusted Reset Date until the Successor Rate or the Alternative Rate (as the case may be) is determined in accordance with this Condition 4(II)(b)(iii)(1)(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines that:

(i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(II)(b)(iii)(1)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the subsequent operation of this Condition 4(II)(b)(iii)(1) in the event of a further Benchmark Event affecting the Successor Rate); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(II)(b)(iii)(1)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the subsequent operation of this Condition 4(II)(b)(iii)(1) in the event of a further Benchmark Event affecting the Alternative Rate).

(C) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(D) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines (i) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(II)(b)(iii)(1)(E), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 4(II)(b)(iii)(1)(E), the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including*, inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall not be obliged so to concur if in its reasonable opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the Principal Paying Agent or the Calculation Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement or the Calculation Agency Agreement (as the case may be) in any way.

For the avoidance of doubt, the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions and (if applicable) the Calculation Agency Agreement as may be required in order to give effect to this Condition 4(II)(b)(iii)(1)(D). Perpetual Securityholders' consent shall not be required in connection with effecting the Successor Rate or the Alternative Rate (as the case may be) or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Principal Paying Agent, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with this Condition 4(II)(b)(iii)(1)(D), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(E) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(II)(b)(iii)(1) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and, in accordance with Condition 16, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date for such Successor Rate, such Alternative Rate (as the case may be), any related Adjustment Spread and the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(aa) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or the Alternative Rate (as the case may be), (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(II)(b)(iii)(1); and

(bb) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. Further, none of the Trustee, the Principal Paying Agent or the Calculation Agent shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on such certifications provided to each of them in this regard.

The Successor Rate, the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate, the Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Principal Paying Agent and the Perpetual Securityholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(II)(b)(iii)(1)(A), 4(II)(b)(iii)(1)(B), 4(II)(b)(iii)(1)(C) and 4(II)(b)(iii)(1)(D), the Original Reference Rate and the fallback provisions provided for in Condition 4(II)(b) will continue to apply unless and until the Trustee, the Principal Paying Agent and the Calculation Agent have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(II)(b)(iii)(1)(E).

(G) Definitions:

As used in this Condition 4(II)(b)(iii)(1):

"**Adjustment Spread**" means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry accepted replacement rate for the Original Reference Rate, to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be); or

(iii) (if no such determination has been made, or in the case of an Alternative Rate) the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be); or

(iv) if the Independent Adviser determines that no such industry standard is recognised or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines in accordance with Condition 4(II)(b)(iii)(1)(B)) has replaced the Original Reference Rate in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same Distribution Period and in the same currency as the Perpetual Securities;

"**Benchmark Amendments**" has the meaning given to it in Condition 4(II)(b)(iii)(1)(D));

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or

(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate; or

(vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of subparagraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Principal Paying Agent. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Principal Paying Agent shall have any responsibility for making such determination.

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(II)(b)(iii)(1)(A);

"**Original Reference Rate**" means initially, the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Distribution (or any component part thereof) on the Perpetual Securities, as specified in the relevant Pricing Supplement, provided that if a Benchmark Event has occurred with respect to the then-original benchmark or screen rate (as the case may be), then "**Original Reference Rate**" means the applicable Successor Rate or the Alternative Rate (as the case may be);

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means the rate that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(1)(A)) (as the case may be) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(2) where "Benchmark Replacement (SOR)" is specified as being applicable in the relevant Pricing Supplement, if a Benchmark Event has occurred in relation to the current Reference Rate when any Rate of Distribution (or the relevant component part thereof) remains to be determined by the current Reference Rate, then the following provisions shall apply:

(A) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Distribution Determination Date when any Rate of Distribution (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 4(II)(b)(iii)(2)(B)) and an Adjustment Spread, if any (in accordance with Condition 4(II)(b)(iii)(2)(C)), and any Benchmark Amendments (in accordance with Condition 4(II)(b)(iii)(2)(D)) by the relevant Distribution Determination Date. An Independent Adviser appointed pursuant to this Condition 4(II)(b)(iii)(2)(A) as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Principal Paying Agent, the Perpetual Securityholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(II)(b)(iii)(2).

If the Issuer is unable to appoint an Independent Adviser after using its commercially reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement prior to the relevant Distribution Determination Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine the Benchmark Replacement (in accordance with Condition 4(II)(b)(iii)(2)(B)) and an Adjustment Spread if any (in accordance with Condition 4(II)(b)(iii)(2)(C)) and any Benchmark Amendments (in accordance with Condition 4(II)(b)(iii)(2)(D)).

If the Issuer is unable to determine the Benchmark Replacement prior to the relevant Distribution Determination Date, the Rate of Distribution applicable to the next succeeding Distribution Period shall be equal to the Rate of Distribution last determined in relation to the Perpetual Securities in respect of the immediately preceding Distribution Period. If there has not been a first Distribution Payment Date, the Rate of Distribution shall be the initial Rate of Distribution. Where a different Spread or Minimum Rate of Distribution is to be applied to the relevant Distribution Period from that which applied to the last preceding Distribution Period, the Spread or Minimum Rate of Distribution relating to the relevant Distribution Period shall be substituted in place of the Spread or Minimum Rate of Distribution relating to that last preceding Distribution Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Distribution Period only and any subsequent Distribution Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 4(II)(b)(iii)(2)(A).

(B) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) shall (subject to adjustment as provided in Condition 4(II)(b)(iii)(2)(C)) subsequently be used in place of the Original Reference Rate to determine the Rate of Distribution (or the relevant component part thereof) for all future payments of distribution on the Perpetual Securities (subject to the operation of this Condition 4).

(C) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines (i) that an Adjustment Spread is required to be applied to the Benchmark Replacement and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Benchmark Replacement.

(D) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines (i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(II)(b)(iii)(2)(E), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 4(II)(b)(iii)(2)(E), the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall (at the expense of the Issuer), without any requirement for the consent or approval of the Perpetual Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall not be obliged so to concur if in its reasonable opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the Principal Paying Agent or the Calculation Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement or the Calculation Agency Agreement (as the case may be) in any way.

For the avoidance of doubt, the Trustee, the Principal Paying Agent and (if applicable) the Calculation Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions and (if applicable) the Calculation Agency Agreement as may be required in order to give effect to this Condition 4(II)(b)(iii)(2)(D). Perpetual Securityholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Principal Paying Agent, the Registrars or the Transfer Agents (if required).

In connection with any such variation in accordance with Condition 4(II)(b)(iii)(2)(D), the Issuer shall comply with the rules of any stock exchange on which the Perpetual Securities are for the time being listed or admitted to trading.

(E) Notices

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(II)(b)(iii)(2) will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent, the Calculation Agent and, in accordance with Condition 16, the Perpetual Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate signed by two authorised signatories of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Benchmark Replacement and, (3) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(II)(b)(iii)(2); and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. Further, none of the Trustee, the Principal Paying Agent or the Calculation Agent shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to the Benchmark Replacement or any other changes and shall be entitled to rely conclusively on such certifications provided to each of them in this regard.

The Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Principal Paying Agent and the Perpetual Securityholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 4(II)(b)(iii)(2)(A), 4(II)(b)(iii)(2)(B), 4(II)(b)(iii)(2)(C) and 4(II)(b)(iii)(2)(D), the Original Reference Rate and the fallback provisions provided for in Condition 4(II)(b) will continue to apply unless and until the Trustee, the Principal Paying Agent and the Calculation Agent have been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4(II)(b)(iii)(2)(E).

(G) Definitions

As used in this Condition 4(II)(b)(iii)(2):

"**Adjustment Spread**" means either a spread (which may be positive or negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Perpetual Securityholders and Couponholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(i) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(ii) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(iii) is determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of distribution (or the relevant component part thereof) for the same Distribution Period and in the same currency as the Perpetual Securities;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines in accordance with Condition 4(II)(b)(iii)(2)(B) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets for the purposes of determining rates of distribution (or the relevant component part thereof) for the same Distribution Period and in the same currency as the Perpetual Securities (including, but not limited to, Singapore Government Bonds);

"**Benchmark Amendments**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Distribution Period", timing and frequency of determining rates and making payments of distribution, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Distribution Period, any other amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines is reasonably necessary);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Singapore business days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences within the following six months; or

(v) it has become unlawful for the Principal Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Perpetual Securityholder using the Original Reference Rate; or

(vi) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of subparagraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate and (c) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**Benchmark Replacement**" means the Interpolated Benchmark, provided that if the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Distribution Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be):

(i) Term SORA;

(ii) Compounded SORA;

(iii) the Successor Rate;

(iv) the ISDA Fallback Rate (including Fallback Rate (SOR)); and

(v) the Alternative Rate.

"**Compounded SORA**" means the compounded average of SORAs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with the selected mechanism to determine the distribution amount payable prior to the end of each Distribution Period) being established by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) in accordance with:

(i) the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Nominating Body for determining Compounded SORA; provided that:

(ii) if, and to the extent that, the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) determines that Compounded SORA cannot be determined in accordance with clause (1) above, then the rate, or

methodology for this rate, and conventions for this rate that have been selected by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) giving due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated securities at such time.

Notwithstanding the foregoing, Compounded SORA will include a selected mechanism as specified in the applicable Pricing Supplement to determine the distribution amount payable prior to the end of each Distribution Period;

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

"**Fallback Rate (SOR)**" has the meaning ascribed to it in the 2006 ISDA Definitions as amended and supplemented by Supplement number 70, published on 23 October 2020;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 4(II)(b)(iii)(2)(A);

"**Interpolated Benchmark**" with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which maybe positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Original Reference Rate**" means, initially, Swap Offer Rate (being the originally-specified reference rate of applicable tenor used to determine the Rate of Distribution) or any component part thereof, including the relevant USD London Interbank Offered Rate, provided that if a Benchmark Event has occurred with respect to Swap Offer Rate or the then-current Original Reference Rate, then "Original Reference Rate" means the applicable Benchmark Replacement;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

"**SORA**" or "**Singapore Overnight Rate Average**" with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day;

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor; and

"**Term SORA**" means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been selected or recommended by the Relevant Nominating Body, or as determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(II)(b)(iii)(2)(A)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes.

(iv) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.

(v) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero (subject to any applicable Minimum Rate of Distribution), the Rate of Distribution in relation to such Distribution Period shall be zero.

(c) **Definitions**

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Perpetual Security, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or CDP, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Paying Agent's specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and in the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**Calculation Amount**" means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

"**Day Count Fraction**" means, in respect of the calculation of an amount of distribution in accordance with Condition 4:

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360;

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365; and

(iv) if "30/360" is specified in the applicable Pricing Supplement, the number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period falls;

"D_1" is the first calendar day, expressed as a number, of the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, the Distribution Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

"**Distribution Commencement Date**" means the Issue Date or such other date as may be specified as the Distribution Commencement Date on the face of such Perpetual Security;

"**Distribution Determination Date**" means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

"**Euros**" means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Perpetual Securities are denominated;

"**Relevant Financial Centre**" means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

"**Relevant Time**" means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

(a) **Determination of Rate of Distribution and Calculation of Distribution Amounts**

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date, determine the Rate of Distribution and calculate the amount of distribution payable (the "**Distribution Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) **Notification**

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Principal Paying Agent, the Registrar, the Trustee and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, at the request and expense of the Issuer and to the extent practicable, the Calculation Agent will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified, to Perpetual Securityholders in

accordance with Condition 14 as soon as practicable after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event (as defined below) occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) **Determination or Calculation by the Trustee**

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) **Calculation Agent and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) **Optional Payment**

The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

(b) **No Obligation to Pay**

Subject to Conditions 4(IV)(c) and 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) **Non-Cumulative Deferral and Cumulative Deferral**

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion (and is not obliged to), and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV). Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) **Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distributions scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not and shall procure that none of its subsidiaries shall:

(i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Parity Obligations; or

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of Parity Obligations of KIT for Junior Obligations of KIT or (3) unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable pricing supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution), (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders. For the avoidance of doubt, nothing in this Condition shall restrict the payment of management fees to the Trustee-Manager in the form of units in KIT, cash or any other form of consideration.

(e) **Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

(i) may, at its sole discretion (and is not obliged to), satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice) and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

(B) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d); and

(C) the date such amount becomes due under Condition 9 or on a Winding-up of KIT.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) **No Default**

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of Issuer

If so provided hereon, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on the First Call Date (as specified hereon) or on any Distribution Payment Date thereafter at their principal amount, together with the distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) from (and including) the immediately preceding Distribution Payment Date to (but excluding) the date fixed for redemption, on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable). Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(b).

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(b).

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, taking into account prevailing market practices, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as

a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and

(ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Principal Paying Agent:

(A) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion of independent legal, tax or any other professional advisors of recognised standing, to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certification as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Perpetual Securityholders.

(d) **Redemption for Accounting Reasons**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards (International) issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS(I)**") or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of KIT pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Principal Paying Agent:

(i) a certificate signed by two authorised signatories of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

The Trustee shall be entitled to accept such certification and opinion as sufficient evidence that the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) **Redemption for Tax Deductibility**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;

(ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

payments by the Issuer which would otherwise have been deductible to the Issuer, are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Trustee and the Principal Paying Agent:

(A) a certificate signed by two authorised signatories of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(B) an opinion of independent legal, tax or any other professional advisors of recognized standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

The Trustee shall be entitled to accept such certification and opinion or ruling as sufficient evidence that the satisfaction of the conditions precedent set out above, in which event it shall conclusive and binding on the Perpetual Securityholders.

Upon the expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) **Redemption upon a Ratings Event**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole but not in part on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution accrued to (but excluding) the date fixed for redemption), if as of the date fixed for redemption, an amendment, clarification or change has occurred, or will in the Distribution Payment Period immediately following the date fixed for redemption occur, in the equity credit criteria, guidelines or methodology of the Rating Agency specified hereon (or any other rating agency of equivalent recognised standing requested from time to time by the Issuer to grant a rating to the Issuer or the Perpetual Securities) and in each case, any of their respective successors to the rating business thereof, which amendment, clarification or change results or will result in a lower equity credit for the Perpetual Securities than the equity credit assigned or which would have been assigned on the Issue Date (in the case of such Rating Agency) or assigned at the date when equity credit is assigned for the first time (in the case of any other rating agency), provided that, prior to the publication of any notice of redemption pursuant to this Condition 5(f), the Issuer shall deliver, or procure that there is delivered to the Trustee and Principal Paying Agent a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting out the details of such circumstances.

Upon the expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(f).

(g) **Redemption in the case of Minimal Outstanding Amount**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(g).

(h) **Redemption upon Cessation or Suspension of Trading of Units**

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distributions (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Cessation/Suspension of Trading Event.

For the purposes of these Conditions:

(i) "**Cessation/Suspension of Trading Event**" occurs when (i) the units of the Issuer cease to be traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), or (ii) trading in the units of the Issuer on the SGX-ST is suspended for a continuous period of more than 10 market days; and

(ii) "**market day**" means a day on which the SGX-ST is open for securities trading.

(i) **Purchases**

The Issuer and/or any subsidiaries of KIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives. The Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any subsidiaries of KIT, shall not entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities purchased by the Issuer and/or any subsidiaries of KIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Principal Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the relevant subsidiary of KIT be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(j) **Cancellation**

All Perpetual Securities purchased by or on behalf of the Issuer and/or its subsidiaries may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Principal Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. PAYMENTS

(a) **Principal and Distribution in respect of Bearer Perpetual Securities**

Payments of principal (or, as the case may be, the Redemption Amounts) and distribution in respect of the Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the Principal Paying Agent by a cheque drawn in the currency in which that payment is due on, or, at the option of the holders, by transfer to an account maintained by that payee in that currency with a bank in the principal financial centre for that currency.

(b) **Principal and Distribution in respect of Registered Perpetual Securities**

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in Condition 6(b)(ii).

(ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of the joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre of that currency.

(c) **Payments subject to law etc.**

Without prejudice to the provisions of Condition 7, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement). No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) **Appointment of Agents**

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Registrar and the Non-CDP Registrar, any other Transfer Agent and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents and Calculation Agents, provided that they will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in

relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change of appointment or any change of any specified office will be promptly given by the Issuer to the Perpetual Securityholders in accordance with Condition 14 within the period specified in the Agency Agreement.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Registrar, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar, and the Trustee, without the consent of any Perpetual Securityholder or Couponholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may deem necessary or desirable and which shall not be materially prejudicial to the interests of the Perpetual Securityholders and Couponholders. Such amendment shall be binding on the Perpetual Securityholders and Couponholders.

(e) **Unmatured Coupons and Unexchanged Talons**

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons and unexchanged Talons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five (5) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon (if any) relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) **Talons**

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) **Non-business days**

Subject as provided in the relevant Pricing Supplement and/or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. TAXATION

(a) **Payment after Withholding**

All payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (1) a resident in Singapore for tax purposes or (2) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon;

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

(c) by or on behalf of a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence but fails to do so.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an

intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

(b) **Interpretation**

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relevant Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

The Perpetual Securities and Coupons shall become void unless presented for payment within five (5) years from the appropriate Relevant Date for payment.

9. NON-PAYMENT

(i) **Non-payment when due**

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for Winding-Up of KIT is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(ii) **Proceedings for Winding-Up**

If (i) a Winding-Up of KIT occurs, or (ii) the Issuer does not pay any sum payable by it under the Perpetual Securities when due and, such default continues for a period of three business days after the due date (together, the "**Enforcement Events**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-Up of KIT and/or prove in the Winding-Up of KIT and/or claim in the liquidation of KIT for such payment.

(iii) **Enforcement**

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer institute such proceedings against the

Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any Arrears of Distribution and any Additional Distribution Amount, if applicable) in respect of the Perpetual Securities (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(iv) **Entitlement of Trustee**

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(v) **Right of Perpetual Securityholders or Couponholder**

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the Winding-Up, or claim in the liquidation of, KIT or to prove in such Winding-Up unless the Trustee, having become so bound to proceed or being able to prove in such Winding-Up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(vi) **Extent of Perpetual Securityholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed, the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities (as applicable).

(vii) **Damages subject to Subordination**

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer of its obligations contained in the Trust Deed and the Perpetual Securities, the payment of such moneys, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and Clause 8.3 of the Trust Deed.

10. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 25 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to amend the subordination provisions of the Perpetual Securities, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed and/or the Perpetual Securities or any of the other Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature, or is made to correct a manifest error or to comply with the mandatory provisions of Singapore law or is required by the relevant Stock Exchange, Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and/or the Perpetual Securities and any of the other Transaction Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, waiver or authorisation shall be binding on the Perpetual Securityholders and the Couponholders and if unless the Trustee agrees in writing, the Issuer shall cause such modification, waiver or authorisation to be notified to the Perpetual Securityholders as soon as practicable in accordance with Condition 14.

In connection with the exercise of its functions, powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed), the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to any interest arising from circumstances particular to individual Perpetual Securityholders (whatever their number) and in particular but without limitation, shall not have regard to the consequences of such exercise for individual Perpetual Securityholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Perpetual Securityholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Perpetual Securityholders, except to the extent provided for in Condition 7.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

For the purpose of ascertaining the right to attend and vote at any meeting of the Perpetual Securityholders convened for the purpose of and in relation to Clauses 9.2(c) and 27 of the Trust Deed, Schedule 9 of the Trust Deed and Conditions 9 and 10, those Perpetual Securities (if any) which are beneficially held by, or are held on behalf of the Issuer and the subsidiaries of KIT and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Perpetual Securities shall be disregarded and be null and void.

11. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

Should any Perpetual Security, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Principal Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 15, upon payment by the claimant of the fees, costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. FURTHER ISSUES

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

13. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND KIT

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee or any corporation related to it is entitled, *inter alia*, (a) to enter into business transactions with the Issuer or the Group (or any of their respective related corporations) and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer or the Group (or any of their respective related corporations), (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the

Perpetual Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Each Perpetual Securityholder and Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder and Couponholder shall not rely on the Trustee in this respect thereof.

14. NOTICES

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given two days after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities shall be valid if published in a newspaper in the English language of general circulation in Singapore (or, if the holders of any Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14. Notices to the holders of Perpetual Securities shall be in English language or, if not in the English language, accompanied by a certified translation into the English language.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, there may be substituted for such publication in such newspapers or delivery to the Perpetual Securityholders, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of CDP) CDP for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require or permit, notice will in any event be published in accordance with the first two paragraphs. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Principal Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or CDP in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or CDP may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where:

(a) the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and such notices will be deemed to have been given two (2) business days from the date of despatch to the Perpetual Securityholders; or

(b) the Perpetual Securities are listed on the SGX-ST, notices to the holders may be given by way of an announcement through the corporate announcement system administered

by the SGX-ST including, but not limited to, the website maintained by the SGX-ST (the "**SGX-ST Corporate Announcement System**"), such notices will be deemed to have been given upon the publication of such notices on the SGX Corporate Announcement System.

15. GOVERNING LAW AND JURISDICTION

(a) **Governing Law**

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) **Jurisdiction**

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Perpetual Securities under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

17. ACKNOWLEDGEMENT BY PARTIES

(a) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the Trustee, the Perpetual Securityholders and the Couponholders acknowledge and agree that the Issuer has entered into the Trust Deed only in its capacity as trustee-manager of KIT and not in its personal capacity and all references to the Issuer or the Trustee-Manager in the Trust Deed, the Perpetual Securities and the Coupons shall be construed accordingly. As such, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the Issuer has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons in its capacity as the trustee-manager of KIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons is given by the Issuer only in its capacity as the trustee-manager and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Perpetual Securities and the Coupons is limited to the assets of KIT over which the Issuer has recourse and shall not extend to any personal assets or other assets of the Issuer or any assets held by the Issuer as trustee-manager of any other trust (other than KIT) including but not limited to assets held by the Issuer as trustee-manager for the account of parties other than KIT. Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to KIT (and shall not extend to the Issuer's obligations in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(b) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities or the Coupons, it is hereby agreed that the Issuer's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of the Issuer and there shall be no recourse against the shareholders, directors, officers or employees of the Issuer for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities or Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities or the Coupons shall be brought against the Issuer in its capacity as trustee-manager of KIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and/or the Couponholders under law or equity whether in connection with any gross negligence, fraud, wilful default or breach of trust of the Issuer or otherwise.

(d) The provisions of this Condition 17 shall apply, *mutatis mutandis*, to any notices, certificates or other documents which the Issuer issues under or pursuant to the Trust Deed and the Perpetual Securities as if expressly set out in such notices, certificates or documents and shall survive the termination or rescission of the Trust Deed and the Perpetual Securities.

PRINCIPAL PAYING AGENT AND CDP REGISTRAR

Deutsche Bank AG, Singapore Branch
One Raffles Quay, #16-00
South Tower, Singapore 048583

NON-CDP PAYING AGENT AND NON-CDP REGISTRAR

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon, Hong Kong

KEPPEL INFRASTRUCTURE TRUST

OVERVIEW

KIT is a diversified business trust listed on the SGX-ST with approximately S$5.1 billion in assets under management as at 31 March 2021. KIT's principal objective is to invest in businesses and assets that provide Unitholders with sustainable and recurring distributions, with the potential for long-term capital growth. KIT's strategy is to invest in businesses and assets in the infrastructure sector or businesses and assets which exhibit infrastructure-like characteristics.

Under the KIT Trust Deed, the Trustee-Manager has the power to carry out the following authorised businesses:

(a) infrastructure businesses[1];

(b) investing directly or indirectly, in infrastructure businesses, selling, leasing or otherwise disposing of infrastructure businesses or exploring any opportunities for any of the foregoing purposes; and

(c) any business, undertaking or activity associated with, incidental and/or ancillary to the operation of the businesses referred to in the foregoing sub-paragraphs (a) and (b).

KIT's well-diversified portfolio of defensive and resilient businesses and assets provide essential products and services to a wide array of customers including government agencies, multinational corporations, commercial and industrial enterprises, as well as retail consumers. KIT's portfolio comprises nine businesses and assets in the three core segments of (a) Distribution & Network, (b) Energy and (c) Waste & Water.

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

The businesses and assets in the Distribution & Network segment consist of City Gas, Ixom, Philippine Coastal and Basslink.

The Energy segment and the Waste & Water segment consist of assets that are integral to the provision of power, waste treatment and water purification. The contract terms for these assets are backed by recurring fixed capacity/availability payments, providing KIT with stable and defensive cash flows.

The asset in the Energy segment consists of the KMC Plant.

The assets in the Waste & Water segment consist of Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant and SingSpring Plant.

[1] "Infrastructure businesses" is defined in the KIT Trust Deed as including, among others, any business, whether carried on in Singapore or elsewhere, which the Trustee-Manager determines, in its opinion, to be an infrastructure business.

The following table provides an overview of KIT's portfolio as at the Latest Practicable Date.

	Businesses	Description	Customer and Contract Terms	Primary Source of Cash Flows
Distribution & Network	**City Gas** Singapore	Sole producer and retailer of town gas	Approximately 870,000 residential, commercial and industrial customers	Fixed margin per unit of gas sold, with fuel and electricity costs passed through to consumer
Distribution & Network	**Ixom** Australia & New Zealand	Supplier and distributor of key water treatment, industrial and specialty chemicals in Australia and New Zealand	Over 4,500 customers comprising municipals and blue-chip companies	Payments from customers for delivery of products and provision of services based on agreed terms
Distribution & Network	**Philippine Coastal**[1] Philippines	The largest petroleum products import storage facility in the Philippines, located in the Subic Bay Freeport Zone	Blue-chip customers	USD-denominated "take-or-pay" contracts with no direct exposure to petroleum price and volume risk
Distribution & Network	**Basslink** Australia	Basslink subsea interconnector that transmits electricity and telecoms between Victoria and Tasmania in Australia	Service agreement with Hydro Tasmania (owned by Tasmania state government) until 2031, with option for 15-year extension	Fixed payments for availability of Basslink subsea cable for power transmission
Energy	**KMC** Singapore	1,300MW combined cycle gas turbine power plant	Capacity Tolling Agreement with Keppel Electric until 2030 with option for 10-year extension (land lease till 2035, with 30-year extension)	Fixed payments for meeting availability targets
Water & Waste	**Senoko WTE Plant** Singapore	Waste-to-energy plant with 2,310 tonnes/day waste incineration concession	NEA, Singapore government agency – concession until 2024	Fixed payments for availability of incineration capacity
Water & Waste	**Keppel Seghers Tuas WTE Plant** Singapore	Waste-to-energy plant with 800 tonnes/day waste incineration concession	NEA, Singapore government agency – concession until 2034	Fixed payments for availability of incineration capacity
Water & Waste	**Keppel Seghers Ulu Pandan NEWater Plant** Singapore	One of Singapore's largest NEWater plants, capable of producing 148,000m^3/day[2]	PUB, Singapore government agency – concession until 2027	Fixed payments for the provision of NEWater production capacity
Water & Waste	**SingSpring Plant** Singapore	Singapore's first large-scale seawater desalination plant, capable of producing 136,380m^3/day of portable water	PUB, Singapore government agency – concession until 2025 (land lease till 2033)	Fixed payments for availability of output capacity

Notes:

1. On 8 December 2020, KIT announced the proposed acquisition of 80% of the entire share capital of PTSI, which owns Philippine Coastal. MPIC would own the remaining 20%. KIT's interest in PTSI is held indirectly. The acquisition was completed on 29 January 2021. Immediately following the completion of the acquisition, KIT and MPIC entered into a share sale agreement whereby KIT sold an additional 30% indirect interest in PTSI to MPIC, resulting in each party indirectly holding an approximately equal percentage of interest in PTSI. KIT indirectly holds one voting share more than MPIC.
2. Keppel Seghers Ulu Pandan NEWater Plant has an overall capacity of 162,800m^3/day, of which 14,800m^3/day is undertaken by Keppel Seghers.

THE TRUSTEE-MANAGER

Keppel Infrastructure Fund Management Pte. Ltd. is the trustee-manager of KIT.

The Trustee-Manager was incorporated in Singapore under the Companies Act on 28 February 2008. The Trustee-Manager is a wholly-owned subsidiary of Keppel Capital, which is in turn wholly-owned by Keppel Corporation. The Trustee-Manager has a paid-up capital of S$1.0 million. Its registered office is located at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632.

ROLES AND RESPONSIBILITIES OF THE TRUSTEE-MANAGER

The Trustee-Manager is appointed to act as trustee-manager for KIT in accordance with the terms of the KIT Trust Deed. Under the Business Trusts Act, the Trustee-Manager shall act in the best interests of Unitholders and manage the business conducted by KIT in accordance with the Business Trusts Act and the KIT Trust Deed. The Trustee-Manager has general powers of management over the assets of KIT and it is authorised to manage KIT's assets and liabilities for the benefit of Unitholders. The Trustee-Manager shall exercise the degree of care and diligence required of a trustee-manager of a registered business trust to comply with the applicable provisions of all relevant legislation, as well as the Listing Manual (for so long as KIT is listed) and the KIT Trust Deed.

The Trustee-Manager, in exercising its powers and carrying out its duties as KIT's trustee-manager, is required to do, *inter alia*, the following:

(a) treat Unitholders who hold Units in the same class fairly and equally;

(b) ensure that all payments out of the Trust Property are made in accordance with the Business Trusts Act and the KIT Trust Deed;

(c) report to the Monetary Authority of Singapore any contravention of the Business Trusts Act or the Business Trust Regulations by any other person that:

    (i) relates to KIT; and

    (ii) has had, has or is likely to have, a material adverse effect on the interests of all Unitholders, or any class of Unitholders, as a whole,

    as soon as practicable after the Trustee-Manager becomes aware of the contravention;

(d) ensure that the Trust Property is properly accounted for; and

(e) ensure that the Trust Property is kept distinct from the property held in its personal capacity.

The Trustee-Manager also has statutory duties under the Business Trusts Act, including the following:

(a) at all times act honestly and exercise reasonable diligence in the discharge of its duties as KIT's trustee-manager in accordance with the Business Trusts Act and KIT Trust Deed;

(b) act in the best interests of all Unitholders as a whole and give priority to the interests of all Unitholders as a whole over its own interests in the event of a conflict between the interests of all Unitholders as a whole and its own interests;

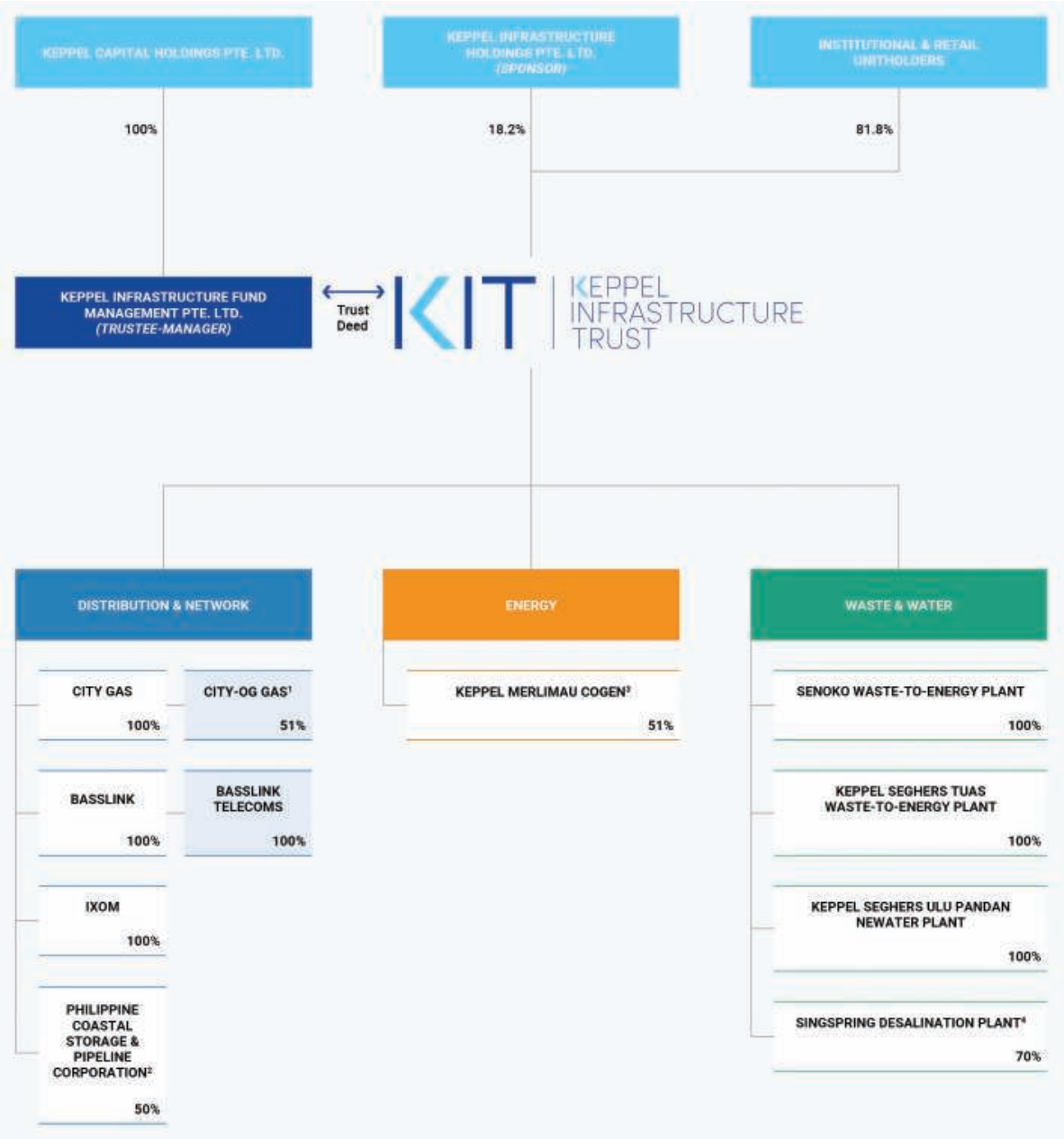
(c) not make improper use of any information acquired by virtue of its position as KIT's trustee-manager to gain, directly or indirectly, an advantage for itself or any other person to the detriment of Unitholders; and

(d) hold the Trust Property on trust for all Unitholders as a whole in accordance with the terms of the KIT Trust Deed.

The Trustee-Manager can only be removed in accordance with applicable laws, regulations and guidelines, including, the Business Trusts Act and all directions, guidelines or requirements imposed by any competent authority to apply to KIT, as the same may be modified, amended, supplemented, revised or replaced from time to time.

CORPORATE STRUCTURE OF KEPPEL INFRASTRUCTURE TRUST

The corporate structure chart below shows the corporate structure of KIT as at the Latest Practicable Date.



Notes:

1. Osaka Gas Singapore Pte. Ltd. holds the remaining 49% equity interest in City-OG Gas Energy Services Pte. Ltd.
2. On 8 December 2020, KIT announced the proposed acquisition of 80% of the entire share capital of PTSI, which owns Philippine Coastal. MPIC would own the remaining 20%. KIT's interest in PTSI is held indirectly. The acquisition was completed on 29 January 2021. Immediately following the completion of the acquisition, KIT and MPIC entered into a share sale agreement whereby KIT sold an additional 30% indirect interest in PTSI to MPIC, resulting in each party indirectly holding an approximately equal percentage of interest in PTSI. KIT indirectly holds one voting share more than MPIC.
3. Keppel Energy Pte. Ltd. holds the remaining 49% equity interest in Keppel Merlimau Cogen.
4. Hyflux Ltd holds the remaining 30% equity interest in SingSpring Desalination Plant.

DIRECTORS AND MANAGEMENT OF THE TRUSTEE-MANAGER

Directors of the Trustee-Manager

The board of directors of the Trustee-Manager is entrusted with the responsibility for the overall management of the Trustee-Manager. The following table sets forth certain information regarding the Directors:

Name	Directorship
Mr Daniel Cuthbert Ee Hock Huat	Non-Executive Chairman, Independent Director and Chairman of the Conflicts Resolution Committee
Mr Thio Shen Yi	Independent Director and Chairman of the Nominating and Remuneration Committee
Mr Mark Andrew Yeo Kah Chong	Independent Director and Chairman of the Audit and Risk Committee
Mr Kunnasagaran Chinniah	Independent Director and Chairman of the Board Safety Committee
Ms Susan Chong Suk Shien	Independent Director
Ms Christina Tan Hua Mui	Non-Executive Director and Non-Independent Director

Information on the business and working experience of the Directors is set out below:

Mr Daniel Cuthbert Ee Hock Huat is the Non-Executive Chairman, Independent Director and Chairman of the Conflicts Resolution Committee of the Trustee-Manager.

Mr Ee serves on the board of Ascendas Funds Management (S) Limited, the manager of Ascendas REIT, Olive Tree Estates Limited and the Singapore Mediation Centre.

Mr Ee was previously a director of Citibank Singapore Limited, the Deputy Chairman of the Securities Industry Council, and a Fellow and Council Member of Singapore Institute of Directors. He had also served as the Chairman of CitySpring Infrastructure Management Pte Ltd, which was the former trustee-manager of City Spring Infrastructure Trust, from July 2010 to 18 May 2015. He was Chairman of Gas Supply Pte Ltd from 2002 to July 2010 and was on the board of the NEA from 2006 to March 2012. He was a Member of the Corporate Governance Council from February 2010 till its dissolution in May 2012.

Mr Ee graduated from the University of Bath, UK with a Bachelor of Science in Systems Engineering (1st Class Honours) and has a Master of Science in Industrial Engineering from the National University of Singapore.

Mr Thio Shen Yi is an Independent Director and Chairman of the Nominating and Remuneration Committee of the Trustee-Manager.

Mr Thio is a Senior Counsel and is currently the joint managing partner of TSMP Law Corporation. Mr Thio's academic and professional qualifications include a Master of Arts from the University of Cambridge, Barrister at Law (Middle Temple), England and Master of the Bench of The Honourable Society of The Middle Temple, England. He is also a Fellow at both the Singapore Institute of Arbitrators and the Singapore Academy of Law.

Mr Thio was the President of the Law Society of Singapore. He is also a Senate Member of the Singapore Academy of Law and Chair of the International Relations Committee of the Law Society of Singapore.

Mr Mark Andrew Yeo Kah Chong is an Independent Director and Chairman of the Audit and Risk Committee of the Trustee-Manager.

Mr Yeo is also a director of Changi Airports International Pte. Ltd and Changi Airport Group (Singapore) Pte. Ltd.

Mr Yeo was a former independent director of CitySpring Infrastructure Management Pte Ltd, which was the former trustee-manager of CitySpring Infrastructure Trust. He was also the former Chairman of the Audit Committee of CitySpring Infrastructure Management Pte Ltd and a member of the Conflicts Resolution Committee of CitySpring Infrastructure Management Pte Ltd.

Mr Yeo graduated from Oxford University with a Master of Arts degree and obtained his Master of Laws from the National University of Singapore. He has also completed INSEAD's Advanced Management Programme.

Mr Kunnasagaran Chinniah is an Independent Director of the Trustee-Manager and Chairman of the Board Safety Committee.

Mr Chinniah is presently a director of Changi Airports International Pte. Ltd. He also sits on the boards of Edelweiss Financial Services Limited, a listed financial services company in India. He is a member of the Hindu Endowments Board.

Mr Chinniah is a Chartered Financial Analyst. He obtained his Bachelor's Degree in Electrical Engineering from the National University of Singapore and an MBA from the University of California, Berkeley.

Ms Susan Chong Suk Shien is an Independent Director of the Trustee-Manager.

Ms Chong is presently founder and Chief Executive Officer of Greenpac (S) Pte Ltd, a knowledge-based company that specialises in re-engineering, designing and distributing innovative and environmentally-friendly packaging products and solutions.

She currently sits on the boards of the NEA, the SkillsFuture Singapore Agency, the Gardens by the Bay, the Singapore Institute of Management, and the Singapore Business Federation Foundation. She is also a council member of A*STAR's Science and Engineering Advisory Council.

Ms Chong was awarded the EY Entrepreneur of the Year 2014 award by Ernst & Young Singapore. She holds an Executive Master of Business Administration from the National University of Singapore and is also an alumna of Harvard Business School.

Ms Christina Tan is a Non-Executive Director and Non-Independent Director of the Trustee-Manager.

Ms Tan is the Chief Executive Officer of Keppel Capital, Chairman of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) and Deputy Chairman of Alpha Investment Partners Limited (Alpha).

Ms Tan's principal directorships include Keppel Capital and its listed real estate investment trusts and business trusts, as well as Keppel Capital's private funds. She also sits on the Investment Committee for the private funds, and is instrumental in developing and implementing the funds' portfolio strategy.

Ms Tan holds a Bachelor of Accountancy (Honours) from the National University of Singapore and is a CFA® Charterholder.

MANAGEMENT OF THE TRUSTEE-MANAGER

The executive officers of the Trustee-Manager are entrusted with the responsibility for the daily operations of the Trustee-Manager. The following table sets forth information regarding the key executive officers:

Name	Position
Mr Matthew Pollard	Chief Executive Officer
Mr Eric Ng	Head, Finance
Mr Marc Liu	Head, Asset Management

Information on the business and working experience of the executive officers is set out below:

Mr Matthew Pollard was appointed CEO with effect from 1 July 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMPETITIVE STRENGTHS

(1) *Singapore-listed infrastructure-focused investment vehicle underpinned by a large and well-diversified portfolio*

KIT is the largest diversified business trust listed on the SGX-ST with approximately S$5.1 billion in assets under management as at 31 March 2021, across the three segments of Distribution & Network, Energy and Waste & Water.

KIT's diverse portfolio of infrastructure and infrastructure-like businesses and assets comprise waste treatment, water treatment, power production and transmission, piped town gas production and retailing, industrial and specialty chemicals supply and distribution, storage of petroleum products and telecommunications. The assets are located predominantly in Singapore, Australia, New Zealand and the Philippines, which are jurisdictions with well-developed legal frameworks that support infrastructure investment.

On 29 January 2021, KIT completed the acquisition of Philippine Coastal[1], the largest petroleum products import storage facility in the Philippines. The strategic acquisition increased KIT's exposure to essential evergreen businesses, strengthening long-term sustainability of cash flows and KIT's growth prospects. Further, as a result of the acquisition of Philippine Coastal, KIT has benefitted from further diversification of its portfolio of infrastructure and infrastructure-like businesses and assets, and an enlarged customer base. This has strengthened KIT's position as a premier-listed investment vehicle for investors seeking investment in infrastructure and infrastructure-like businesses and assets.

[1] On 8 December 2020, KIT announced the proposed acquisition of 80% of the entire share capital of PTSI, which owns Philippine Coastal. MPIC will own the remaining 20%. KIT's interest in PTSI is held indirectly. The acquisition was completed on 29 January 2021. Immediately following the completion of the acquisition, KIT and MPIC entered into a share sale agreement whereby KIT sold an additional 30% indirect interest in PTSI to MPIC, resulting in each party indirectly holding an approximately equal percentage of interest in PTSI. KIT indirectly holds one voting share more than MPIC.

(2) ***Provides essential products and services to customers***

All businesses and assets in KIT's portfolio are classified as essential services. Despite the widespread disruptions caused by the COVID-19 pandemic, there were no material operational disruptions to KIT's businesses and assets, ensuring the supply and availability of power, clean water, waste incineration, town gas and chemicals. KIT's financial performance and business operations to-date have not been materially impacted. These factors clearly demonstrate the highly defensive and resilient qualities of KIT and the essential nature of KIT's business and assets.

Distribution & Network

Within this segment, KIT owns the sole supplier of piped town gas in Singapore, one of the largest providers of key chemicals to fundamental industries in Australia and New Zealand, the largest petroleum products import storage facility in the Philippines, and the sole electricity interconnector between Tasmania and mainland Australia.

- City Gas is the sole supplier of town gas, with a history of over a century, in Singapore, and services approximately 870,000 customers as at 31 March 2021. City Gas holds the sole license to produce and retail piped town gas in Singapore. It produces and sells town gas to residential customers, as well as town gas and natural gas to commercial and industrial customers.

- Ixom delivers specialised source water, water and wastewater treatment solutions which are critical for the supply of clean water. In addition, Ixom also supplies and distributes key chemicals for fundamental industries in Australia and New Zealand with favourable long-term industry growth trends. The key chemicals manufactured and distributed by Ixom Group include liquefied chlorine (which is used in the water treatment process, where most substitutes are either not as efficient at producing potable water and/or require large capital investment), caustic soda (which is used in the "cleaning in place" process to remove fatty oils and protein solids in dairy products) and hydrochloric acid (which is used in the nickel refining process which involves leaching nickel from ore with hydrochloric acid). These chemicals are fundamental to the production process of a range of essential items and vital to the operations of Ixom's customers.

- Philippine Coastal is the largest petroleum products import storage facility in the Philippines, located in the Subic Bay Freeport Zone. Its storage services are essential to its base of blue-chip customers who need to store petroleum products in order to distribute and supply in the Philippines, or for strategic reasons. Philippine Coastal's robust operational setup allowed it to maintain high levels of operational readiness and continuity during the various levels of lockdowns to contain the COVID-19 pandemic in the Philippines.

- Basslink is the only electricity interconnector between Tasmania and mainland Australia which serves to connect electricity grids of the States of Victoria and Tasmania in Australia.

Energy

The KMC Plant is a competitive gas-fired power plant in Singapore, which is strategically positioned at the Tembusu sector of Jurong Island to support the surrounding industries with their electricity, steam supply and demineralised water requirements. It has a strong operating track record of efficiency and reliability. KMC receives availability and capacity based payments under a 15-year CTA with Keppel Electric that commenced on 30 June 2015.

Waste & Water

In this segment, KIT owns two WTE plants and two water treatment plants in Singapore.

- Senoko WTE Plant, with a contracted capacity of 2,310 tonnes per day is the only WTE plant outside the Tuas area, serving the eastern, northern and central areas of Singapore.

- Keppel Seghers Tuas WTE Plant, with a contracted capacity of 800 tonnes per day, is the first WTE plant in Singapore built under a public-private partnership. It is built with Keppel Seghers' proprietary in-house technology.

- Keppel Seghers Ulu Pandan NEWater Plant is one of the largest NEWater plants, capable of supplying up to 162,800m^3 of potable water per day. The plant utilises advanced wastewater treatment technologies and spearheads the PUB's commitment to more sustainable water management in Singapore.

- SingSpring Plant is one of the "Four National Taps" in PUB's strategy to meet Singapore's water needs and hence is important to the long-term sustainability and security of Singapore's water supply. It is Singapore's first large-scale seawater desalination plant and is capable of supplying up to 136,380m^3 of desalinated potable water per day, providing close to 7% of Singapore's potable water needs since December 2005.

(3) ***Balanced portfolio comprising both concession-based assets and going concern businesses with long-term growth prospects***

KIT has a diversified portfolio of concession-based, contractually-driven and going concern businesses and assets. Following the completion of the acquisition of Philippine Coastal, assets in the Distribution & Network segment make up approximately 59% of the portfolio[1]. Assets in the Energy and Waste & Water segments contribute approximately 23% of the portfolio, with the remainder being trust assets and non-controlling interests.

In the Distribution & Network segment, City Gas, Ixom and Philippine Coastal are evergreen businesses with potential for long-term growth, supported by their market-leading positions in industries providing essential products and services, as well as favourable demand expansion profiles.

KIT's Waste & Water and Energy businesses are supported by concessions and contracts with government, government-linked counterparties and high-quality customers. Their revenue streams are backed by availability-based payments further enhancing the long-term visibility of KIT's cash flows and distributions.

(4) ***Proven track record of delivering high-quality, reliable and safe operations***

KIT's businesses and assets have consistently demonstrated a strong operating track record. Its concession-based and contractually-driven assets have consistently met required contractual availabilities and standards without compromising on safety. Additionally, KIT's going concern businesses have demonstrated a long and steady growth uptrend.

[1] Based on total assets of KIT and refers to KIT's share in the respective assets.

Distribution & Network

- City Gas' total customers have grown from a base of approximately 580,000 customers as of September 2006 to approximately 870,000 customers as at 31 March 2021. It continued to maintain 100% gas production availability at its Senoko Gasworks in 2020 and as at 31 March 2021.

- Ixom achieved year-on-year growth of 81% and 50% in operational cash flows in 2020 and the first quarter of 2021 respectively. The performance is testament to the strength of Ixom's defensive and resilient business in the areas of manufactured chemicals, supply chain management and water treatment solutions.

- On 29 January 2021, KIT completed the acquisition of Philippine Coastal. Philippine Coastal has a positive growth outlook, supported by sustained economic growth in the Philippines and attractive long-term demand dynamics for various fuel products across multiple industries.

- The Basslink Interconnector and Basslink Telecoms Pty Limited achieved an availability of 99.2% and 100% respectively in 2020.

Energy

- The KMC Plant has, since the commencement of operations in 2007, delivered as per expectations and has a good track record of reliability and efficiency.

- It achieved 98% and 100% contractual availability in 2020 and the first quarter of 2021 respectively, excluding planned maintenance and outage allowance. Furthermore, historically, KMC's average availability has been maintained at a high level over its routine maintenance cycle periods.

Waste & Water

- The Senoko WTE Plant and the Keppel Seghers Tuas WTE Plant have consistently met the required performance and customer service standards under their respective incineration services agreements with the NEA every year since the inception of those concessions. Both plants fulfilled all contractual obligations in 2020 and the first quarter of 2021 and received full availability payments every year since the commencement of commercial operations in 2009.

- Keppel Seghers Ulu Pandan NEWater Plant and the SingSpring Plant have fulfilled all contractual obligations and received full availability payments every year since the commencement of commercial operations in March 2007 and December 2005 respectively.

(5) ***Long-term stable cash flows supported by offtakers linked to the Singapore Government (which has a long-term credit rating of AAA) and credit-worthy counterparties***

KIT's portfolio consists of assets which are (i) concession-based and contractually-supported businesses receiving availability-based payments from credit-worthy counterparties and (ii) businesses with leading market positions in industries with high barriers to entry, that provide an essential product or service. Such businesses and assets have demonstrated a strong track record and long-term stable cash flows with high visibility and moderate growth.

Out of KIT's nine portfolio assets, six of the assets are located in Singapore. Out of the assets located in Singapore, four have contracts with the Singapore Government or Singapore Government-linked entities, while the counterparty for KMC is Keppel Electric.

The PUB and the NEA, which are the counterparties for KIT's water treatment and waste incineration businesses respectively, are statutory bodies under the Singapore Government. The Singapore Government holds a "AAA" long-term credit rating from Standard & Poor's Rating Services ("**S&P**"), and a "Aaa" long-term credit rating from Moody's Investors Service, Inc. ("**Moody's**") as at the Latest Practicable Date.

Keppel Electric, which is the counterparty for KMC, is unrated but wholly-owned by Keppel Corporation, a Singapore government-linked corporation listed on SGX-ST with a market capitalisation of approximately S$9.92 billion as at the Latest Practicable Date.

High barriers to entry

Even though City Gas and Ixom do not operate under concessions or contractual arrangements, their respective industries provide essential products and services. Both City Gas and Ixom hold well-established and leading positions in their respective industries. Their businesses are hard to replicate and there are significant barriers to entry to their respective industries. Both businesses have defensive and long-term stable cash flows.

City Gas holds the sole licence to produce and retail piped town gas in Singapore.

Ixom is one of the largest suppliers and distributors of key chemicals for fundamental industries in Australia and New Zealand. As at the Latest Practicable Date, it has a large and diversified customer base of over 4,500 customers comprising many blue-chip companies and municipalities. The high barriers to entry are on account of Ixom's long and well-established reputation as a reliable and trusted supplier, its customer relationships, and the significant cost of replicating its network and facilities.

In addition, as at the Latest Practicable Date, Philippine Coastal is the largest[1] petroleum products import storage terminal in the Philippines and accounts for approximately 36% of total import terminal capacity[2] in the country. It is approximately ten times the size of the next largest independent storage terminal in the Philippines and up to six vessels can be berthed at the terminal at any point in time. Its assets consist of 86 storage tanks, with a storage capacity of approximately six million barrels. The scale of Philippine Coastal's operations coupled with the scarcity of suitable waterfront land with deep drafts to build new terminals in the Philippines may discourage potential competitors from entering the market and thus acts as a natural barrier to other new market participants.

(6) ***Prudent leverage, diversified sources of funding and non-recourse asset level debt***

The Trustee-Manager's objectives with respect to KIT's capital structure, and that of KIT's underlying businesses, are to ensure long-term sustainability as well as optimise the cost of capital across economic cycles. Accordingly, the Trustee-Manager strives for primarily non-recourse debt at each of KIT's underlying businesses and to maintain a reasonable level of gearing at the KIT trust level. As at 31 March 2021, non-recourse debt constitutes 88.1% of the Group's debt. The Group's sustainable gearing is supported by long-term contracts expiring between 2024 and 2034, creditworthy government-backed customers and resilient revenue streams.

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[1] Excluding storage capacities within refineries which are captive.

[2] Source: IHS Markit.

To minimise interest rate risk exposure, the Trustee-Manager uses a mix of fixed and floating interest rate debt and swaps floating rates into fixed rates to reduce variability in cash flows arising from interest rate fluctuations. The Trustee-Manager also adopts a prudent approach to managing KIT's currency exposure. Where appropriate, each underlying business in KIT's portfolio borrows in the same currency as the currency of its revenue stream.

KIT has access to a diverse range of financing options in the banking, multi-lateral, institutional, high net worth and retail markets, and a demonstrable track record of tapping into those to fulfil its funding requirements. The Trustee-Manager, a wholly-owned subsidiary of Keppel Capital, is able to leverage Keppel Group's extensive network and its relationships for KIT's funding needs.

(7) ***Experienced board and management team with strong alignment in delivering long-term value***

The Board of Directors consists of experienced individuals with an array of credentials and skills in relevant fields. The Directors bring to KIT the benefit of experience and expertise in investment and portfolio management, finance, law, energy, infrastructure projects, as well as oil, gas and petrochemicals businesses.

The Trustee-Manager draws upon the vast experiences and skill-sets of the management team to act for KIT in a number of areas, including the following:

- originating, evaluating, structuring and financing investments in the infrastructure sector;
- managing investments post-entry to create value and execute growth strategies;
- maximising operational efficiencies and, for concession/contracted assets, ensuring that contractual requirements are met or exceeded;
- implementing and proactively managing a prudent capital structure;
- managing stakeholder relationships including with partners, regulators, government agencies, suppliers, customers and financiers; and
- consistently evaluating the market and industry landscape to compare the value of continuing to own any specific business versus a partial or complete divestment.

Further details on the Trustee-Manager's Directors and key management are set out in the section "*Keppel Infrastructure Trust – Directors and Management of the Trustee-Manager*".

STRATEGY

KIT aims to deliver sustainable returns to its Unitholders through a combination of recurring distributions and capital growth over the long-term.

To achieve this, the Trustee-Manager will harness the synergies of its three-pronged strategy set out below.

VALUE CREATION

The Trustee-Manager engages and works closely with the respective management teams to drive value creation and sustainable growth. The Trustee-Manager's approach encompasses the following:

- generate and grow cash flows from KIT's well-diversified portfolio of strategic businesses and assets;
- drive organic growth from existing going concern businesses which are supported by long-term favourable demand trends; and
- drive strong operational performance and efficiencies, as well as fulfil all contractual requirements.

OPERATIONAL EXCELLENCE

The Trustee-Manager actively manages its existing portfolio to drive operational and capital efficiencies, and achieve organic growth. The Trustee-Manager's approach encompasses the following:

- achieve operational excellence and asset optimisation to extract further value;
- maintain an optimal capital structure to support growth initiatives and maximise returns for Unitholders; and
- implement sustainable practices, where feasible, to support a sustainable future for KIT and its stakeholders.

FOCUSED ACQUISITION

The Trustee-Manager acquires and invests in good quality infrastructure and infrastructure-like businesses that generate long-term stable cash flows with potential for growth. The investments that the Trustee-Manager focus on have one or more of the following characteristics:

- generate defensive cash flows and revenues that are inflation-linked and/or GDP-linked with potential for growth;
- possess high barriers to entry; and
- are key providers of essential products or services.

Further, the Trustee-Manager will selectively consider investments in greenfield infrastructure opportunities with experienced operators and limited construction exposure. The Trustee-Manager may also undertake co-investment and incubation opportunities with Keppel Capital, the Sponsor and/or other like-minded investment partners. At the same time, as part of its ongoing review of its business, KIT may from time to time assess market interests in its assets and evaluate all options available to it, including any potential disposal. For example, on 31 October 2019, KIT's wholly-owned subsidiary City DC completed the disposal of its 51.0% stake in DataCentre One. At the appropriate juncture, the Trustee-Manager will also consider potential bolt-on acquisitions at City Gas, Ixom and Philippine Coastal which would allow it to enhance KIT's portfolio. Any action taken in relation to its assets will take into consideration the interests of all stakeholders of KIT. There is no assurance that any action will be taken. Should there be any material developments which warrant disclosure, KIT will, in compliance with applicable rules, make the appropriate disclosure.

PORTFOLIO OF KIT

(A) DISTRIBUTION & NETWORK

CITY GAS

Overview

City Gas is the sole producer and retailer of town gas in Singapore and also the sole user of the low-pressure piped town gas supply network in Singapore. In addition, City Gas markets gas appliances and offers comprehensive after-sales customer service. City Gas has a production facility in Singapore, Senoko Gasworks, with a capacity of 1.6 million m^3 per day. Senoko Gasworks is the sole production facility of town gas in Singapore and as at 31 March 2021, City Gas has approximately 870,000 customers across the residential, commercial and industrial segments in Singapore. City Gas' large existing customer base provides a steady recurring source of revenue as residential demand for piped gas is relatively stable.

Senoko Gasworks produces town gas from three continuous reforming plants and five cyclic reforming plants, each with a production capacity of 200,000 m^3 per day. The City Gas Plants are capable of using both natural gas and light virgin naphtha as feedstock. The town gas produced can either be stored in two spherical gasholders or sent out through the distribution network to customers.

Gas production is monitored, controlled and directed 24 hours a day, seven days a week from a central control room. At the heart of the central control room is a fully automated distributed control system. The distributed control system, which is a computerised process control system, enables experienced plant controllers to operate, monitor and control the gas production and ancillary plant.

Key Information

Gas Purchase Agreement

City Gas entered into the Gas Purchase Agreement with GSPL in September 2003 (subsequently supplemented in May 2008) to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time.

Under the Gas Purchase Agreement, City Gas is entitled to purchase up to 112 trillion Btu of natural gas over a period of 20 years commencing in 2003 and at least 55.0% of the annual contract quantity (which is 5,748 billion Btu per year) must be purchased by City Gas between the third year and 20th year of the Gas Purchase Agreement. In May 2008, City Gas entered into a supplemental agreement with GSPL to purchase an additional supply of 35.2 thousand billion Btu of natural gas from 2009 to 2023. City Gas is obliged to take and pay for, or pay for if not taken, 55.0% of the annual contracted quantity of natural gas. If City Gas takes delivery of gas under an alternative gas sales agreement rather than under the Gas Purchase Agreement, the amount of gas that City Gas will be required to take and pay for, or pay for if not taken, shall be increased for the duration of such alternative gas sales agreement in accordance with the formula set out in the Gas Purchase Agreement.

The Gas Purchase Agreement was subsequently novated from GSPL to PGPL with effect from 1 April 2015.

Town Gas Transportation Agreement

Under a Town Gas Transportation Agreement between City Gas and PowerGas, PowerGas, the sole transporter of piped town gas in Singapore, makes available its gas transportation system for the delivery of piped town gas from City Gas to its customers. PowerGas charges City Gas transportation tariffs (which are subject to price control by EMA) for the use of the gas transportation system.

Utility Support Service Agreement

Under a Utility Support Service Agreement between City Gas and SP Services, SP Services provides City Gas with gas-meter reading, billing and collection services. SP Services is the main provider of such services to the utilities and waste collection companies in Singapore and charges City Gas a management fee which may be reviewed by the parties once in any calendar year and the quantum of any increase is subject to a cap of 6.0% over the prevailing management fee.

Licences

City Gas holds the sole licence from the EMA to produce and retail town gas in Singapore and is regulated by EMA in respect of such activities.

CITY-OG GAS ENERGY SERVICES PTE. LTD.

Overview

In August 2013, City Gas together with Osaka Gas Singapore Pte. Ltd., a wholly-owned subsidiary of Osaka Gas Co., Ltd, established a new business venture, City-OG Gas, to market and sell natural gas to industrial customers in Singapore. City Gas holds a 51.0% share of the business venture, with the remaining 49.0% share held by Osaka Gas Singapore Pte. Ltd. The business venture allows CityGas to leverage Osaka Gas Co., Ltd.'s advanced technology and expertise in cogeneration systems and industrial furnaces to grow the natural gas retail business. City Gas, on the other hand, offers the business venture its extensive network and customer knowledge to develop and promote the business.

In October 2020, City Gas together with City-OG Gas Energy Services Pte. Ltd. signed a memorandum of understanding ("**MOU**") with Keppel DC to explore the use of hydrogen and LNG to power Keppel DC's Floating Data Centre Park in Singapore. Under the MOU, parties will jointly explore and evaluate LNG procurement strategies and the energy transition to hydrogen in the long run.

IXOM

Overview

KIT acquired a 100% interest in Ixom on 19 February 2019.

The Ixom Group is amongst the leading industrial infrastructure businesses in Australia and New Zealand, supplying and distributing water treatment chemicals as well as industrial and specialty chemicals which are key to fundamental industries. The Ixom Group manufactures and distributes water treatment chemicals such as liquefied chlorine, chlorine derivatives and caustic soda (chlor-alkali). The Ixom Group is the sole manufacturer and provider of liquefied chlorine in Australia, as well as a leading provider of manufactured caustic soda. The Ixom Group is also one of the largest bulk and packaged chemical distribution businesses in Australia and New Zealand dealing in chemicals such as sulphuric and nitric acids. The chemicals manufactured and

distributed by the Ixom Group are fundamental components used in a range of industries which have favourable demand outlooks, including water treatment, dairy and agriculture, mining, construction and nickel refining.

As part of its portfolio optimisation strategy, in 2020, Ixom divested its China Life Sciences and Latin America businesses, as well as exited the plastics market with the closure of its Marplex manufacturing site. These initiatives will drive overall improvement in performance and sharpen the strategic focus on Ixom's core and niche businesses where it has the intrinsic skills and expertise to create long-term value.

Key Information

Assets and Facilities

As at the Latest Practicable Date, the key assets and facilities comprise over 30 Ixom-owned and third party sites across Australia and New Zealand ("**ANZ**") providing over 150 kilotons of storage capacity for the ANZ market; as well as two chloralkali manufacturing facilities in Australia and over 40 separate distribution facilities across the ANZ region. Ixom also supplies key chemical products and provides essential services in other countries such as the watercare business in the United States.

These infrastructure assets and facilities are well-positioned throughout key regions in ANZ, with dedicated third party bulk tankers in select regions to support the import, manufacturing and distribution of water treatment chemicals which are key to fundamental industries and the product of many critical industrial and specialty chemicals. In New Zealand, several tank sites and terminals are within close proximity of key dairy and pulp and paper customers covering both the North and South Islands including at Mount Manganui, Wellington, Timaru and Bluff. In Australia, Ixom has two chloralkali manufacturing plants located in Sydney (Botany) and Melbourne (Laverton) respectively, tank sites and terminals across the Eastern Seaboard, in particular the Port of Melbourne, the Botany Port in Sydney and the Port of Brisbane, as well as several strategic sites close to customers in Western Australia and South Australia.

Chemical Products

The Ixom Group's business is driven by the provision of key chemicals for fundamental industries with favourable long-term industry growth trends. The key chemicals manufactured and distributed by the Ixom Group include liquefied chlorine (which is used in the water treatment process, where most substitutes are either not as efficient at producing potable water and/or require large capital investment), caustic soda (which is used in the "cleaning in place" process to remove fatty oils and protein solids in dairy products) and hydrochloric acid (which is used in the nickel refining process which involves leaching nickel from ore with hydrochloric acid) – these chemicals are fundamental to the production process of a range of essential items and vital to the operations of its customers.

Source Water Management

The Ixom Group provides specialised source water, water and wastewater treatment solutions critical to a clean water supply. On 4 February 2020, Ixom finalised the acquisition of Medora, a market leader in source water management solutions. The addition of Medora has expanded Ixom's portfolio of products for its US water business, providing Ixom the opportunity to grow its existing customer base and expand geographically with an enlarged product line. Medora's highly regarded quality products range, reservoir knowledge base and potable treatment product and service portfolio, combined with Ixom's strength in water treatment and compliance systems, cements Ixom's market leading reservoir treatment position.

PHILIPPINE COASTAL

Overview

KIT indirectly owns approximately 50% of the entire share capital of Philippine Tank Storage International (Holdings) Inc., which owns Philippine Coastal.

As at the Latest Practicable Date, Philippine Coastal is the largest petroleum products import storage facility in the Philippines, which comprises three tank farms and one marine terminal area, with a combined land size of approximately 150 hectares.

Strategically located in the Subic Bay Freeport Zone, Philippine Coastal is well placed to capture demand from Metro Manila, as well as Central and North Luzon, which together account for more than half of the demand of transport fuels in the Philippines. The Subic Bay Freeport Zone is easily accessible by major oil refiners located in North and Southeast Asia. The surrounding area has deep draft levels which are conducive to facilitate berthing of vessels. The Subic Bay Freeport Zone is also naturally sheltered from typhoons, which allows the terminal to operate year-round and provides Philippine Coastal's clients with year-round access.

As at the Latest Practicable Date, almost all of Philippine Coastal's customers are on "take-or-pay" contracts, which significantly reduces Philippine Coastal exposure to petroleum price and volume volatility risks.

Key Information

Storage Facilities

Philippine Coastal's assets comprise 86 storage tanks as at the Latest Practicable Date. With a storage capacity of approximately six million barrels, Philippine Coastal accounts for approximately 36%[1] of the total import terminal storage capacity in the Philippines. Its storage terminals have the largest capacity and highest number of coastal berths in the Philippines, which allows for up to six vessels to be berthed at any point in time.

Philippine Coastal is well-positioned to take advantage of the increase in long-term demand for clean petroleum products and the significant storage capacity shortfall expected in the Philippines in the long-term, driven by economic growth and higher usage of petroleum products for transportation and aviation. Further, the closure of the Shell Tabangao Refinery is expected to drive the import of key petroleum products which would, in turn, necessitate additional storage capacity in the near term. Philippine Coastal has future expansion plans in place to capture this projected shortfall in capacity, supporting its long-term growth potential.

BASSLINK INTERCONNECTOR

Overview

Basslink owns and operates the Basslink Interconnector, which is a 370-km high voltage, direct current monopole electricity interconnector between the electricity grids of the States of Victoria and Tasmania in Australia. Basslink derives most of its cash flow from a 25-year term Basslink Services Agreement with Hydro Tasmania, an entity owned by the State of Tasmania. KIT currently does not depend on Basslink's cash flows for distribution.

[1] Excluding storage capacities within refineries which are captive.

Key Information

Basslink Services Agreement

The primary revenue-generating agreement in relation to Basslink is the Basslink Services Agreement. Under the Basslink Services Agreement, Basslink is required to make the Basslink Interconnector available exclusively to Hydro Tasmania and to pass through to Hydro Tasmania all revenue received by Basslink from Australian Energy Market Operator for participating in the NEM in return for certain fees.

Under the Basslink Services Agreement, Basslink's principal source of revenue from the operations of the Basslink Interconnector is the Basslink Facility Fee, payable monthly by Hydro Tasmania. The Basslink Facility Fee is based on availability – it is payable in full if the Basslink Interconnector's cumulative availability is equal to or greater than 97.0%. If the Basslink Interconnector's cumulative availability is less than 97.0%, the Basslink Facility Fee is reduced with increasingly greater deductions the greater the shortfall from 97.0%. The Basslink Facility Fee is equal to a base fee, as determined prior to the date on which Basslink commenced commercial operations based on the final construction costs of the Basslink Interconnector, subject to a quarterly escalator to reflect 65.0% of changes in the index titled Consumer Price Index "Australia All Groups", Catalogue No. 6401.0 published by the Australia CPI.

The Basslink Services Agreement provides a commercial risk sharing mechanism to share the market risk associated with participating in the NEM between Hydro Tasmania and Basslink. Under the CRSM, for every month in a calendar year during the term of the Basslink Services Agreement, a CRSM Adjustment will be applied to a portion of the unadjusted Basslink Facility Fee (as adjusted for Australia CPI changes), subject to certain limits, to reflect the difference between the average high and low Victorian electricity pool prices. Under the Basslink Services Agreement, (i) the CRSM Adjustment is subject to a maximum of a +12.5% increase (i.e. a payment is made from Hydro Tasmania to Basslink) and a -12.5% decrease (i.e. a payment from Basslink to Hydro Tasmania) of the Basslink Facility Fee; and (ii) the aggregate cumulative CRSM Adjustments in any five-year period during the term of the Basslink Services Agreement must not be less than 83.0% of the aggregate cumulative unadjusted Basslink Facility Fees for that five-year period. There are also provisions relating to the review of CRSM Adjustments.

Basslink is entitled to revenues under the Basslink Services Agreement from 28 April 2006 for an initial period of 25 years expiring in 2031. Under the Basslink Services Agreement, Hydro Tasmania has an option, exercisable not later than two years prior to the expiry of the initial period, to extend the Basslink Services Agreement for a further period of 15 years. For this extension period, the Basslink Services Agreement will apply on the same terms as those applicable to the initial period, except that the payments under the Floating Interest Rate Tripartite Deed will cease to be payable and the Basslink Facility Fee will be adjusted to 90.0% of the fee that would otherwise be payable. The Basslink Services Agreement may also be further extended at the expiry of the first extension period subject to the mutual agreement of Basslink and Hydro Tasmania.

Basslink Operations Agreement

Under the Basslink Operations Agreement dated 28 February 2000 made between the State of Tasmania and Basslink, Basslink is responsible for operating and maintaining the Basslink Interconnector to meet certain minimum technical specifications and operational requirements from the date it is commissioned for a 40-year period.

Recent Developments

In 2018, Basslink entered into arbitration proceedings with Hydro Tasmania and the State of Tasmania in relation to the Basslink Services Agreement. The disputes with Hydro Tasmania ("**Hydro Tasmania's Dispute**") and the State of Tasmania ("**State's Dispute**", and together with Hydro Tasmania's Dispute, the "**Arbitrations**") arose due to an unplanned outage at the Basslink Interconnector in 2015, which was caused by a cable failure. In December 2020, KIT announced the issuance of awards by the arbitrator in relation to the Arbitrations. The arbitrator found in favour of the State of Tasmania and Hydro Tasmania in the Arbitrations. Damages amounting to A$38.5 million were awarded against Basslink in relation to the State's Dispute. Further, Basslink's claim against Hydro Tasmania for unpaid facility fees of A$30.9 million were not recoverable. The arbitrator has also called for a procedural hearing to determine the award of costs (the "**Cost Claim**") to be claimed from Basslink that was incurred by the State and Hydro Tasmania in relation to the Arbitrations. The procedural hearing took place in January 2021 although a determination in relation to the Cost Claim has yet to be made.

As at 31 December 2020, Basslink has written-off its claim for the unpaid facility fees. The total financial impact to the KIT Group's income statement and financial position in relation to the arbitration outcome is estimated at approximately S$76.2 million (A$80.5 million). Accordingly, KIT's consolidated net tangible assets as at 31 December 2020 was impacted by the same amount.

In relation to Hydro Tasmania's Dispute, the arbitrator also declared that Basslink had to undertake certain mitigation actions in accordance with good electricity industry practice.

Connection Agreements and Use of System Agreements

Basslink has entered into separate connection agreements with Transend Networks Pty Ltd and AusNet Services in order to connect the Basslink Interconnector to the Tasmanian and Victorian transmission systems, respectively. Basslink pays a monthly network connection charge under these connection agreements.

Insurance

Under the insurance concession deed, Basslink is required to use best endeavours to obtain and maintain, during the initial 25-years term of the Basslink Services Agreement, operational insurances in respect of property damage/all-risk insurance, third party liability insurance, business interruption insurance and workers' compensation insurance under the insurance policy.

(B) ENERGY

KEPPEL MERLIMAU COGEN PLANT

Overview

KIT owns a 51% stake in the KMC Plant, a 1,300 MW combined cycle gas turbine generation facility, which is located on Jurong Island, through KMC. Keppel Energy Pte. Ltd. holds the remaining 49% equity interest in the KMC Plant. It was the first independent power project to enter the Singapore electricity market when the New Energy Market of Singapore was implemented in January 2003.

The KMC Plant was constructed in two phases. Phase I of KMC has a generation capacity of 500 MW, and commenced commercial operation in April 2007. KMC completed an expansion of two Power Trains of 400 MW each, which commenced commercial operations in March and July 2013 respectively.

Since 2007, the KMC Plant has delivered expectations, with a good track record of reliability and efficiency. The KMC Plant is connected to the electricity transmission network of Singapore, and is well-positioned to support the surrounding industries with their electricity, steam supply and demineralised water requirements.

Key Information

Land and Wayleave Agreements

The KMC Plant site, associated foreshore, seabed, access road and water outfall wayleaves are subleased from JTC. JTC is the head lessee under the head lease with the Government of Singapore. The main lease for the site (including associated wayleaves for access road and water outfall) is for 30 years beginning March 2005, with an option to extend for a further 30 years. Foreshore and seabed leases for the seawater intake structures are for 30 years from June 2005.

Capacity Tolling Agreement

KMC entered into a 15-year CTA with Keppel Electric on 30 June 2015, with an option to extend the agreement for a further 10 years. Under the terms of the CTA, KMC earns regular and stable fixed fees, also known as "Tolling Fees", from Keppel Electric so long as it meets certain availability and capacity targets. Availability targets are time-based and change from year to year according to maintenance plans. Capacity targets are based on the guaranteed capacity degradation profiles provided by the Major Maintenance Contractor. Capacity targets are only measured in accordance with the testing schedules in the MMAs. Tested capacities have been above guaranteed levels. The CTA ensures that KMC does not take on the market risks of owning and operating a power plant as an independent power producer. The CTA ensures long-term and predictable cash flows for KMC, while allowing most of KMC's operating costs to be passed through.

Operations and Maintenance Arrangements

KMC O&M, a wholly-owned subsidiary of KIHPL, is responsible for the operation and maintenance of the KMC Plant under the 20-year OMSA. KMC O&M has experienced managers and personnel, and also draws on experienced personnel from Keppel Infrastructure Services Pte. Ltd's current operations.

The Major Maintenance Contractor is contracted for the maintenance of the Power Trains under the long-term MMAs. In return for the fees paid under the MMAs, the Major Maintenance Contractor provides the necessary parts, equipment and personnel onsite for the routine maintenance of the Power Trains, which include the gas turbine packages, steam turbines and their immediate auxiliaries, and electrical and control equipment. The MMAs have fixed and variable charges (depending on the actual operating hours) both of which are indexed to inflation. Under the CTA, both fixed and variable charges under the MMAs are passed through to Keppel Electric for reimbursement.

KMC owns certain wayleave facilities which are located on the service corridor owned and operated by Pipenet, a wholly owned subsidiary of KIHPL. KMC entered into a long-term agreement with Pipenet dated 16 September 2014 (collectively with the 2005 Pipenet Agreement, the "**Pipenet Agreements**") pursuant to which Pipenet provides KMC access to the service corridor and routine maintenance of the KMC way-leave facilities in return for monthly fees. The charges under the Pipenet Agreements are fixed, subject to JTC's rental indexation and inflation indexation. The costs under the Pipenet Agreements are substantially passed through to Keppel Electric via the fixed O&M fee received from Keppel Electric.

Under the OMSA, KMC O&M manages the Major Maintenance Contractor, with Pipenet as well as other subcontractors being required for the operation and maintenance of the KMC Plant.

Electricity Licence

KMC has obtained the KMC Electricity Licence from the EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the KMC Electricity Licence. The KMC Electricity Licence is valid for a period of 30 years from 1 January 2003 to 31 December 2032.

KMC is required under the KMC Electricity Licence to enter into various regulatory contracts, including, among others, the generation facility operating agreement dated 23 March 2006 with the power system operator of the EMA to remotely direct the operation of KMC, the generation connection agreement dated 25 February 2005 (as amended), with SP PowerAssets to allow for connection to the transmission system, and the market support services agreement dated 13 September 2006 with SP Services to provide meter reading services. SP PowerAssets is the sole transmission licensee and SP Services is the sole market support services licensee in the NEMS.

Fuel Supply

The primary fuel for KMC Plant is natural gas. Under the CTA, Keppel Electric is responsible for supplying fuel required for the production of electricity.

KMC has entered into the Vesting LNG Contract for vested quantities of LNG dated 15 March 2010 (as amended) with Shell Gas Marketing Pte Ltd (formerly known as BG Singapore Gas Marketing Pte. Ltd.) for delivery of regasified LNG.

Arising from the Vesting LNG Contract, KMC entered into the TUA Direct Agreement dated 15 March 2010 (as amended) with Singapore LNG Ltd. to pay for terminal charges arising from the use of the LNG terminal.

KMC has entered into the Gas Management Agreement dated 16 September 2014 with Keppel Gas Pte Ltd for the provision of services required for the management of the Vesting LNG Contract.

Under the CTA, Keppel Electric bears all charges under the Vesting LNG Contract, the TUA Direct Agreement and the Gas Management Agreement.

KMC has a back-up fuel supply agreement for the supply of diesel oil to the KMC Plant. The back-up fuel supply agreement satisfies the requirements under the KMC Electricity Licence to maintain sufficient fuel reserves for the KMC Plant. Keppel Electric will reimburse KMC for the costs of diesel consumed in the event that there is insufficient natural gas for power generation. The diesel oil is supplied through a dedicated pipeline from the back-up fuel supplier's site to the KMC Plant. The back-up fuel pipeline was constructed and is maintained by Pipenet under the 2005 Pipenet Agreement, in return for annual fees paid by KMC which are covered by the fixed O&M fee in the Tolling Fees.

Vesting Contract

Vesting contracts are contracts for differences imposed on the generation companies by the EMA to address the issue of market power in the wholesale electricity market of the NEMS. The parameters in the vesting price formula and vesting quantities are determined by the EMA every two years. Vesting contracts will be terminated when the EMA determines that market power no longer exists.

KMC has entered into the Vesting Contract with SP Services, which is currently the sole market support services licensee in the NEMS. Under the terms of the CTA, KMC will pay the proceeds from the Vesting Contract to Keppel Electric.

Ancillary Services Agreement

KMC has entered into the Ancillary Services Agreement with the EMC for its 10 x 2 MW diesel generators to provide services to energise a portion of the KMC Plant. The Ancillary Services Agreement is subject to annual renewal by the EMC. Under the CTA, Keppel Electric will bear the costs and receive the proceeds from the Ancillary Services Agreement.

(C) WASTE & WATER

SENOKO WASTE-TO-ENERGY PLANT

Overview

The Senoko WTE Plant is located in the northern part of Singapore, and it is also the only waste incineration plant located outside of the Tuas area (which is in the western part of Singapore). This positions it to serve the eastern, northern and central areas of Singapore. Senoko WTE Plant is equipped with six incinerator-boiler units with two condensing turbine-generators offering a power generation capacity of two x 28.0 MW. Waste incineration is carried out at Senoko WTE Plant 24 hours a day throughout the year.

On 1 September 2016, KIT completed the capacity upgrade of Senoko WTE Plant. Senoko Waste-To-Energy Pte. Ltd, acting in its capacity as the Senoko Trustee, had engaged Keppel Seghers, a wholly-owned subsidiary of KIHPL and the O&M operator of Senoko WTE Plant, to carry out the upgrading works required to increase the plant's capacity to provide the additional incineration services to the NEA.

The upgrading works mainly involved modifications to the plant's incineration units and the steam-condensate system, and was 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 period, with the sixth and final unit upgrade being completed with effect from 1 September 2016.

Key Information

Senoko Incineration Services Agreement

The Senoko Trustee has entered into the Senoko ISA with the NEA pursuant to which the Senoko Trustee will own and operate Senoko WTE Plant in accordance with the terms of the Senoko ISA. The term of the Senoko ISA is for 15 years commencing from 1 September 2009.

Under the Senoko ISA, the contracted incineration capacity of Senoko WTE Plant is 2,100 tonnes per day (based on a net calorific value of 9,000 kJ/kg). In September 2014, the Senoko Trustee entered into a supplemental incineration services agreement with the NEA to provide additional incineration services and to progressively increase the capacity from 2,100 tonnes per day to 2,310 tonnes per day. The upgrade to the incineration capacity was completed on 1 September 2016 and fixed and variable payments were correspondingly increased with the completion of the upgrade.

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

(a) Senoko Fixed Capacity Payments for the provision of incineration capacity; and

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

Senoko Fixed Capacity Payments are payable for making available the contracted incineration capacity of Senoko WTE Plant. They are payable throughout the term of the Senoko ISA, regardless of whether Senoko WTE Plant incinerates any waste and do not vary with the volume of waste delivered to or incinerated by Senoko WTE Plant, thus ensuring a long-term and predictable cash flow for Senoko Trust. Senoko Fixed Capacity Payments are payable in full if the available incineration capacity of Senoko WTE Plant is greater than or equal to 2,310 tonnes per day. If the available incineration capacity is less than 2,310 tonnes per day, the Senoko Fixed Capacity Payments will be reduced accordingly. Senoko Fixed Capacity Payments comprise:

(a) a fixed capital cost component, which is not adjustable for inflation; and

(b) a fixed O&M cost component, which is adjustable for inflation,

both of which are computed based on the available incineration capacity of Senoko WTE Plant (which shall not exceed the contracted incineration capacity of 2,310 tonnes per day) and subject to deductions if certain performance standards are not met.

The available incineration capacity (tonnes/day) of Senoko WTE Plant is calculated by multiplying the TIC by the availability factor for incineration capacity. The Senoko Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Senoko WTE Plant completed its eleventh contract year on 31 August 2020 and the new TIC is 3,109 tonnes per day. The availability factor in the billing period is the moving average of the actual time availability factor for the past 12 months. The actual time availability factor in each billing period is calculated as a function of the summation of the daily available incinerator boiler unit operating hours expressed in days over the total boiler days in the billing period.

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

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

(a) a variable O&M cost component, which is computed based on the actual quantity of waste delivered to Senoko WTE Plant and a variable O&M charge rate that is adjustable for inflation;

(b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Senoko WTE Plant to the NEMS; and

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

Senoko O&M Agreement

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

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

Senoko EPHA Licence

The Senoko Trustee has obtained the Senoko EPHA Licence under the EPHA authorising it to maintain and operate the waste disposal facility at Senoko WTE Plant. The capacity of waste to be treated at Senoko WTE Plant is 2,310 tonnes/day, such being the contracted incineration capacity under the Senoko ISA. The Senoko EPHA Licence is valid until 4 August 2025, subject to the conditions set out in the Senoko EPHA Licence.

Electricity Licence

The Senoko Trustee has obtained the Senoko Electricity Licence from the EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the Senoko Electricity Licence.

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

KEPPEL SEGHERS TUAS WASTE-TO-ENERGY PLANT

Overview

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

Keppel Seghers Tuas WTE Plant is equipped with two incinerator-boiler units with one condensing turbine-generator offering a power generation capacity of 22.0 MW. Waste incineration is carried out at the Keppel Seghers Tuas WTE Plant 24 hours a day throughout the year.

Key Information

Tuas DBOO ISA

Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, acting in its capacity as the Tuas DBOO Trustee, has entered into the Tuas DBOO ISA with the NEA pursuant to which the Tuas DBOO Trustee owns and operates Keppel Seghers Tuas WTE Plant in accordance with the terms of the Tuas DBOO ISA. The term of the Tuas DBOO ISA is 25 years commencing from 30 October 2009.

Under the Tuas DBOO ISA, the contracted incineration capacity of Keppel Seghers Tuas WTE Plant is 800 tonnes per day (based on a net calorific value of 9,000 kJ/kg).

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

(a) Tuas DBOO Fixed Capacity Payments comprising an Incineration Capacity Payment and an Electricity Generation Payment; and

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

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

(a) a fixed capital cost component, which is not adjustable for inflation; and

(b) a fixed O&M cost component, which is adjustable for inflation,

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

The available incineration capacity (tonnes/day) of Keppel Seghers Tuas WTE Plant is calculated by multiplying the TIC by the availability factor. The Tuas DBOO Trustee is required to carry out an incineration capacity test of the plant to determine the TIC before the commencement of each contract year. Keppel Seghers Tuas WTE Plant completed its eleventh contract year on 29 October 2020 and the new TIC is 1,017 tonnes per day.

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

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

(a) a fixed capital cost component, which is not adjustable for inflation; and

(b) a fixed O&M cost component, which is adjustable for inflation.

Variable payments are payable for the variable costs in incinerating waste and exporting electricity to the NEMS, comprising:

(a) a variable O&M cost component, which is adjustable for inflation and which is computed based on the actual quantity of waste delivered to Keppel Seghers Tuas WTE Plant;

(b) a variable electricity generation incentive payment, which is computed based on a percentage of revenues from the volume of electricity exported by Keppel Seghers Tuas WTE Plant to the NEMS; and

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

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

Tuas DBOO O&M Agreement

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

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

Tuas DBOO EPHA Licence

The Tuas DBOO EPHA Licence has been obtained under the EPHA from the NEA for the construction, establishment, maintenance and operation of the disposal facility at Keppel Seghers Tuas WTE Plant. The capacity of waste to be treated at Keppel Seghers Tuas WTE Plant is 800 tonnes/day, such being the contracted incineration capacity under the Tuas DBOO ISA. The Tuas DBOO EPHA Licence will be valid until 28 June 2035, subject to the conditions set out in the Tuas DBOO EPHA Licence.

Electricity Licence

The Tuas DBOO Trustee has obtained the Tuas DBOO Electricity Licence from EMA under the Electricity Act to (a) generate electricity and (b) trade in any wholesale electricity market operated by EMC, subject to the conditions set out in the Tuas DBOO Electricity Licence.

The Tuas DBOO Electricity Licence will be valid until 14 June 2040.

KEPPEL SEGHERS ULU PANDAN NEWATER PLANT

Overview

Keppel Seghers Ulu Pandan NEWater Plant is located in the central part of Singapore and is one of Singapore's largest NEWater plants. Operational since 28 March 2007, it serves the demands of the industrial and commercial sectors in Singapore.

It features a modular design, space-saving measures and energy-saving features which lower operating costs and has the capacity to produce 148,000 m^3 of NEWater daily[1]. It also features a 1 MWp solar photovoltaic installation, which was awarded the Solar Pioneer Award in October 2012 by the Energy Innovation Programme Office (led by the Singapore Economic Development Board and the EMA). Covering about 10,000 sqm of roof space, the rooftop solar power plant is one of the largest in Singapore, completed in the first quarter of 2013, and will help mitigate the impact of electricity costs for the Keppel Seghers Ulu Pandan NEWater Plant's operations. In addition, the rooftop solar power plant will help to lower the carbon footprint of the plant and contribute to the national effort to reduce dependency on non-renewable sources of energy. In 2020, the plant generated close to 1.1 GWh of renewable energy, equivalent to the total energy consumption of approximately 250 four-room households annually.

Key Information

NEWater Agreement

Keppel Seghers NEWater Development Co Pte Ltd, in its capacity as the Ulu Pandan Trustee, has entered into an agreement with the PUB pursuant to which the Ulu Pandan Trustee will own and operate Keppel Seghers Ulu Pandan NEWater Plant in accordance with the NEWater Agreement. The term of the NEWater Agreement is 20 years commencing from 28 March 2007. Under the NEWater Agreement, the contracted warranted capacity of Keppel Seghers Ulu Pandan NEWater Plant for KIT is 148,000 m^3/day[1].

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

(a) fixed Availability Payments for the provision of production capacity; and

(b) variable Output Payments for the volume of feedwater treated.

Availability Payments are payable for making available the warranted production capacity of Keppel Seghers Ulu Pandan NEWater Plant. They are payable throughout the term of the NEWater Agreement, regardless of whether Keppel Seghers Ulu Pandan NEWater Plant produces any NEWater and do not vary with the volume of feedwater treated by Keppel Seghers Ulu Pandan NEWater Plant, thus ensuring a long-term, predictable and high-quality cash flow for Keppel

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

Seghers Ulu Pandan NEWater Plant. Availability Payments are payable in full if the available production capacity of Keppel Seghers Ulu Pandan NEWater Plant fulfils the contractual capacity. If the available production capacity is less than the contractual capacity, the Availability Payments will be reduced accordingly. Availability Payments comprise:

(a) a fixed capital cost recovery payment component, which is not adjustable for inflation and which covers amounts for debt service, return on shareholders' equity and taxes payable by the Ulu Pandan Trustee;

(b) a fixed O&M payment component, which is adjustable for inflation and which covers all fixed O&M costs of Keppel Seghers Ulu Pandan NEWater Plant; and

(c) a fixed power payment component, which is not adjustable for inflation and which covers all fixed power costs of Keppel Seghers Ulu Pandan NEWater Plant,

subject to deductions if certain performance standards are not met.

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

(a) a variable O&M payment component, which is adjustable for inflation and computed based on the quantity of NEWater delivered to PUB; and

(b) a variable power payment component, which is adjustable based on the fuel price index and computed based on the usage power charges incurred by Keppel Seghers Ulu Pandan NEWater Plant.

The Availability Payments and the Output Payments will cover the O&M fees payable by the Ulu Pandan Trustee to Keppel Seghers as the O&M operator of Keppel Seghers Ulu Pandan NEWater Plant as well as property tax, trustee management fees, licensing fees and insurance costs incurred by Ulu Pandan Trust. The effective income of Ulu Pandan Trust is derived primarily from the fixed capital cost recovery payment component of the Availability Payment and potentially from the variable power payment component of the Output Payment. However, it is possible that the variable power payment component in the Output Payments may not sufficiently cover the actual usage power charges incurred by Keppel Seghers Ulu Pandan NEWater Plant, as the actual charges incurred vary with the cost of fuel and may be higher or lower than the reference cost of fuel (which is based on the monthly average 180 cst High-Sulfur Fuel Oil ("**HSFO**") price for the previous 12 months) used in calculating the variable power payment component.

Ulu Pandan O&M Agreement

The Ulu Pandan Trustee has appointed Keppel Seghers, as the O&M operator of Keppel Seghers Ulu Pandan NEWater Plant pursuant to the Ulu Pandan O&M Agreement, whereby Keppel Seghers will operate, maintain and repair Keppel Seghers Ulu Pandan NEWater Plant in return for fixed O&M fees and variable O&M fees payable by the Ulu Pandan Trustee ("**Ulu Pandan O&M Agreement**"). The Ulu Pandan O&M Agreement and the NEWater Agreement will run concurrently for the same 20-year term.

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

SINGSPRING TRUST

Overview

SingSpring, which is 70% owned by KIT, owns and operates Singapore's first large-scale seawater desalination plant which commenced commercial operations in December 2005. The remaining 30% equity stake is owned by Hyflux Ltd. The plant is capable of supplying up to 136,380 m^3 of desalinated potable water per day. The SingSpring Plant utilises advanced and cost and energy-efficient reverse osmosis technology. It was the largest membrane-based seawater desalination plant in the world at the time of its completion and at that time also had one of the largest reverse osmosis trains in the world. The SingSpring Plant is located in Tuas, Singapore, on land leased from the JTC for a 30-year term expiring in 2034.

Key Information

Water Purchase Agreement

SingSpring has entered into a long-term Water Purchase Agreement with PUB, expiring in December 2025, pursuant to which SingSpring receives a fixed monthly Capacity Payment from PUB for making available the output capacity of the plant to PUB (which is payable regardless of the actual volume of water supplied) and a variable monthly SingSpring Output Payment depending on the actual volume of water supplied to PUB.

Capacity Payments are payable for the fixed costs in making available the full water capacity of the SingSpring Plant to PUB. They are payable throughout the term of the Water Purchase Agreement, regardless of whether the SingSpring Plant supplies any water to PUB, and do not vary with the volume of water supplied by the SingSpring Plant. Capacity Payments comprise a fixed capital component, a fixed O&M component and a fixed energy component, computed based on the SingSpring Plant's last-tested capacity. The fixed O&M component of the Capacity Payments covers the fixed O&M payments payable by SingSpring to Hyflux Engineering (as the O&M operator) under the SingSpring O&M Agreement referred to below.

SingSpring Output Payments are payable for the variable costs in supplying water to PUB from the SingSpring Plant and they vary depending on the volume of water supplied by the SingSpring Plant to PUB. PUB does not have an "off-take" obligation under the Water Purchase Agreement, i.e. PUB is not obliged to require the SingSpring Plant to supply any water to it. SingSpring Output Payments comprise a variable O&M component and a variable energy component, computed based on the volume of water supplied by the SingSpring Plant to PUB. The variable O&M component of the SingSpring Output Payments covers the variable O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator under the SingSpring O&M Agreement.

In May 2018, Hyflux Ltd, the parent company of Hyflux Engineering, announced its court-supervised process for reorganisation. In light of this development, the Trustee-Manager has increased its monitoring of operational performance at the SingSpring Plant to ensure that its obligations under the Water Purchase Agreement are satisfactorily discharged and as the Latest Practicable Date, there has been no impact to operations at the SingSpring Plant. The Trustee-Manager has notified Hyflux Ltd of its intention to preserve its rights to acquire Hyflux Ltd's 30% interest in SingSpring provided under the relevant agreement entered into between parties.

SingSpring O&M Agreement

In October 2003, SingSpring appointed Hyflux Engineering, a wholly-owned subsidiary of Hyflux Ltd, as O&M operator in respect of the SingSpring Plant under the SingSpring O&M Agreement. The SingSpring O&M Agreement and the Water Purchase Agreement run concurrently for the same 20-year term. The fixed and variable O&M components of the Capacity Payments and SingSpring Output Payments under the Water Purchase Agreement cover the fixed and variable O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator under the SingSpring O&M Agreement. Further, adjustments for inflation and foreign exchange fluctuations to the fixed and variable O&M components of the Capacity Payments and SingSpring Output Payments under the Water Purchase Agreement will lead to corresponding adjustments to the fixed and variable O&M payments under the SingSpring O&M Agreement.

SELECTED FINANCIAL INFORMATION OF KIT

The following tables present summary consolidated financial information of the Group as at and for periods indicated.

The summary consolidated financial information as at 31 December 2018, 31 December 2019 and 31 December 2020 and for the years then ended has been derived from the Group's consolidated financial statements for the year ended 31 December 2019 and the year ended 31 December 2020 that have been audited by Deloitte & Touche LLP, and should be read in conjunction with such published audited consolidated financial statements and the notes thereto.

STATEMENT OF FINANCIAL POSITION

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
Non-Current Assets			
Property, plant and equipment	2,310,469	2,354,813	2,152,479
Right-of-use assets	112,752	115,596	–
Intangibles	1,015,398	985,341	518,758
Investment in and advances to joint venture	–	–	20,009
Service concession receivables	235,185	284,372	332,221
Finance lease receivables	74,308	84,772	95,070
Derivative financial instruments	2	40	69
Other assets	133,426	149,093	164,785
Total non-current assets	3,881,540	3,974,027	3,283,391
Current Assets			
Cash and bank deposits	580,721	470,093	231,603
Trade and other receivables	211,811	269,885	151,787
Service concession receivables	49,316	47,856	46,537
Finance lease receivables	10,867	10,487	10,069
Derivative financial instruments	254	847	202
Inventories	168,971	198,772	59,236
Other assets	26,055	31,308	22,182
Total current assets	1,047,995	1,029,248	521,616
Current Liabilities			
Borrowings	643,933	1,318,473	1,034,565
Trade and other payables	348,077	318,733	177,905
Provisions	30,533	23,235	–
Derivative financial instruments	37,099	25,589	16,772
Lease liabilities	12,256	13,786	–
Income tax payable	17,595	6,281	4,356
Total current liabilities	1,089,493	1,706,097	1,233,598
Net Current Liabilities	(41,498)	(676,849)	(711,982)

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
Non-Current Liabilities			
Borrowings	1,517,090	793,180	740,383
Notes payable to non-controlling interests	260,000	260,000	260,000
Derivative financial instruments	165,462	127,441	99,491
Other payables	250,506	246,373	250,732
Provisions	39,746	32,387	26,935
Lease liabilities	76,000	81,500	–
Defined benefit obligation	26,124	23,586	–
Deferred tax liabilities	11,172	18,542	15,612
Total non-current liabilities	2,346,100	1,583,009	1,393,153
Net Assets	1,493,942	1,714,169	1,178,256
Represented by:			
Unitholders' Funds			
Units in issue	2,628,761	2,630,307	2,138,066
Hedging reserve	(269,748)	(239,613)	(200,226)
Translation reserve	(23,680)	(46,609)	(492)
Capital reserve	38,710	38,710	38,710
Defined benefit plan reserve	(8,508)	(7,901)	–
Share based payment reserve	254	–	–
Accumulated losses	(1,224,207)	(1,050,488)	(923,582)
Total Unitholders' Funds	1,141,582	1,324,406	1,052,476
Perpetual securities	298,966	298,971	–
Total Equityholders' Funds	1,440,548	1,623,377	1,052,476
Non-controlling interests	53,394	90,792	125,780
	1,493,942	1,714,169	1,178,256

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
Revenue	1,551,900	1,566,715	637,387
Other income	10,476	8,154	9,169
Other (losses)/gain – net	(17,152)	37,545	(13,650)
Expenses			
Fuel and electricity costs	(101,639)	(149,239)	(155,601)
Gas transportation, freight and storage costs	(172,703)	(166,999)	(93,873)
Raw materials, consumables used and changes in inventories	(567,675)	(574,521)	–
Depreciation and amortisation	(178,145)	(173,067)	(103,480)
Staff costs	(146,981)	(133,911)	(27,378)
Operation and maintenance costs	(95,883)	(95,137)	(77,859)
Finance costs	(138,037)	(145,864)	(123,669)
Trustee-Manager's fees	(11,970)	(25,557)	(9,742)
Other operating expenses	(163,561)	(134,630)	(47,459)
Total expenses	(1,576,594)	(1,598,925)	(639,061)
(Loss)/Profit before joint venture	(31,370)	13,489	(6,155)
Share of results of joint venture	–	3,342	3,840
(Loss)/Profit before tax	(31,370)	16,831	(2,315)
Income tax expense	(20,792)	(6,637)	(43)
(Loss)/Profit for the year	(52,162)	10,194	(2,358)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
– Fair value losses	(58,379)	(58,078)	(14,560)
– Transfer to profit or loss	27,894	18,491	28,025
– Share of net change in fair value of cash flow hedges of a joint venture	–	1,008	502
Currency translation differences relating to consolidation of foreign operations	13,910	(46,113)	(91)
Currency translation differences on disposal of foreign subsidiaries	8,716	–	–
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation	(607)	(7,901)	–
Other comprehensive income, net of tax	(8,466)	(92,593)	13,876
Total comprehensive income	(60,628)	(82,399)	11,518

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
(Loss)/Profit attributable to:			
Unitholders of the Trust	(34,452)	38,578	32,023
Perpetual securities holders	14,289	7,757	–
Equityholders of the Trust	(20,163)	46,335	32,023
Non-controlling interests	(31,999)	(36,141)	(34,381)
	(52,162)	10,194	(2,358)
Total comprehensive income attributable to:			
Unitholders of the Trust	(42,265)	(54,827)	42,525
Perpetual securities holders	14,289	7,757	–
Equityholders of the Trust	(27,976)	(47,070)	42,525
Non-controlling interests	(32,652)	(35,329)	(31,007)
	(60,628)	(82,399)	11,518
(Loss)/Earnings per unit attributable to unitholders of the Trust, expressed in cents			
– basic and diluted	(0.69)	0.82	0.83

STATEMENT OF CASH FLOWS

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
Operating activities			
(Loss)/Profit before tax	(31,370)	16,831	(2,315)
Adjustments for:			
Depreciation and amortisation	178,145	173,067	103,480
Finance costs	138,037	145,864	123,669
Interest income	(2,646)	(4,027)	(2,022)
Impairment loss/(Reversal of impairment loss) on financial assets	1,141	(119)	757
Receivables written off against revenue	29,226	–	–
Fair value loss on derivative financial instruments	8,520	5,787	13,275
Property, plant and equipment written off	1,263	–	3
Share-based payment expense	160	–	–
Transaction cost	4,649	38,075	–
Gain on disposal of property, plant and equipment	(21)	(21)	(2)
Gain on disposal of joint venture	–	(44,796)	–
Loss on disposal of subsidiaries	12,972	–	–
Share of results of joint venture	–	(3,342)	(3,840)
Unrealised foreign exchange (gain) loss	(3,983)	793	(349)
Management fees paid in units	398	239	528
Operating cash flows before movements in working capital	336,491	328,351	233,184
Trade and other receivables	26,867	118,515	6,108
Service concession receivables	47,738	46,530	45,267
Finance lease receivables	10,084	9,880	9,684
Trade and other payables	65,558	(27,821)	3,725
Inventories	12,612	54,635	(5,062)
Cash generated from operations	499,350	530,090	292,906
Interest received	2,892	3,989	2,028
Interest paid	(143,356)	(157,959)	(110,923)
Income tax paid	(13,354)	(19,716)	(3,221)
Net cash from operating activities	345,532	356,404	180,790

	31 December 2020 (Audited) $'000	31 December 2019 (Audited) $'000	31 December 2018 (Audited) $'000
Investing activities			
Acquisition of subsidiary, net of cash acquired	(23,015)	(746,220)	–
Net cash inflow on disposal of subsidiaries	15,698	–	–
Dividend received from joint venture	–	3,054	3,723
Repayment of advances from joint venture	–	19,990	1,362
Divestment of joint venture net of transaction cost	–	46,111	–
Purchase of property, plant and equipment, right-of-use assets and intangible assets	(28,997)	(33,413)	(8,502)
Proceeds from sale of property, plant and equipment	190	220	14
Net cash used in investing activities	(36,124)	(710,258)	(3,403)
Financing activities			
Decrease/(increase) in restricted cash	18	27,095	(2,144)
Proceeds from issuance of units (net)	–	492,241	–
Proceeds from issuance of perpetual securities (net)	–	298,190	–
Purchase of units	(1,944)	–	–
Proceeds from borrowings	764,162	1,504,165	2,000
Repayment of borrowings	(791,702)	(1,494,826)	(16,134)
Repayment of obligations under finance leases	(16,089)	(12,746)	–
Payment of loan upfront fees	(2,450)	(17,119)	–
Unclaimed distributions written back	–	–	6
Distribution paid to perpetual securities holders	(14,289)	(6,976)	–
Distributions paid to unitholders of the Trust	(139,267)	(165,484)	(143,518)
Distributions paid by subsidiaries to non-controlling interests	(4,746)	(4,966)	(2,172)
Net cash (used in)/from financing activities	(206,307)	619,574	(161,962)
Net increase in cash and cash equivalents	103,101	265,720	15,425
Cash and cash equivalents at beginning of year	445,290	179,705	164,202
Effects of currency translation on cash and cash equivalents	7,545	(135)	78
Cash and cash equivalents at end of year	555,936	445,290	179,705

SELECTED FINANCIAL INFORMATION

	For 12 months ended 31 December 2020	For 12 months ended 31 December 2019	For 12 months ended 31 December 2018
Net Interest Expense (at KIT trust level)	1,007,318	3,695,896	3,084,766
Adjusted EBITDA (at KIT trust level)	199,463,294	253,773,599	148,070,994
Adjusted EBITDA to Net Interest Expense (at KIT trust level)	198x	69x	48x

REVIEW OF PERFORMANCE FOR FY2019 VS FY2018

Group revenue for FY2019 was S$1,566.7 million, which is higher than FY2018's Group revenue of S$637.4 million, largely driven by the consolidation of Ixom from 19 February 2019, which contributed revenue of S$915.2 million in FY2019, higher revenue from concessions due to higher output from the Plants and higher fees earned by Basslink due to a service outage from 25 March to 5 June 2018. These were partially offset by lower contributions from City Gas due to lower tariffs as a result of lower fuel prices and volumes of gas sold, as well as lower revenues at KMC due to unplanned maintenance which was promptly rectified.

Profit attributable to Unitholders in FY2019 was higher compared to FY2018 mainly due to gains from the Group's divestment of 51% stake in Datacentre One net of transaction cost incurred during the period in relation to the Ixom acquisition. Excluding the transaction cost, profit attributable to Unitholders would be higher than FY2018 by S$44.6 million mainly due to higher contributions from Basslink and the consolidation of Ixom's results from 19 February 2019.

The Group's total assets as at 31 December 2019 of S$5,003.3 million was higher than total assets of S$3,805.0 million as at 31 December 2018 due to the consolidation of Ixom.

Similarly, total liabilities as at 31 December 2019 of S$3,289.1 million was higher than S$2,626.8 million as at 31 December 2018 due to the consolidation of Ixom. The Group reported net current liabilities of S$676.8 million as at 31 December 2019 which includes reclassification of S$610.3 million borrowings as current liability which stems from the 12-month extension of the maturity date of the financing arrangements in place for the Basslink Interconnector on 27 November 2019.

Total Unitholders' funds stood at S$1,324.4 million as at 31 December 2019, higher than S$1,052.5 million as at 31 December 2018 arising from an equity fund raising exercise partially offset by distributions paid, hedging reserve and foreign currency translation loss.

Net cash generated from operating activities in FY2019 was S$356.4 million, S$175.6 million higher than FY2018, largely due to the consolidation of Ixom from 19 February 2019 and timing differences in working capital.

Net cash used in investing activities of S$710.3 million in FY2019 relates mainly to the acquisition of Ixom and capital expenditure, partially offset by the net proceeds in relation to the disposal of 51% stake in Datacentre One. In FY2018 net cash used in investing activities of S$3.4 million was mainly on purchase of property, plant and equipment. This was partially offset by receipt of dividends and repayment of advances from DataCentre One.

Net cash from financing activities of S$619.6 million in FY2019 mainly pertains to equity raised, issuance of perpetual securities and borrowings taken to fund the acquisition of Ixom, partially

offset by the repayment of certain facilities of the Group and payment of distributions to unitholders. In FY2018, net cash used in financing activities of S$162.0 million mainly relates to payment of distributions to unitholders and repayment of borrowings.

REVIEW OF PERFORMANCE FOR FY2020 VS FY2019

FY2020 Group revenue of S$1,551.9 million was marginally lower than FY2019, largely driven by the non-recovery of outstanding receivables from Hydro Tasmania post-arbitration net of the contribution of full period revenue by Ixom as compared to a shorter period of contribution commencing from the date of acquisition, 19 February 2019, in FY2019. In addition, there were lower contributions from City Gas as compared to FY2019 due to lower tariffs as a result of lower fuel prices and lower revenue from the Plants due to lower finance lease income.

The Group recorded a lower profit attributable to Unitholders in FY2020 than the corresponding period in FY2019 mainly due to the impact of Ixom's divestment of its Latin America and China Life Science businesses and Basslink arbitration provisions.

Total assets as at 31 December 2020 of S$4,929.5 million was marginally lower than total assets of S$5,003.3 million as at 31 December 2019, mainly due to depreciation and amortisation of property, plant and equipment and intangibles, partially offset by an increase in cash and bank deposits.

Total liabilities as at 31 December 2020 of S$3,435.6 million was higher than S$3,289.1 million as at 31 December 2019. The Group reported net current liabilities of S$41.5 million as at 31 December 2020 due to the classification of S$635.5 million borrowings as current liability.

Total Unitholders' funds stood at S$1,141.6 million as at 31 December 2020, lower than S$1,324.4 million as at 31 December 2019 mainly due to distributions paid, hedging reserve movements and loss attributable to Unitholders in FY2020.

Net cash generated from operating activities in FY2020 was S$345.5 million, S$10.9 million lower than the corresponding period in FY2019 respectively, largely due to timing differences in working capital.

Net cash used in investing activities of S$36.1 million in FY2020 relates mainly to the acquisition of Medora and capital expenditure, partially offset by the net proceeds in relation to the disposal of Ixom's Latin America and China Life Science businesses. Net cash used in investing activities of S$710.3 million in FY2019 relates mainly to the acquisition of Ixom and capital expenditure, partially offset by the net proceeds in relation to the disposal of 51% stake in Datacentre One.

Net cash used in financing activities of S$206.3 million mainly relates to payment of distributions to unitholders and perpetual securities holders as well as repayment of borrowings. Net cash from financing activities of S$619.6 million in FY2019 mainly pertains to equity raised, issuance of perpetual securities and borrowings taken to fund the acquisition of Ixom, partially offset by the repayment of certain facilities of the Group and payment of distributions to Unitholders.

RISK FACTORS

Prior to making an investment decision with respect to the Securities, all prospective investors and purchasers should carefully consider all of the information contained in this Information Memorandum, including the risk factors set out below and the financial statements and related notes. The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the businesses of the Issuer, KIT or the Group or any of their respective properties or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer is currently unaware of may also impair KIT's business, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer, KIT or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Securities but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Securities for their particular circumstances.

Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitations of this Information Memorandum

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any of the Dealer(s) or the Arrangers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, KIT's subsidiaries or associates, any of the Dealer(s) or the Arrangers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, KIT and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

This Information Memorandum does not purport to contain all information that a prospective investor of the Securities may require in investigating the matters or the parties referred to above, prior to making an investment in the Securities.

RISKS RELATING TO THE GROUP'S GENERAL BUSINESS AND INDUSTRY

The Group may be adversely affected if there is any significant downtime of its assets

Each asset is subject to normal wear and tear as a natural consequence of its operations. Normal wear and tear results from exposure to elements and deterioration of equipment, whether from use or otherwise. As a result, the assets held by the Group may require periodic downtime for repairs and maintenance. Repairs and maintenance are also expected to become more frequent as the Plants get older (such as for Senoko WTE Plant which was commissioned in 1992). In addition, defects which may not have been apparent during the testing and commissioning of the assets may become apparent only after some period of operations. In such an event, such assets may require downtime for rectification or modification. For example, there have been past defects, such as ruptures of boiler tubes among the incinerator-boilers of Senoko WTE Plant resulting in the shutdown of the affected incinerator-boiler for the period required to replace the ruptured boiler tube. There is no assurance that similar or other defects would not surface in the future. Such defects and their consequences may have a material impact on the operation of the asset.

If the time required for repairs and maintenance of the assets exceeds the time anticipated or if the time required for repairs and maintenance of any asset becomes more frequent than anticipated, the available electricity generation capacity for KMC Plant, or available incineration capacity for Senoko WTE Plant and Keppel Seghers Tuas WTE Plant, or available production capacity for Keppel Seghers Ulu Pandan NEWater Plant, or available water desalination capacity for SingSpring Plant, may fall below their respective contracted incineration capacities or available production capacity or electricity generation capacity. This could result in KMC, the Senoko Trustee, the Tuas DBOO Trustee, the Ulu Pandan Trustee or SingSpring, as the case may be, not receiving the full payments due under the respective agreements. Likewise, the production capacity for Ixom, available gas production capacity for City Gas Plants or storage capacity for Philippine Coastal may fall, and Ixom, the City Gas Plants and Philippine Coastal may not be able to produce sufficient water treatment chemicals or gas, or store petroleum products at optimum capacity as the case may be.

In addition, if any extraordinary or extensive repairs to the assets or equipment are required due to any mechanical breakdown, fire, natural calamity or any event (whether natural or manmade), the assets could require significant downtime during which such assets would not be able to incinerate waste, produce and generate electricity or chemicals, produce and supply desalinated water, or store petroleum products, as applicable. Any significant downtime of the assets may have far-reaching consequences, and could lead to the termination of, and/or compensation liabilities arising under, the relevant agreements.

While the Plants are insured against, among others, loss of income from business interruption, there can be no guarantee that the costs of any such claims would be fully covered. Please refer to the sub-section titled "*Risks Relating to the Group's General Business and Industry – There is no guarantee that the insurance coverage for the Group's assets will be sufficient to cover all the losses of the Group or that such insurance coverage will continue to be available in future*" in this Information Memorandum for more details.

There can be no assurance that any precautionary or safety measures taken by the Keppel O&M Operator, Hyflux Engineering or KMC O&M (as the case may be) operating or upgrading the Plants can or will prevent damage to the facilities or disruptions to the operations of the Plants. The inability to use any of the Plants will materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

Uncertainties and instability in global market conditions could adversely affect the business, financial condition, performance and prospects of the Group

COVID-19 has been one of the most significant global crises; the spread of the pandemic has been rapid since it was first reported in December 2019 and its impact has been long-lasting. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths, have significantly exceeded those observed during the SARS epidemic that occurred from November 2002 to July 2003. COVID-19 has resulted in a global health crisis and a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains.

Besides COVID-19, there are a number of uncertainties in the global markets in 2021. The U.S. government is expected to continue stimulating the economy hit by the pandemic in the short-term while improving the country's longer-term prospects by encouraging American companies to bring back jobs, renegotiating trade pacts, as well as pushing for increased spending on infrastructure, education, and research and development (e.g. artificial intelligence). In China, the concerns include bilateral trade relations with the U.S., strengthening its domestic economic recovery and putting in place new legal frameworks to deal with an expected rise in defaults in its bond market amidst continued structural imbalances in the China economy, e.g. high corporate leverage. China is also faced with longer-term tensions with the U.S., pressuring it to embark on a multi-year strategy to develop its domestic economy, open it up for foreign competition and reduce its reliance on external demand and high-tech imports to achieve growth.

There are also other global or regional events which could result in greater volatility in foreign exchange and financial markets in general due to the increased uncertainty. For example, in Europe, the UK exited the European Union on 31 January 2020 ("**Brexit**") and announced the EU-UK Trade and Cooperation Agreement on 24 December 2020 before the end of the Brexit transition period on 31 December 2020. In Asia, North Korea's missile tests as well as other political tensions in the region (including the South China Sea) may erupt periodically across the region. Further, trade and the broader geopolitical relationship between Australia and China remains volatile, with China imposing trade tariffs and other restrictions on Australian imports.

Economic conditions including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital could adversely affect the business, financial condition, performance and prospects of the Group.

The outbreak of an infectious disease (such as the ongoing COVID-19 pandemic) or any other serious public health concerns in Asia, Australia and elsewhere could adversely impact the business, financial condition and results of operations of KIT

In 2003, Hong Kong, Taiwan, China, Singapore, Malaysia and other countries experienced an outbreak of SARS, which adversely affected the Asian economies, including Singapore's economy.

In late 2003 and June 2004, outbreaks of avian influenza occurred in a number of countries in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. In June 2007, the World Health Organisation reported new cases of human infection of avian influenza ("**H5N1**") in China and Indonesia. In 2009, outbreaks of Influenza A ("**H1N1-2009**") occurred in a number of countries across the world including Singapore. In 2014, cases of the Middle East respiratory syndrome coronavirus ("**MERS-CoV**") were reported in several countries, including certain countries in the Middle East, as well as the United Kingdom and the U.S.

COVID-19 was first identified in Wuhan City, Hubei Province China in December 2019 and has rapidly spread to every province in China and many other countries and regions, including those where KIT operates, such as Singapore, Australia, New Zealand and the Philippines. The COVID-19 outbreak has rapidly evolved into a global pandemic and severely affected the global economic outlook, prompting a number of governments to revise GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession. In an effort to curb the spread of the highly infectious coronavirus, countries around the world have also imposed various social distancing measures and strict movement controls, including travel restrictions, suspension of business activities and major events, quarantines and city lockdowns as well as measures to alleviate the resulting economic hardship, such as relief from legal actions. These measures have, amongst others, resulted in labour shortages and disruptions to national infrastructure and supply chain networks, which could adversely impact the Group's business operations in affected jurisdictions.

The COVID-19 pandemic may affect the Group's businesses in a number of ways, including but not limited to the following:

- adversely impact the underlying trends of the industries in which the Group is active;
- prevent or delay the Group's capital growth projects or expansion activities or increase its anticipated cost; and
- adversely impact the operations or financial positions of the Group's third-party suppliers, service providers or customers and increase its exposure to contract-related risks or customer credit risks.

If any of the Group's or its contractors' employees are suspected of contracting an epidemic disease (such as COVID-19), this could require the Group or its contractors to quarantine some or all of these employees and/or disinfect the facilities used for the relevant operations, which could in turn result in business continuity issues and/or additional costs.

The Group may also be required to make operational changes and implement measures to ensure health and safety of employees and counterparties, which may involve increased costs or operational inefficiencies. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

Nevertheless, despite the disruptions caused by the COVID-19 pandemic, the infrastructure sector in which KIT operates remains relatively resilient. Deemed as an essential industry, all of KIT's businesses and assets were permitted to continue operating even during the pandemic-induced lockdowns. While KIT's financial performance to-date has not been materially impacted due to the COVID-19 pandemic, the extent of the impact of COVID-19 pandemic on the Group's operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related restrictions, any resurgence of new waves of infection, the availability and efficacy of vaccines and the rate of distribution of vaccines globally, and the impact of COVID-19 on the overall global economy, all of which are highly uncertain and cannot be predicted. The uncertainties associated with the COVID-19 pandemic make it difficult to predict how long these conditions will persist and the extent to which KIT may be eventually affected. To the extent that the COVID-19 pandemic adversely affects KIT's business, results of operations and financial condition, it may also have the effect of heightening many of the risk factors described herein.

The outbreak of an infectious disease including but not limited to SARS, H5N1, H1N1-2009, MERS-CoV or the on-going COVID-19 pandemic, in Asia, Australia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia, Australia and elsewhere and could thereby adversely impact the revenues and results of KIT. These factors could materially and adversely affect the business and financial conditions and the results of operations of KIT.

The Group may be exposed to new or increased risks as it expands the geographic scope of its business

In January 2019, KIT completed the acquisition of Philippine Coastal, marking the Group's first foray into the Philippines. In addition to its existing markets, the Group may, in the future, expand into new markets, and this may increase its risk profile. There may be operational and currency risks involved in expanding the business overseas. By deepening the Group's presence in new markets, this may further increase its exposure to the compliance risks and the credit and market risks specific to these markets.

Furthermore, the Group may incur expenses necessary to address any regulatory requirements that may be required in these new markets. In addition, the Group's business in these countries may not always enjoy the same level of legal rights or protection that it is afforded in countries where it currently operates. There is a risk that the Group will not be able to repatriate the income and gains derived from investments in these foreign countries.

The risk profile of the Group may therefore encompass the risks involved in each of the countries that the Group operates. The Group's business, financial condition, results of operation and prospects may be adversely affected by any of such risks.

KIT may not be able to successfully implement its acquisition strategy

There is no assurance that KIT will be able to implement its acquisition or investment strategy successfully. KIT faces competition when looking for growth opportunities, and may not be successful in acquiring assets or businesses. Even if KIT was successful, there is no assurance that KIT will achieve its intended return on such acquisitions or investments.

The Group's business is capital intensive in nature

KIT's respective plants and assets may require replacement, upgrading or renovation from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or due to new laws or regulations. KIT's plants and assets may suffer disruptions and it may not be possible to continue operations in areas affected by such repair, replacement, upgrading or renovation works, which in turn may result in unforeseen costs which may have an adverse effect on the Group's business, cash flows and results of operations.

The Group operates in capital-intensive industries that require substantial amounts of capital and other long-term expenditure. KIT's plants and assets may require upgrading or renovation from time to time to retain their competitiveness, which may require periodic capital expenditures beyond its current estimates. KIT may not be able to obtain additional equity or debt financing, on favorable terms, or at all. If KIT is unable to obtain such funding, KIT may be unable to execute its upgrading or renovation plans causing its plants and assets to lose their competitiveness and as a consequence fail to retain its customers, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is fully reliant on its service providers or suppliers to perform its obligations

The Ixom Group relies on third party suppliers for the timely supply of key materials for its manufacturing operations. In the event that the Ixom Group's suppliers cease or interrupt production of such materials, delay shipment or otherwise fail to supply such materials to the Ixom Group, the Ixom Group may not be able to manufacture the chemicals required by its customers, which could subject the Ixom Group to penalties and/or result in claims being brought against the Ixom Group.

The Ixom Group also engages third party contractors to deliver its chemicals to its customers. The Ixom Group's involvement in the delivery processes of such third party contractors is limited and there is no assurance that such third party contractors will be able to deliver the chemicals to customers on a timely basis, or at all. In the event that the Ixom Group's third party contractors fail to deliver its chemicals in a proper condition or in a timely manner, or at all, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Other than routine maintenance, KMC has executed three MMAs with the Major Maintenance Contractor since 12 May 2004 to receive services for the maintenance of the gas turbine and steam turbine assemblies of the KMC Plant throughout the useful life of the gas turbine and steam turbine assemblies. The MMAs with the Major Maintenance Contractor have tenures of sixteen to twenty years (depending on operating hours) commencing from their respective provisional acceptance dates. In the event that the MMAs are not extended after expiry, there can be no assurance that KMC would be able to appoint suitable replacement service providers to provide maintenance for the Power Trains or obtain suitable parts for the Power Trains, or that such other service provider would be able to provide heat rate or capacity degradation guarantees.

KMC does not have any employees and is thus fully reliant on KMC O&M to provide routine maintenance for the KMC Plant that is not covered by the MMAs. As a result, if any of the service providers fails to perform their services in breach of their contracts, KMC will have to procure a replacement service provider. While KIT will rely on its expertise and relationships to procure a replacement service provider, there can be no assurance that KMC would be able to appoint suitable replacement service providers, either on commercially acceptable terms or at all, and may suffer loss in the interim period if the service providers' non-performance results in the KMC Plant not meeting its agreed targets in the CTA.

In addition, under the MMAs and the OMSA, there are liability caps on the compensation payable by the service providers to KMC. Accordingly, the damages that KMC may recover from the service providers may not be sufficient to cover the loss in revenues that it may suffer as a result of the downtime of the KMC Plant.

KIT relies solely on the Keppel O&M Operator for the operations and maintenance of Senoko WTE Plant, Keppel Seghers Tuas WTE Plant and Keppel Seghers Ulu Pandan NEWater Plant.

Should any of the service providers in relation to the Plants fail to perform its services in breach of its contracts, or defaults on the relevant agreements and such default is not remedied within the specific periods as stipulated in the relevant agreements, the Group may have to incur significant costs and time to find a replacement provider for these services and there can be no assurance that the replacement service provider will be appointed on the same terms as the existing service provider or that the replacement service provider will be able to comply with its obligations in accordance with the necessary requirements for the relevant Plant.

SingSpring has arrangements with counterparties which are essential to the operation of the SingSpring Plant. Hyflux Engineering is the O&M operator under the SingSpring O&M Agreement entered into between Hyflux Engineering and SingSpring in October 2003. SingSpring relies on Hyflux Engineering for all aspects of the operation, maintenance and repair of the SingSpring Plant for so long as Hyflux Engineering remains the O&M operator.

If any of these key counterparties fails to perform its obligations, SingSpring's operations, business and financial condition may be materially and adversely affected. Despite having a business continuity plan for taking over the operations and maintenance of the SingSpring Plant, significant costs and time may have to be spent in order to find a replacement provider of the supplies or services. In particular, the capacity payments under the Water Purchase Agreement are subject to deductions for reduced water availability and quality. Although such deductions will

lead to deductions from the O&M payments payable by SingSpring to Hyflux Engineering as the O&M operator, there can be no assurance that SingSpring will be able to recover all the loss in revenues that it has suffered from the deductions from the O&M payments. In addition, any material increase in the price charged to SingSpring for these services or supplies would adversely and materially affect SingSpring's operations, business and financial condition. This in turn may result in a material and adverse effect on the Group's business, financial condition and results of operations.

Since November 2020, Hyflux Ltd, the parent company of Hyflux Engineering has been under interim judicial management. The debt restructuring of Hyflux Ltd and its assets may impact the financial and operational capability of Hyflux Engineering, which could in turn adversely impact the operations and availability of the SingSpring Plant. In light of Hyflux's judicial management, the Trustee-Manager has increased its monitoring of operational performance at SingSpring to ensure that its obligations under the Water Purchase Agreement are satisfactorily discharged and as at the Latest Practicable Date, there has been no impact to operations at the SingSpring Plant. Should Hyflux Engineering become insolvent, SingSpring shall have the right under the SingSpring O&M Agreement to take over the plant operations and maintenance. Despite having a business continuity plan for taking over the operations and maintenance of the SingSpring Plant, significant costs and time may have to be spent by Singspring to take over the operations and maintenance for the SingSpring Plant and there can be no assurance that such replacement O&M operator will be able to perform its obligations in accordance with the necessary requirements for SingSpring. Any failure on the part of the replacement O&M operator to comply with such requirements could adversely and materially affect the Group's operations, business and financial condition.

The Group may be subject to disruption of its assets

The Group is reliant on its respective plants and assets to produce chemicals, generate electricity, provide town gas, provide incineration services, treat water and store petroleum products. Fire, natural calamity, system failure, equipment breakdown, sabotage or terrorist attack or any other event (whether natural or man-made) that causes damage to the Group's assets or disruptions to its operations could have a material adverse impact on the Group's financial condition and results of operations. There can be no assurance that any precautionary or safety measures taken by the Group can or will prevent damage to the Group's assets or disruptions to its operations. The Group's emergency response, crisis management and business continuity systems and processes also may not be able to effectively protect or expeditiously address all problems or restore the availability of the Group's assets in response to such disruptions.

For example, the Basslink Interconnector is 370 km long, 290 km of which is a sub-sea link under the Bass Strait. The Basslink Interconnector is subject to, among others, system failures, equipment breakdowns, extreme weather conditions, natural disasters, sabotage or terrorist attacks, potential damage from anchors or similar third-party impacts, which may disrupt the availability of the Basslink Interconnector. The length of the sub-sea interconnector may also make it more difficult to identify cable faults that are not due to physical impact from anchors or vessels and, in such circumstances, to respond to breakdowns or other system disruptions on a timely basis. Although Basslink maintains insurance that it believes is consistent with industry standards to protect against operating and other risks, not all risks are insured or insurable.

Under the Basslink Services Agreement, the Basslink Facility Fee is based on the availability of the Basslink Interconnector. There are also some risk-sharing/incentive adjustment payments under the Basslink Services Agreement (as further discussed in "*Risk Factors – Risks Relating to the Group's Distribution and Network Business and Industry – CRSM Adjustments may fluctuate in the short term and such fluctuations may adversely affect the revenues of Basslink under the Basslink Services Agreement*").

Any events that are not force majeure events affecting availability will cause reductions in the Basslink Facility Fee payable under the Basslink Services Agreement. Accordingly, certain disruptions to the availability of the Basslink Interconnector may therefore have a material adverse impact on the revenue of Basslink under the Basslink Services Agreement and could consequently have a material and adverse effect on the Group's business, financial condition and results of operations.

For example, on 20 December 2015, the Basslink Interconnector experienced an unplanned outage due to a cable failure and it returned to service on 13 June 2016. On 25 March 2018, the Basslink Interconnector experienced an unplanned outage as a result of equipment damage by a third-party contractor during routine maintenance work and it returned to service on 5 June 2018. On 24 August 2019, the Basslink Interconnector experienced a failure in the low voltage cable which caused the system to trip and it returned to service on 29 September 2019. The repair costs incurred and revenue lost during the aforementioned outages in 2015 and 2018 are claimable under insurance, subject to the relevant terms of the insurance policy.

The historical records of Philippine Coastal and the Plants may not be indicative of their future performance

The past performance of the Plants and Philippine Coastal is not indicative of their future performance. There can be no assurance that the Plants will continue to achieve (in the case of the KMC Plant and the Basslink Interconnector) the target availability, (in the case of Senoko WTE Plant and Keppel Seghers Tuas WTE Plant) the contracted incineration capacity, (in the case of Keppel Seghers Ulu Pandan NEWater Plant and SingSpring Plant) the contracted production capacity, which entitles, or would entitle, KMC and the relevant sub-trustee to the payments under the CTA, the Senoko ISA, the Tuas DBOO ISA, the Water Purchase Agreement, the Basslink Services Agreement or the NEWater Agreement (as the case may be). The reduction in performance could materially and adversely affect the business, financial condition, results of operations and prospects of the Group. Further, in relation to Philippine Coastal, there can be no assurance that its contracted storage capacity agreed with each of its customers in the respective contracts can be met.

In addition, PUB is not required to commit to any minimum off-take of desalinated water in relation to SingSpring. If PUB reduces its off-take, SingSpring's variable revenue will be negatively impacted. The SingSpring Plant is designed to produce water reliably and cost-effectively within a certain range of the plant's daily production capacity. There is no assurance that PUB will choose to take desalinated water at volumes similar to previous years or within the design range. SingSpring's cash flow may be negatively affected from the reduced variable revenue due to increased operational costs associated with producing desalinated water in a less efficient manner and reliability of the plant may also be negatively impacted. As a result, the business, financial condition, results of operations and prospects of the Group may be materially and adversely affected.

KIT faces risks in relation to large-scale and high-profile projects with government agencies in its target markets

KIT is generally involved in large-scale and high-profile projects with government agencies worldwide for public utilities and associated projects. By the nature of its business, KIT is exposed to risks arising from the concentration of its revenue sources over a few large government-linked projects. As the projects undertaken by the Group are generally bespoke in nature, there can be no assurance that political pressure, the risk of changing regulations, failure to properly align with the customers' expectations or any other operational risks will be properly addressed or effectively mitigated. Delays in projects may also result in significant additional costs and public scrutiny which may cause reputational damage. Some projects undertaken by the Group are joint ventures which carry risks including, but not limited to, default on contractual obligations, changes in government or government policy, and other political risks. Should any of these risks materialise, there may be a material adverse effect on the business, financial condition and results of operations of the Group.

The Plants, the Ixom Group and Philippine Coastal operate in highly regulated industries and any changes in the regulatory environment in which they operate may adversely impact them

Each of the Plants, the Ixom Group and Philippine Coastal operates in highly regulated industries and is required to comply with laws and regulations (including environmental laws) and obtain and maintain governmental permits. For instance, SingSpring is required to obtain and maintain governmental permits in relation to the use, storage, discharge and disposal of toxic or otherwise hazardous materials used in its desalination processes.

In the event that a member of the Group fails to comply with such applicable laws and regulations, it could be subject to civil or criminal liability and fines, which could be substantial. In addition, any failure, or any claim that any member of the Group has failed to comply with any of these laws or regulations could lead to restrictions on its operations or expansion plans as well as adversely affecting the public image of the Group.

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

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

The operations of the Group's assets may be affected by accidents or unforeseen events arising from the activities of third parties on the premises

Any accidents or other unforeseen event arising from the activities of third parties, who are in close proximity to the Group's assets, may materially disrupt the operations of the assets and adversely affect the business and results of operations of the Group.

For example, the KMC Plant may fail to meet its availability targets under the CTA due to the occurrence of accidents or unforeseen events, including events arising from the acts of the Major Maintenance Contractor, its service providers under the MMAs, or KMC O&M, its service provider under the OMSA and their subcontractors.

Senoko WTE Plant and Keppel Seghers Tuas WTE Plant are also open to the public and refuse collectors who will enter and dispose of waste within the premises. Accidents or unforeseen events arising from other third parties who enter the premises of the Group's assets or who are in close proximity to the Group's assets may result in a material and adverse effect on the Group's business, financial condition and results of operations.

There is no guarantee that no health and safety incidents will occur in the future

There is no guarantee that no health and safety incidents will occur in the future in relation to any of the Group's assets. The operation of certain of the Group's assets may pose safety risks. For example, the Ixom Group manufactures and distributes water treatment chemicals such as liquefied chlorine and chlorine derivatives. Chlorine (in its gaseous form) and other chemicals are hazardous and can present major safety risks. Additionally, the storage of large quantities of petroleum in the Philippine Coastal storage facility may pose fire safety risks. Should any health and safety incident occur, the Group may be issued with a stop work order or have its licences revoked, causing disruption to its operations and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group may be subject to labour activism and unrest and may be unable to maintain satisfactory labour relations

The jurisdictions in which the Group operates have labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, union rights to enter the workplace, collective bargaining, dispute resolution and the termination of employment, and other union-employer interactions, subject to certain conditions under the relevant legislation. It is possible that labour activism and unrest may arise in the future. Any labour related disputes could adversely affect the Group's reputation amongst current and future employees. In addition, if any of the Group's employees unionise (in jurisdictions where that is relevant) or take industrial action, it may increase costs and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group's profitability may be affected by changes in tax regimes

The Group's operations in various countries are subject to different tax regimes. Changes in local tax regulations may erode the competitive advantage of the Group's business and adversely affect the Group's profitability.

Changes to governmental policies and changes in economic and market conditions could impair the Group's business

There is a risk that the government or a governmental agency may repeal, amend, enact or promulgate a new or existing law or regulation, or that a government authority may issue a new interpretation of law or regulation, which may have an adverse effect on the results of operation and financial condition of the Group. Examples of such changes include the Group being required to incur additional costs or limit its business activities to comply with new laws or regulations (or any revisions or reinterpretations of existing laws and regulations), such as stricter environmental or safety controls. As the Group's business operates in critical infrastructure sectors, there is also a risk that foreign ownership restrictions will be imposed. Any failure by the Group to comply with applicable laws and regulations, and any increase in compliance and tax costs could materially and adversely affect its business, financial condition, results of operations and prospects.

The businesses of the Group are also subjected to exposure to the economic and market conditions, including increased competition, changes in demand and substitution risk; as well as changes in regulatory, social, political and economic, environmental and competitive conditions and other changes in jurisdictions where they operate. Any such changes may have a disproportionate and/or material adverse effect on the Group's financial condition and results of operations.

The Group is exposed to the credit risk of its customers

Save for Philippine Coastal, City Gas and the Ixom Group, each of the Group's businesses has a single customer and sole source of revenue. In the case of Senoko WTE Plant and Keppel Seghers Tuas WTE Plant, NEA is the single customer and their respective incineration service agreements are the sole source of revenue. In the case of Keppel Seghers Ulu Pandan NEWater Plant and the SingSpring Plant, PUB is the single customer and the NEWater Agreement and Water Purchase Agreement are the sole sources of revenue respectively. In the case of KMC, CTA is the sole source of revenue for KMC. Under the Basslink Services Agreement, the Basslink Interconnector must be available exclusively to Hydro Tasmania. The Group is exposed to the credit risk of such counterparties. If the credit-worthiness of any of these counterparties deteriorates, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

There is no guarantee that the insurance coverage for the Group's assets will be sufficient to cover all the losses of the Group or that such insurance coverage will continue to be available in future

A fire, natural calamity, system failure, equipment breakdown, sabotage or terrorist attack or any other event (whether natural or man-made) that causes significant damage to the Philippine Coastal storage facility, the Plants or any of their facilities or causes substantial disruptions to their operations, would have a material adverse impact on their operations, business and financial condition. There can be no assurance that any precautionary or safety measure taken by the Group can prevent damage to the Group's assets or disruptions to their operations. The Group's emergency response, disaster response and crisis management systems and processes also may not be able to effectively protect or expeditiously address all problems or restore the availability of the operations of the Group's assets.

While the Group may maintain insurance policies in relation to loss of income, property damage, business interruption, claims arising from third party liabilities and as a result of acts of terrorism and liabilities likely to be associated with the above risks, there can be no guarantee that the costs of any such claims would be fully covered or that such insurance coverage will continue to be available or available at a commercially acceptable premium in the future.

SingSpring and City Gas have in place a joint environmental liability insurance policy to provide coverage in respect of sea pollution. Further, the Ixom Group has in place environmental liability insurance policies to provide coverage in respect of certain losses and clean-up costs that may be incurred by the Ixom Group as a result of unknown and certain existing known environmental conditions. These policies are subject to a number of exclusions and therefore, not all claims in respect of such losses and clean-up costs will be recoverable under those policies. There is also no guarantee that such insurance will continue to be available or be available on commercially acceptable terms in the future. Furthermore, although SingSpring, City Gas and the Ixom Group each procures insurance that is consistent with industry standards to protect against operating and other risks, not all risks are insured or insurable and SingSpring, City Gas and the Ixom Group's existing insurance policies may not adequately cover all the damage to, or loss of, its facilities.

The availability and terms of insurance for the assets of Basslink depend on market conditions. Given the sub-sea location and specialised nature of the Basslink Interconnector, there are also a limited number of insurers who offer coverage for such assets. Accordingly, while the insurance concession deed imposes certain obligations on Hydro Tasmania to work with and assist Basslink to procure insurance cover, there can be no assurance that Basslink will be able to obtain adequate insurance for its assets or on commercially acceptable terms.

Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring Plant and the Basslink Interconnector may be purchased by NEA, PUB or the State of Tasmania (as the case may be) and this could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group

In the event that any of the Senoko ISA, the Tuas DBOO ISA, the Water Purchase Agreement, the NEWater Agreement or the Basslink Operations Agreement is terminated as a result of the relevant contractual party breaching such agreement, Senoko WTE Plant, Keppel Seghers Tuas WTE Plant, Keppel Seghers Ulu Pandan NEWater Plant, SingSpring and the Basslink Interconnector may be purchased by NEA, PUB or the State of Tasmania (as the case may be), at a purchase price to be determined in accordance with the terms of the Senoko ISA, the Tuas DBOO ISA, the Water Purchase Agreement, the NEWater Agreement or the Basslink Operations Agreement (as the case may be). The purchase price will vary depending on the event which gives rise to the right of termination and/or the party committing the default. Any such purchase may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The portfolio of the Group comprises, and the Group may in the future invest in, illiquid assets that may not be sold without regulatory approval or if such approval is granted, may not be sold for a price that equates to the valuation of the assets

The business undertakings of the Group are, and the Group may invest in, assets that are not listed on a stock exchange or for which there are only a limited number of potential buyers, or for which there are restrictions on its sale. As a consequence, the realisable value of an asset may be less than the full or fair value based on its estimated future cash flows. Any sale of such assets under such circumstances may have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

The terms of the Senoko ISA, the Tuas DBOO ISA, the Water Purchase Agreement and the NEWater Agreement restrict the transfer or grant of any encumbrance over any part of the equity in Senoko Trust, the Senoko Trustee, Tuas DBOO Trust, the Tuas DBOO Trustee, Ulu Pandan Trust, SingSpring and the Ulu Pandan Trustee without prior written approval from NEA or PUB (as the case may be). The Basslink Services Agreement restricts the transfer of Basslink's equity and assets without prior written approval from Hydro Tasmania.

There is no assurance that the Group will be able to sell any of its assets or such assets may only be sold for a price which is significantly less than the Group's valuation of the assets. A sale of any of the Group's assets under such circumstances may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group may be involved in legal and other proceedings arising from its operations from time to time

The Group may be involved from time to time in disputes with various parties such as contractors, sub-contractors, suppliers and purchasers. These disputes may lead to legal and other proceedings, and may cause the Group to incur additional costs and delays. In addition, the Group may be subject to administrative proceedings and unfavourable orders, directives or decrees by regulatory bodies (including but not limited to environmental, planning and workplace health and safety regulators) in the course of its operations and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

For example, on 20 December 2015, the Basslink Interconnector experienced an unplanned outage due to a cable failure and it returned to service on 13 June 2016. Basslink commenced arbitration proceedings against Hydro Tasmania to recover withheld monies in the sum of A$30.9 million and claims were made against it by the State of Tasmania for the losses which State of Tasmania allegedly suffered as a result of the outage. Based on the arbitral award, Basslink was

found to be in breach of its contractual obligations, and its claim to recover unpaid fees from Hydro Tasmania was denied. Basslink was also ordered to compensate the State of Tasmania for the outage with damages of A$38.5 million in addition to having to undertake certain mitigation actions in accordance with good electricity industry practice. Such adverse arbitral awards may adversely affect the business, financial condition, results of operation and prospects of the Group. See "*Keppel Infrastructure Trust – Portfolio of KIT – (A) Distribution & Network – Basslink Interconnector – Key Information – Recent Developments*" for more details.

The Group is dependent on its management team and staff

As with most businesses, the operational success of the Group is dependent on the continued efforts of the management team and staff of the Group. The loss of such personnel, or the inability of the Group to replace them expeditiously or at all, could have an adverse effect on the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group will be exposed to foreign currency fluctuations

As certain businesses of the Group are outside of Singapore, the Group will be affected by changes in foreign currency rates. Any fluctuations in foreign exchange rates between the respective reporting currencies and the currencies in which the Group receives its revenues and incurs operational costs could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Trustee-Manager may enter into foreign currency hedging arrangements with respect to the expected dividends, distributions, interest and loan repayments from these foreign investments at the appropriate time. However, there can be no assurance that these hedging arrangements may have the desired beneficial impact on the business, financial condition or results of operations of the Group or may completely insulate the Group from the risks associated with fluctuations in currency exchange rates, which may result in a material and adverse effect on the Group's business, financial condition and results of operations.

The Group's current and future debt levels and restrictions in the agreements governing its indebtedness may limit its flexibility in obtaining additional financing and in pursuing other business opportunities

The Group currently incorporates debt financing and, where appropriate, plans to continue to incorporate debt financing for its operations and projects. Its current and future debt levels could have important consequences, including the following:

- requiring a portion of cash flows from the Group's operations to make principal and interest payments on indebtedness, reducing the funds available for operations, capital expenditures, future business opportunities and other general corporate purposes;

- increasing the Group's vulnerability to competitive pressures or the general and/or industry specific adverse economic conditions relative to its competitors with less debt; and

- limiting the Group's ability to borrow additional funds or increase the cost of any such borrowing, particularly due to the financial and other restrictive covenants contained in the agreements governing the Group's debt.

The Group's ability to service its debt will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond its control. In addition, whilst the Trustee-Manager has hedged approximately 82% of its borrowings as at 31 March 2021 in order to mitigate the Group's exposure to interest rate volatilities on floating rate debt, its

interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of the Group. If the Group's operating results are not sufficient to service its current or future indebtedness, it will be forced to take actions such as reducing or delaying business activities, acquisitions, investments or capital expenditures. In addition, it may take actions such as selling assets, restructuring or refinancing its debt or seeking additional equity capital although it may not be able to effect any of these actions on satisfactory terms, or at all. The Group's inability to obtain additional financing on favourable terms, or its inability to service its debt, could have a material adverse effect on its business, results of operations and financial condition.

In addition, the Group's debt facilities have contained and may in the future contain customary covenants, including restrictions on its ability to incur other indebtedness, to dispose of assets and/or use of available cash deposits, which would limit its flexibility to conduct its operations and create a risk of default on its debt if it cannot comply with such covenants. If any member of the Group was in breach of certain of its debt covenants, lenders could require such entity to pay the then outstanding debt immediately, and the lenders could sell the property securing such debt if such entity was unable to pay the outstanding debt immediately. Breach of these covenants and the acceleration of such debt by the lenders could have a material adverse effect on the Group's business, results of operations and financial condition. For example, Basslink breached the minimum debt-service coverage ratio covenant in the project financing documents for the Basslink Interconnector as a result of unplanned outages in December 2015 and March 2018. Whilst KIT was able to obtain an extension of 12 months on the maturity date of its financing arrangements, which was further extended for six months in November 2020 to May 2021, there is no assurance that the banking syndicate will not, where applicable, declare a default, accelerate the loan, initiate enforcement proceedings in respect of any security provided or call upon any guarantees provided, or that Basslink will be able to obtain further waivers from the banking syndicate. The above incidents do not have any material adverse effect on KIT's business, results of operations and financial condition.

In addition, there can be no assurance that there will be no other defaults within the Group that could have a material adverse effect on KIT's business, results of operations and financial condition.

The Group may not have sufficient cash to make acquisitions or investments at the relevant time and may need to obtain additional equity or debt financing to fund or re-finance (where applicable) its capital expenditure, working capital and other requirements. Additional debt financing may limit KIT's ability to pay distributions, increase its vulnerability to general adverse economic and industry conditions, require it to dedicate a substantial portion of its cash flows from operations to payments on its debt, thereby reducing the availability of cash flows to fund capital expenditure, working capital and other requirements and/or limit its flexibility in planning for, or reacting to, changes in its business and its industry or subject it to conditions that may restrict the expansion of the portfolio of the Group. There can be no assurance that the Group will be able to obtain the additional debt financing or re-financing on terms that are acceptable to the Trustee-Manager, or at all.

The Group may not be able to refinance its outstanding loans

Certain of the Group's loans will be due for refinancing in the next five years. There can however be no assurance that the Group will be able to refinance its indebtedness as it becomes due on commercially reasonable terms or at all. Any increased costs or non-availability of refinancing will have a material adverse effect on the Group's operations, operating results and financial condition. Additionally, with the Group's level of indebtedness, a portion of its expected cash flow may be required to be dedicated to the payment of interest and principal repayment on its indebtedness thereby reducing the funds available to the Group for use in its general business operations.

For example, Basslink refinanced all its outstanding bonds in November 2014 with an A$717.0 million non-recourse five-year senior secured loan facility provided by a group of nine banks and an A$50.0 million equity injection by KIT financed from its cash reserves. This facility has since been extended and will now mature in May 2021. There can be no assurance that Basslink will be able to refinance this facility or any of its outstanding loans in the future. In the event that it is unable to do so, this may have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to interest rate fluctuations and may engage in interest rate hedging transactions, which can limit gains and increase costs

The Group may enter into interest rate hedging transactions to protect itself from the effects of interest rate volatilities on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of the Group. Interest rate hedging could fail to protect the Group or adversely affect the Group because among others:

- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs the Group ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised, would reduce the net asset value of the Group if it is due to downward adjustments.

Interest rate hedging activities may involve risks and transaction costs, which may reduce overall returns.

RISKS RELATING TO THE GROUP'S DISTRIBUTION AND NETWORK BUSINESS AND INDUSTRY

Environmental contamination and clean-up costs may adversely affect Philippine Coastal's financial position and results of operation

Philippine Coastal transports its petroleum products through an extensive network of aboveground and underground pipelines. Its products are stored in both aboveground and underground facilities. Although Philippine Coastal has a comprehensive pipeline maintenance regime and rigorous groundwater monitoring procedures, such leakages may not be observable during inspections. The nature of underground pipelines and storage tanks makes the detection of environmental leakage especially difficult. There is a risk that the pipelines and facilities may corrode due to environmental factors or become damaged through sabotage, resulting in accidental spills or discharge of toxic substances.

The discovery of contamination may expose Philippine Coastal to clean-up obligations and other damages. Compliance with environmental laws and any liability in connection with environmental damage may have a material adverse effect on Philippine Coastal's earnings, and in turn, the Group's business, financial condition and results of operation.

Philippine Coastal is subject to the risk of non-renewal of customer contracts

Most of Philippine Coastal's customers enter into take-or-pay contracts. There can be no assurance that these contracts will be renewed when they expire, or that they will be renewed at the rates and on equally favourable terms as the existing contracts. If a large number of customers do not renew their contracts in a year when a high concentration of contracts terminate or if such contracts are renewed on terms less favourable than the existing contracts, it could have an adverse effect on the Group's business, financial condition and results of operations.

Philippine Coastal is subject to the risk of cyclicality in the petroleum industry

Demand for petroleum storage space at Philippine Coastal is intrinsically dependent on the demand for petroleum products which has historically been cyclical in nature and sensitive to a number of factors that are beyond the Group's control. These factors include the availability and prices of feedstock and general economic conditions, such as changes in industry capacity and output levels, changes in regional and global economic conditions, prices and availability of substitute products and changes in consumer demand.

For instance, prolonged COVID-19 restrictions that limit global travel and other economic activities may lead to reduced demand for petroleum products such as jet fuel, which would in turn lead to weaker demand for storage facilities at Philippine Coastal. Should this risk materialise, the Group's business, financial condition or prospects may be adversely affected.

The operations of the Ixom Group are hazardous in nature and may pose major safety risks

The Ixom Group manufactures and distributes water treatment chemicals such as liquefied chlorine and chlorine derivatives. Chlorine (in its gaseous form) and other chemicals are hazardous and can present major safety risks. While the Ixom Group has not encountered any fatalities due to health and safety incidents and has had no historical incidents of stop work orders being issued or licences being revoked, there is no assurance that no such health and safety incidents will occur in the future. In such event, the Ixom Group may be issued with a stop work order or have its licences revoked, causing disruption to its operations, which may have a material adverse effect on the Group's financial condition and results of operations.

The Ixom Group is subject to risks associated with changes in market conditions

The Ixom Group is subject to risks associated with changes in market conditions, including increased competition, changes in demand and substitution risk. There is no assurance that such changes in market conditions will not result in the loss of customers. The Ixom Group may also lose its customers for various other reasons, including in the event that customers decide not to renew their existing contracts with the Ixom Group or cease to operate as a going-concern.

In addition, the Ixom Group may be affected by changes in prices of the chemicals produced by the Ixom Group. For example, caustic soda is one of the key products manufactured by the Ixom Group. As caustic soda in Australia is priced on an import parity basis, there can be no assurance that the earnings of the Ixom Group may not be affected by adverse movements of the price of caustic soda, which may have an adverse effect on the financial condition and results of operations of the Group.

Supply chain failures could adversely affect the Group's financial condition and results of operations

The Ixom Group relies on third party suppliers for the timely supply of key materials for its manufacturing operations. In the event that the Ixom Group's suppliers cease or interrupt production of such materials, delay shipment or otherwise fail to supply such materials to the Ixom Group, the Ixom Group may not be able to manufacture the chemicals required by its customers, which could subject the Ixom Group to penalties and/or result in claims being brought against the Ixom Group. Such penalties and/or claims could potentially increase compliance costs for the Group which would in turn adversely affect the Group's financial condition and results of operations.

The Ixom Group also engages third party contractors to deliver its chemicals to its customers. The Ixom Group's involvement in the delivery processes of such third party contractors is limited and there is no assurance that such third party contractors will be able to deliver the chemicals to customers on a timely basis, or at all. In the event that the Ixom Group's third party contractors fail to deliver its chemicals in a proper condition or in a timely manner, or at all, the Group's financial condition and results of operations may be adversely affected.

City Gas relies on PGPL, PowerGas and SP Services for the supply of natural gas, transportation of piped gas and the provision of gas-meter reading, billing and collection services, respectively

City Gas has arrangements with PGPL for the supply of natural gas, PowerGas for the transportation of piped gas and SP Services for the provision of gas-meter reading, billing and collection services.

City Gas requires natural gas to produce town gas and had entered into a long-term supply contract with GSPL to purchase a specified amount of natural gas at a price based on a formula with variable components that fluctuate from time to time. Under the Gas Purchase Agreement, City Gas is entitled to purchase up to 112 thousand billion Btu of natural gas over a period of 20 years commencing in 2003 and at least 55.0% of the annual contract quantity (which is 5,748 billion Btu per year) must be purchased by City Gas between the third year and 20th year of the Gas Purchase Agreement. In May 2008, City Gas entered into a supplemental agreement with GSPL to purchase an additional supply of 35.16 thousand billion Btu of natural gas from 2009 to 2023. City Gas is obliged to take and pay for, or pay for if not taken, 55.0% of the annual contracted quantity of natural gas. City Gas is permitted to buy additional gas from another supplier only after City Gas has first negotiated in good faith with GSPL to purchase additional gas, and both City Gas and GSPL are unable to agree on the terms within 30 days from the commencement of the negotiation. If City Gas takes delivery of gas under an alternative gas sales agreement rather than under the Gas Purchase Agreement, the amount of gas that City Gas will be required to take and pay for, or pay for if not taken, shall be increased for the duration of such alternative gas sales agreement in accordance with the formula set out in the Gas Purchase Agreement.

The Gas Purchase Agreement was novated from GSPL to PGPL with effect from 1 April 2015. While City Gas has been in discussions with other suppliers for the supply of natural gas and have from time to time entered, and may enter, into arrangements with other suppliers for short-term supply of natural gas, PGPL remains the main supplier for City Gas in relation to natural gas.

The gas transportation system for the delivery of piped gas from City Gas to its customers is owned and operated by PowerGas, the sole transporter of piped gas in Singapore. Accordingly, City Gas relies on PowerGas for the piped transportation of gas to City Gas' customers at the tariffs (which are subject to price control by EMA) imposed by PowerGas.

City Gas has also appointed SP Services to provide it with gas-meter reading, billing and collection services. Although City Gas does not have an exclusive contract with SP Services, the costs for City Gas in undertaking gas-meter reading, billing and collection on its own are likely to be higher than the cost of outsourcing such services to SP Services (being the main provider of such services to the utilities and waste collection companies in Singapore). Accordingly, City Gas relies on SP Services to provide such services at an agreed price which is subject to commercial negotiation.

If any of PGPL, PowerGas or SP Services fails to perform its obligations or provide its services or supplies, City Gas' operations, business and financial condition would be materially and adversely affected. Further, any increase in the price charged to City Gas for these services or supplies would adversely affect City Gas' operations, business and financial condition if town gas tariffs are not adjusted adequately to cover the increase in costs or the adjusted tariffs become uncompetitive. Please see the sub-section titled "*Risks Relating to the Group's Distribution and Network Business and Industry – City Gas' tariffs are subject to price control by EMA*" in this Information Memorandum for more details. In addition, any natural or man-made event which causes disruption to the supplies or services provided by PGPL, PowerGas or SP Services may adversely affect City Gas' and the Group's operations, business and financial condition, results of operations and prospects.

City Gas faces price competition from retailers of LPG, may face price competition from retailers of electricity and other energy sources and may face increasing competition if and when the piped gas supply network is converted to carry natural gas

City Gas faces price competition from retailers of LPG, which is an alternative product used by consumers in Singapore for cooking. The price of City Gas' town gas relative to the price of LPG could affect the revenue which City Gas generates from certain segments of the commercial market in Singapore. City Gas' town gas tariffs are based on, among other factors, 180 cst HSFO prices and the exchange rates between the US dollar and the Singapore dollar, and changes in such prices and/or exchange rates could impact the price competitiveness of the town gas supplied by City Gas. City Gas' revenue, business and financial condition would be adversely affected if its customers decide to use LPG instead of town gas due to the lack of price competitiveness on the part of town gas supplied by City Gas.

Certain industrial equipment, such as boilers, could be powered by either gas, diesel or electricity. Similarly, certain household appliances, such as cooking stoves, water heaters and dryers, could be powered by either gas or electricity. If City Gas faces greater competition from electricity and other fuels in the future, City Gas' and the Group's revenue could be adversely affected if, as a result of such competition, its customers decide to use electricity or these other fuels instead of town gas.

City Gas is not certain about the extent of competition that could develop in the gas industry in Singapore if and when the low-pressure piped town gas supply network in Singapore is converted to carry natural gas. Please see the sub-section titled "*Risks Relating to the Group's General Business and Industry – KIT faces risks in relation to large-scale and high-profile projects with government agencies in its target markets*" in this Information Memorandum for more details. City Gas faces the risk of losing market share if its exclusive franchise to retail low pressure piped gas expires upon completion of the conversion. Competition post-conversion may take the form of direct competition from other piped natural gas retailers or indirect competition from retailers of alternative products or fuels.

In addition, the completion of the LNG terminal in May 2013 to facilitate the importation of LNG has introduced greater diversity to the gas market in Singapore. The operations, business and financial condition of City Gas could be adversely affected in the face of increased competition and the impact would be material if City Gas loses significant market share or is unable to adapt its business model in time or at all to suit a changing business environment. The foregoing could materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

City Gas' tariffs are subject to price control by EMA

The conditions in the gas retailer licence granted by the EMA to City Gas require any change in town gas tariffs to be approved by EMA. City Gas has been allowed by the EMA to adjust the tariff to take into account increases in fuel prices. In the event that the EMA does not allow City Gas to increase its tariff for whatever reason, City Gas may not be able to generate sufficient revenue to cover its increased costs which would adversely affect its operations, business and financial condition.

While the EMA may allow an adjustment to the tariffs to cover costs (for example, due to a change in fuel prices), City Gas cannot assure you that the adjustments, if any, would be sufficient to cover any increase in business expenses of City Gas or that the EMA will approve such adjustment in a timely manner. There is also the risk that any increase in the tariffs would result in the adjusted tariffs, and therefore the price of town gas, becoming less competitive.

Further, as the supply of town gas is a public utility which is regulated by EMA, City Gas cannot assure you that it will be able to increase tariffs in time, or at all, to take advantage of market opportunities. The occurrence of any of the foregoing could materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

City Gas' tariff setting mechanism exposes it to fluctuations in fuel and electricity cost

City Gas' fuel costs consist mainly of the cost of natural gas. This is in turn recoverable from the fuel component of town gas tariffs determined by the EMA. Although City Gas' tariff setting mechanism is regulated and designed to enable it to recover its fuel costs over a period of time as fuel costs are passed through to end-users, at any point in time, the actual tariff for town gas may not exactly match fuel costs as tariff changes are subject to a periodic regulatory process whereas fuel prices change daily. As a result, short term fluctuations in revenue may occur due to the timing difference between fuel price movements and tariff review periods. In such instance, the business, financial condition, results of operations and prospects of the Group could be affected in the short term.

City Gas' business may be adversely and materially affected by changes in the structure and regulation of the gas industry in Singapore

The structure and regulation of the gas industry in Singapore is currently in a state of transition. There have been discussions between City Gas, SP PowerGrid Limited and the EMA on the proposed conversion of the low-pressure piped town gas supply network in Singapore to carry natural gas that, if implemented, could involve City Gas incurring substantial conversion costs.

The proposed conversion, and any other changes to the structure or regulation of the gas industry in Singapore from time to time, could adversely and materially affect City Gas' operations, business and financial condition and its ability to pursue its business strategy. In addition, the uncertainty regarding the proposed conversion may in itself affect City Gas. For example, if City Gas expects the conversion to take place but is not certain about the timing of such conversion, City Gas may be deterred from expanding its existing town gas production facilities (which could be made redundant after the conversion), thereby resulting in City Gas being unable to meet projected demand for town gas prior to or during the conversion. Further, it is anticipated that City Gas will be required to incur substantial expenditure for the conversion from town gas to natural gas. City Gas cannot assure investors that it will be able to obtain adequate financing on terms acceptable to it, or at all, which may affect its business, operating results and financial condition.

Additionally, City Gas may face difficulties in undertaking the proposed conversion of the low-pressure piped town gas supply network to carry natural gas and may not be able to successfully execute the proposed conversion.

The occurrence of any of the foregoing could materially and adversely affect the business, financial condition, results of operations and prospects of the Group.

CRSM Adjustments may fluctuate in the short term and such fluctuations may adversely affect the revenues of Basslink under the Basslink Services Agreement

Under the Basslink Services Agreement, the CRSM is a mechanism between Hydro Tasmania and Basslink to share the market risk associated with participating in the NEM. CRSM Adjustments are based on the differences between the high and low Victorian electricity pool prices, subject to a maximum of a +12.5% increase (i.e. a payment is made from Hydro Tasmania to Basslink) and -12.5% decrease (i.e. a payment from Basslink to Hydro Tasmania) of the Basslink Facility Fee.

While the stated intention of this mechanism is to have a neutral impact on both parties over the longer term, there could be short-term or medium-term fluctuations in CRSM Adjustments due to periods of droughts or other seasonal variations, or other disruptions affecting Victorian power generators or transmission network or the Victorian electricity market generally. Such fluctuations may result in an outflow of payment from Basslink to Hydro Tasmania.

For example, the Australian summer months of December to February tend to be periods of volatility in the Victorian electricity pool prices as there is higher electricity demand for air-conditioning while the winter months tend to be lower volatility periods. This may adversely affect the revenues of Basslink under the Basslink Services Agreement and, hence, may consequently have a material and adverse effect on Basslink's business, financial condition and results of operations. KIT currently does not receive distributions from Basslink.

CPI adjustments to the Basslink Facility Fee under the Basslink Services Agreement may not cover the extent of inflation, thereby eroding Basslink's revenues under the Basslink Services Agreement

Under the Basslink Services Agreement, the Basslink Facility Fee will be adjusted to reflect 65.0% of the changes in CPI in the corresponding period. Increases in inflation which are not matched by adjustments to the Basslink Facility Fee will erode Basslink's profit margins and may have a material and adverse effect on Basslink's business, financial condition and results of operations.

RISKS RELATING TO THE GROUP'S ENERGY BUSINESS AND INDUSTRY

The CTA may not generate regular cash flows for KMC under certain circumstances

The CTA is the sole source of revenue of KMC for the 15-year duration of the CTA. Under the terms of the CTA, if KMC does not ensure the KMC Plant is able to meet certain availability and capacity targets for the Toller, the Toller is not obligated to pay in full its Tolling Fees to KMC, and may reduce the Tolling Fees proportionately. Therefore, while the CTA is designed to ensure KMC does not take on the market risks of owning and operating a power plant as an independent power producer, KMC is nonetheless subject to the risks of the KMC Plant being unable to meet the aforementioned targets in order to receive the Tolling Fees in full. The foregoing could materially and adversely affect the business, financial condition, results of operations and prospects of the Group. Please see the sub-sections titled "*Risks Relating to the Group's General Business and Industry – Uncertainties and instability in global market conditions could adversely affect the business, financial condition, performance and prospects of the Group*" and "*Risks Relating to the Group's General Business and Industry – The operations of the Group's assets may be affected by accidents or unforeseen events arising from the activities of third parties on the premises*" for more details.

Changes to the Tolling Fees in the event of material adverse change and no right to recover change of law costs in the CTA

Each party to the CTA has the right to request a good faith negotiation over an adjustment to the Tolling Fees when a "Material Adverse Change" occurs. The definition of "Material Adverse Change" is not limited to unforeseeable events and includes changes in vesting contract level or vesting contract price as determined or implemented by the EMA and there could be situations in which the Tolling Fees may reduce in the near future. However, it should be noted that the Toller's request for an adjustment does not entitle it to automatic changes to the Tolling Fee. KMC and the Toller will be required to negotiate in good faith, but there is no legal obligation to agree to any change to the Tolling Fees. Any changes to the contract terms of the CTA will be subject to the review procedures for interested person transactions in accordance with KIT's general mandate for interested person transactions and Chapter 9 of the Listing Manual.

Further, KMC is required to give KMC O&M relief if there is a change in law that materially increases the cost of KMC O&M's provision of its services. However, KMC has no corresponding right to pass this risk on to the Toller and has no means of mitigating this risk of bearing the increased cost. Examples of possible changes in law that can cause KMC O&M to face material increase in cost of service provision include regulatory changes by the Ministry of Manpower with respect to foreign labour or changes by the Ministry of Home Affairs requiring increased security

manpower requirements at KMC. As long as KMC O&M is able to demonstrate and provide invoices substantiating the increase in cost caused by the change in law, KMC O&M is entitled to reimbursement. In the event KMC is required to reimburse KMC O&M, the Group's business, financial condition and results of operations may be materially and adversely affected.

Fees payable to KMC O&M under the OMSA are not fixed

The OMSA is not a fixed price agreement and there is potential for the amount payable by KMC to KMC O&M to exceed the amounts budgeted for in the annual operations and maintenance plan and approved by KMC and the Toller. Such excess amounts are most likely expected to arise from costs incurred for unplanned maintenance which is not due to the fault of KMC O&M. However, cost control mechanisms have been included in the OMSA with the purpose of limiting the extent of such costs increase, including:

(a) the requirement that nearly all reimbursable expenses meet the requirements of the defined term "Reimbursable Expenses Items", which amongst others, excludes any costs caused by KMC O&M's negligence or breach of the OMSA; and

(b) the operator only has an ability to incur additional reimbursable expenses beyond the amounts under the annual operations and maintenance plan with KMC's consent (subject to what is stated below).

KMC O&M may disclaim liability for outages or breakdowns if KMC does not meet unforeseen expenses outside KMC O&M's control. This can limit KMC's practical control over costs in certain situations.

In the event KMC O&M exceeds the amount budgeted in the annual operations and maintenance plan and KMC pays these costs, KMC's right of recourse to recover these amounts is subject to the Toller's agreement. Accordingly, this may lead to KMC's profits being eroded if it is unable to manage KMC O&M's expenses. KMC would have to pay KMC O&M substantially higher fees than received from the Toller in the event of significant unplanned maintenance e.g. unexpected major equipment failure.

Singapore CPI adjustments to fixed O&M fees under the CTA may not fully cover increases in the underlying expenses

Under the CTA, the fixed O&M fee is indexed to Singapore CPI annually. The increases in the expenses covered by the fixed O&M fee may exceed the Singapore CPI and may adversely affect KMC's cash flow and ultimately, the Group's business, financial condition, results of operations and prospects. For instance, the fixed O&M fee is intended to cover property related charges which are generally subject to the rental indexation of JTC and increases in such charges may not match indexation based on Singapore CPI.

The risk of termination of the CTA and the risk of a no buyout undertaking by KIHPL

In the event that the CTA with the Toller is terminated and there is a no buyout undertaking by KIHPL, KMC will either enter into another tolling agreement with another power company or operate the KMC Plant as an independent power producer in the NEMS or divest the KMC Plant. This may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group. Although KIT may be able to sell its investment in KMC to third parties, there is no guarantee that the proceeds from such a sale will enable KIT to fully recover its original investment in KMC.

KMC may not be able to renew the CTA and OMSA on terms commercially acceptable to KIT

The CTA has a fixed 15-year duration and the OMSA has a fixed 20-year duration, both commencing in 2015. Neither the Toller, the counterparty of KMC for the CTA, nor KMC O&M, the counterparty of KMC for the OMSA, shall be legally obliged to renew the agreements signed with KMC on the terms and provisions as currently agreed. In the event that the CTA is not renewed with the Toller, KMC will assume the market risks of owning and operating a power plant as an independent power producer, unless KMC is able to find another party willing to enter into a similar contractual agreement with it like the CTA or KMC is able to divest the KMC Plant. In the event the Toller offers to enter into a new capacity tolling agreement after the initial 15-year term, there can be no assurance that it would offer the same terms and provisions as in the current CTA, or the terms and provisions then offered by the Toller might be commercially acceptable to KIT. Similarly, after the expiry of the initial term of the OMSA, KMC may have to find another service provider to provide routine maintenance to the KMC Plant and such service provider may demand terms and conditions that are less favourable to KIT than the terms now in the OMSA.

Uncertainty on the extension of the CTA after the initial 15-year period

The CTA has an initial 15-year duration. After such initial duration, a number of outcomes may materialise. For instance, KMC may request from the Toller the grant of a further 10-year extension of the CTA on the same terms, provided that KMC gives notice of at least four years before the expiry of the CTA in June 2030. If the Toller does not accept KMC's request or if KMC does not give notice as aforementioned, KMC may seek a new tolling agreement with a bona fide third party, provided that it gives the Toller an opportunity to match such third party's terms. If the Toller can match the terms, KMC shall be obliged to enter into a new tolling agreement with the Toller on such terms. KMC may only enter into a new tolling agreement with the third party if the Toller cannot or does not match the third party's terms. The right of the Toller to match the third party's terms may adversely affect the ability of KMC to negotiate a new tolling agreement with third parties, or the tolling rates thereunder. If the CTA has not been extended as aforementioned, the Toller may elect to extend the CTA on the same terms for a further 10 years and KIT will not have control over the negotiation of such terms. Additionally, in certain circumstances where modifications are made to the KMC Plant at the Toller's expense, the Toller shall have the right to extend the CTA by up to 20 years.

Generally, the Toller has the option, but not the obligation, to extend the CTA after the initial 15-year duration. There is no certainty as to whether the CTA will be extended beyond the initial 15-year duration and, if so extended, the terms of such extension. There is also no assurance that any extension of the CTA will be on the same terms or on terms which are better than the current terms of the CTA. There is uncertainty as to the tolling arrangement of KMC after the expiry of the CTA and, depending on the outcome, the returns to the Group may be adversely affected.

RISKS RELATING TO THE GROUP'S WASTE AND WATER BUSINESS AND INDUSTRY

Pollution of the seawater supply to the SingSpring Plant may adversely affect its earnings

The desalination process of the SingSpring Plant requires seawater from the surrounding waters off the geographical land area of Tuas in Singapore, to produce desalinated water. In the event the seawater is polluted, and depending on the level of pollution, it may not be possible for the seawater to be desalinated at all, or to be desalinated into water that is in accordance with the standards provided for under the Water Purchase Agreement. For example, the seawater could be polluted by contaminants from industrial discharge, oil spills, or other events which are outside the control of SingSpring.

Except for permanent seawater pollution which leads to adjustments in the tariffs under the Water Purchase Agreement, pollution of the seawater used in the desalination process may adversely affect the operating costs or earnings of SingSpring by requiring it to incur additional expense to desalinate the water to be in compliance with the Water Purchase Agreement or because of reduced payments by PUB under the Water Purchase Agreement due to reduced water availability or quality.

In the event that the degradation in seawater quality results in an inability by SingSpring to fully perform its obligation to provide water under the Water Purchase Agreement, resulting in either a reduction or suspension of payment under the Water Purchase Agreement, this would adversely and materially affect SingSpring's operations, business and financial condition. Additionally, the foregoing may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

RISKS ASSOCIATED WITH AN INVESTMENT IN SECURITIES

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including S$ Swap Offer Rate ("**SOR**") or the Singapore interbank offered rate ("**SIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") and Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK, respectively. The EU Benchmarks Regulation and/or the UK Benchmarks Regulation could have a material impact on any Securities linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

As an example of such benchmark reforms, on 27 July 2017, the UK Financial Conduct Authority ("**FCA**") confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 and, on 12 July 2018, announced that the LIBOR benchmark may cease to be a regulated benchmark under the UK Benchmarks Regulation (the "**FCA Announcements**"). The FCA Announcements indicated that the continuation of LIBOR on the current basis (or at all) cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its working group on sterling risk free rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average ("**SONIA**") over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of SOR. On 30 August 2019, the MAS announced that it established a steering committee to oversee an industry-wide interest rate benchmark transition from the SOR to the Singapore Overnight Rate Average ("**SORA**"). On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. On 27 October 2020, the Steering Committee for SOR Transition to SORA ("**SC-STS**") announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is expected to be discontinued by end-June 2023. The issuance of SOR-linked loans and securities that mature after end-2021 is expected to cease by end-April 2021, with financial institutions and their customers to cease usage of SOR in new derivative contracts (except for specified purposes relating to the risk management and transition of legacy SOR positions to SORA) by end-September 2021. Similarly, SIBOR is expected to be discontinued by end 2024, with financial institutions and their customers to cease usage of SIBOR in new contracts by end-September 2021. In addition, the MAS expanded the mandate of the SC-STS to enable it to oversee the interest rate benchmark transition from SIBOR to SORA.

The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Securities linked to such benchmark. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the "benchmark".

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest or distribution calculation provisions of the Conditions, or result in adverse consequences to holders of any Securities linked to such benchmark (including but not limited to Floating Rate Securities or Securities whose interest or distribution rates are linked to LIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Securities, the return on the relevant Securities and the trading market for Securities based on the same benchmark.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event (as defined in the Conditions) occurs, including if an Original Reference Rate (as defined in the Conditions) ceases to be published for a period of at least five business days or ceases to exist, or if it has become unlawful for the Principal Paying Agent, the Calculation Bank, the Issuer or any other party to calculate any payments due to be made to any Noteholder or, as the case may be, any Securityholder using the Original Reference Rate. Such fallback arrangements include the possibility that the Rate of Interest or, as the case may be, the Rate of Distribution could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Conditions), with or without the application of an adjustment spread and may include amendments to the Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in consultation with an Independent Adviser). An adjustment spread, if applied, could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as

the case may be) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest or, as the case may be, the Rate of Distribution. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Securities linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest or, as the case may be, Rate of Distribution) than they would if the Original Reference Rate were to continue to apply in its current form.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest or, as the case may be, the Rate of Distribution for a particular Interest Period or, as the case may be, Distribution Period may result in the Rate of Interest or, as the case may be, the Rate of Distribution for the last preceding Interest Period or, as the case may be, Distribution Period being used. This may result in the effective application of a fixed rate for Floating Rate Securities or nullification of the reset mechanism for Fixed Rate Perpetual Securities (as applicable) based on the rate which was last observed on the relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and UK Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Securities in making any investment decision with respect to any Securities linked to or referencing a benchmark.

The market continues to develop in relation to risk free rates (including overnight rates) as reference rates for Floating Rate Securities.

Investors should be aware that the market continues to develop in relation to risk free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. Please refer to the risk factor "*The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks*"" for further details of the recent interest rates and benchmarks reform.

The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Conditions and used in relation to any that reference risk free rates issued under the Programme. The Issuer may in the future also issue Securities referencing risk free rates that differ materially in terms of interest determination when compared with any previous Securities referencing the same risk free rate issued by it under the Programme. The development of risk free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Securities issued under the Programme which references any such risk free rate from time to time.

Furthermore, the basis of deriving certain risk free rates, such as SONIA or SORA, may mean that interest on Securities which reference any such risk free rate would only be capable of being determined after the end of the relevant observation period and immediately prior to the Interest Payment Date or Distribution Payment Date. It may be difficult for investors in Securities which reference any such risk free rate to accurately estimate the amount of interest which will be payable on such Securities, and some investors may be unable or unwilling to trade such Securities without changes to their IT systems, both of which could adversely impact the liquidity

of such Securities. Further, in contrast to LIBOR-linked Securities, if Securities referencing Compounded Daily SONIA or Compounded Daily SORA become due and payable as a result of an event of default under the Conditions, the rate of interest payable for the final Interest Period in respect of such Securities shall only be determined on the date which the Securities become due and payable and shall not be reset thereafter. Investors should consider these matters when making their investment decision with respect to any such Securities.

In addition, the manner of adoption or application of risk free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Securities referencing such risk free rates. Since risk free rates are relatively new market indices, Securities linked to any such risk free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Securities may be lower than those of later-issued indexed debt securities as a result. Further, if any risk free rate to which a series of Securities is linked does not prove to be widely used in securities like the Securities, the trading price of such Securities linked to a risk free rate may be lower than those of Securities linked to indices that are more widely used. Investors in such Securities may not be able to sell such Securities at all or may not be able to sell such Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any risk free rate to which a series of Securities is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Securities referencing such risk free rate. If the manner in which such risk free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Securities and the trading prices of such Securities.

Absence of secondary market for the Securities

The Securities have no established trading market when issued. There is no assurance that an active trading market for the Securities will develop, or as to the liquidity or sustainability of any such market, the ability of Securityholders to sell their Securities or the price at which Securityholders will be able to sell their Securities. If an active market for the Securities fails to develop or be sustained, the value of the Securities could fall. If an active trading market were to develop, the Securities could trade at prices that may be lower than the initial offering price of the Securities. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment categories of investors. These types of Securities generally have a more limited secondary market and more price volatility than conventional debt securities.

Fluctuation of the market value of the Securities

The value of the Securities may fluctuate as a result of various factors, including: (i) the market for similar securities, (ii) general economic, political or financial conditions and (iii) financial condition, results of operations and future prospects of KIT, its subsidiaries and/or associates. Adverse economic developments, in Singapore as well as countries in which KIT and/or subsidiaries and/or associates of KIT operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of KIT, its subsidiaries and/or associates.

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of Securities.

Interest rate risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Securities, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Securityholders may suffer erosion on the return of their investments due to inflation. Securityholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Securities. An unexpected increase in inflation could reduce the actual returns.

Anti-money laundering and terrorism

The Trustee may take and instruct any delegate to take any action which the Trustee considers appropriate so as to comply with any law, regulation, request of a public or regulatory authority or policy which relates to the prevention of fraud, money laundering, terrorism or other criminal activities or the provision of financial and other services to sanctioned persons or entities, including but not limited to the interception and investigation of transactions. There is a risk that such action may delay or prevent the processing of payment instructions, the settlement of transactions or the Trustee's performance of its obligations under the Trust Deed.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee and each of the Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of their obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Securityholders and the Couponholders.

A change in Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream,

Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Principal Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the respective Global Securities or Global Certificates to take enforcement action against the Issuer following an Event of Default (or, as the case may be, Enforcement Event (each as defined in the Trust Deed) under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Securityholders may be subject to tax in Singapore and other jurisdictions

Prospective purchasers of the Securities are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Securities. See "*Singapore Taxation*" for certain Singapore tax consequences.

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments, but rather as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Securities may be issued at a substantial discount or premium

The market value of Securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

The Group may not fully hedge the currency risks associated with Securities denominated in foreign currencies

As Securities issued under the Programme can be denominated in any currency, the Group may be affected by fluctuations between such currency which the relevant Securities are denominated and the currencies in which the Group receives its revenues and incurs operational costs, in meeting the payment obligations under such Securities, and there is no assurance that the Group may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before taking action on behalf of Securityholders

In certain circumstances (including pursuant to Condition 11 of the Notes or, as the case may be, Condition 9 of the Perpetual Securities), the Trustee at its discretion may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be bound to take any such action if it is not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly. In addition, Securityholders should note that under the Trust Deed, the Trustee has the right, subject to any written law for the time being in force upon

the provision of prior notice and if it has reasonable grounds to believe that an Event of Default or an Enforcement Event is likely to occur or would have occurred, to inspect the accounting and other records of the Group on a consolidated basis (but not the accounting and other records of each subsidiary).

Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should Definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or distribution or to vote or attend meetings of Securityholders) in respect of such Securities.

Enforcement of payment under the Securities

Enforcement of payment under the Securities issued by the Trustee-Manager could be dependent on the Trustee-Manager's right of indemnity out of the Trust Property and various other factors arising from the trust structure of KIT.

Securityholders and potential investors in the Securities should note that the Securities are issued by the Trustee-Manager, and not KIT, since KIT is not a legal entity. Securityholders should note that under the terms of the Securities, Securityholders shall only have recourse in respect of the Securities to the assets of KIT which the Trustee-Manager has recourse to under or in relation to the KIT Trust Deed, and not to the Trustee-Manager in its personal capacity or any assets held by the Trustee-Manager as trustee of any trust other than KIT. Further, Securityholders do not have direct access to the assets of KIT but may have to gain access through the Trustee-Manager and if appropriate, seek directions of a court to subrogate the Trustee-Manager's right of indemnity out of such assets, and accordingly, any claim of the Securityholders to the assets of KIT is derivative of the rights of the Trustee-Manager. A Securityholder's right of subrogation therefore could be limited by the Trustee-Manager's right of indemnity under or in relation to the KIT Trust Deed.

Securityholders should also note that such right of indemnity of the Trustee-Manager may be limited or lost through fraud, negligence, breach of duty or breach of trust or by reason of other liabilities that the Trustee-Manager may be liable to pay or contribute towards KIT. Where the Trustee-Manager commits a breach of trust (whether or not such breach is committed in relation to the Securities), the assets of KIT may only be available to satisfy claims under the Securities upon the Trustee-Manager first making good any loss arising from such breach of trust.

In addition, Securityholders should note that they may be adversely affected if the Trustee-Manager becomes insolvent, is wound-up or is placed under judicial management. If such an event occurs, the enforcement of payment under the Securities may be subject to delay and/or otherwise be impacted by such proceedings.

Commencement of proceeding under applicable Singapore insolvency or related laws may result in a material and adverse effect on the Securityholders

There can be no assurance that the Issuer will not become bankrupt, unable to pay its debts or insolvent, or be the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency related proceedings or procedures. If the Issuer or any creditor were to commence such proceedings under any applicable Singapore insolvency or related laws, this could result in a material and adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material and adverse effect on the Securityholders.

Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not in itself proposing a scheme of arrangement.

Further, it is not clear that an application by the Issuer for a moratorium will in itself constitute an event of default under the terms and conditions of the Notes and the Trustee may not be able to declare the Notes immediately due and payable upon the occurrence of such an event. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Furthermore, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75.0% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided (i) an overall majority in number representing 75.0% in value of the creditors meant to be bound by the scheme have agreed to it, (ii) the scheme does not unfairly discriminate and is fair and equitable to each dissenting class of creditors and (iii) the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed in the Parliament of Singapore on 1 October 2018, and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, a debenture. However, it may apply to related contracts that are not found to be directly connected with the Securities.

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Securities

There is no assurance that the Issuer will have sufficient cash flow to meet payment obligations under the Securities as and when they fall due. For example, the ability of the Issuer to comply with its payment obligations under the Trust Deed and the Securities may be adversely affected in the event the Issuer suffers a material deterioration in its financial condition.

The Securities are not secured

The Securities and Coupons of all Series constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Accordingly, on a winding-up or termination of the Issuer and/or KIT, the Securityholders will not have recourse to any specific assets of the Issuer, KIT or any of their Related Entities (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer or KIT, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. The Trustee or the Issuer may, and the Trustee upon the request in writing by Securityholders holding not less than 25 per cent. of the principal amount of the Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Securityholders of that Series. These provisions permit defined majorities to bind all Securityholders, including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the Transactions Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the relevant stock exchange, Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Transaction Documents which is in the opinion of the Trustee expedient to make, provided that the Trustee is of the opinion that such modification is not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders and unless the Trustee agrees in writing, the Issuer shall cause such modification, authorisation or waiver to be notified to the Securityholders as soon as practicable.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distribution or principal than expected

The Issuer will pay principal, interest and/or distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

RISKS RELATING TO THE NOTES

The Notes are subject to mandatory redemption in the event of termination of KIT

In the event that KIT is terminated in accordance with the provisions of the KIT Trust Deed, the Issuer shall redeem all of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

The Notes are subject to mandatory redemption in the event of the delisting of KIT

In the event that KIT is unable to maintain its listing on the SGX-ST, the Issuer shall redeem all of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption. In that event, an investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Variable rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Singapore taxation risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2023 are intended to be "qualifying debt securities" for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the section titled "*Singapore Taxation*" of this Information Memorandum.

However, there is no assurance that the conditions for "qualifying debt securities" will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time or should the required conditions cease to be fulfilled.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

Unless otherwise specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

Unless otherwise specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution, whether in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "*Terms and Conditions of the Perpetual Securities – Redemption and Purchase*".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for non-payment under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of three (3) business days after the due date. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such Winding-Up of KIT and/or claiming in the liquidation of KIT in respect of any payment obligations of the Issuer arising from the Perpetual Securities. As KIT is a business trust, the enforcement of any remedy will be subject to the prevailing laws and legislation applicable to business trusts in Singapore.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a Winding-Up of KIT, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer or KIT, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and pari passu with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or pari passu with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer or KIT and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Any future changes in the accounting treatment of the Perpetual Securities may entitle the Issuer to redeem such Securities

Any changes or amendments to the SFRS(I) or any other accounting standards that may replace SFRS(I) for the purposes of the consolidated financial statements of KIT which result in the Perpetual Securities not being regarded as “equity” of KIT will allow the Issuer to redeem such Perpetual Securities.

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the circumstances of individual Perpetual Securityholders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as "debt securities" by the IRAS for the purposes of the ITA, or whether distribution payments made under the Relevant Tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions and Arrears of Distribution) will be regarded by the IRAS as interest payable of indebtedness for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the Qualifying Debt Securities scheme (as set out in the section "*Singapore Taxation*") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or the distribution payments made under the Relevant Tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions and Arrears of Distribution) are not regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and/or disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds of an issuance of Securities will be used by the Issuer towards (a) financing or refinancing acquisitions and/or investments of the Group and any asset enhancement works of the Group, (b) financing the general working capital purposes and/or capital expenditure requirements of the Group, (c) refinancing the borrowings of the Group or (d) such other purpose as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for Depositors. Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through securities sub-accounts held with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between the Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Agents or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA or any distribution payment under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore and such payment is (aa) not derived from any trade, business, profession or vocation carried on or exercised by such person in Singapore and (bb) not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

> "prepayment fee" means, in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
>
> "redemption premium" means, in relation to debt securities and qualifying debt securities, any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
>
> "break cost" means, in relation to debt securities and qualifying debt securities, any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, each of which is a Financial Sector Incentive (Capital Market) Company or a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities (the "**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities

as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore income tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Specified Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Specified Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, such tranche of the Relevant Securities are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(I) any related party of the Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from the Relevant Securities by any person who is not tax resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Securities without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Taxation relating to payments on Perpetual Securities

A. Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the e-Tax Guide: Income Tax Treatment of Hybrid Instruments (Second Edition) on 21 October 2019 (the "**Hybrid Instruments e-Tax Guide**") which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes.

Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes.

These factors include (but are not limited to):

(i) nature of interest acquired;

(ii) investor's right to participate in issuer's business;

(iii) voting rights conferred by the instrument;

(iv) obligation to repay the principal amount;

(v) payout;

(vi) investor's right to enforce payment;

(vii) classification by other regulatory authority; and

(viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest; and

(d) if a hybrid instrument issued by a company is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as dividends. In this regard, as a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) is generally regarded as a company with distributions from the trustee-manager of such registered business trust being exempt from tax, the distributions from a hybrid instrument issued by the trustee-manager of such registered business trust should similarly be exempt from tax if the hybrid instrument is characterised as an equity instrument for income tax purposes.

B. Application for tax ruling

The Trustee-Manager had previously applied to the IRAS for an advance tax ruling to confirm the classification of (a) the S$200,000,000 in aggregate principal amount of 4.75 per cent. subordinated perpetual securities; and (b) the S$100,000,000 in aggregate principal amount of 4.75 per cent. subordinated perpetual securities, which were consolidated to form a single series (together, the "**Series 001 Securities**") under the Programme. Although a favourable tax ruling was obtained from the IRAS (in that the Series 001 Securities would be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations), there is no guarantee that any other tranche of the Perpetual Securities would also be granted a favourable ruling.

Going forward, the Trustee-Manager intends to apply to the IRAS for an advance tax ruling to confirm the classification of any tranche of the Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of distributions (including Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) in respect of such tranche of the Perpetual Securities.

The Trustee-Manager will provide details of the tax ruling issued by the IRAS via an announcement on its website https://www.kepinfratrust.com/shortly after the receipt of the tax ruling.

i. Perpetual Securities characterised as debt instruments

In the event that the IRAS rules that a tranche of the Perpetual Securities are debt instruments for Singapore income tax purposes, payment of distributions (including Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) in respect of the Perpetual Securities should be regarded as interest payments and the disclosure under "*Interest and Other Payments*" summarises the income tax treatment that may be applicable on the distributions (including Optional Distributions, Arrears of Distribution and Additional Distribution Amounts).

ii. Perpetual Securities characterised as equity instruments

In the event that the IRAS rules that a tranche of the Perpetual Securities are equity instruments for Singapore income tax purposes and distributions (including Optional Distributions and Arrears of Distribution) in respect of the Perpetual Securities are capital distributions in the hands of the Perpetual Securityholders, the payment of distributions (including Optional Distributions and Arrears of Distribution) in respect of the Perpetual Securities will not be subject to withholding of tax, irrespective of the profile of Perpetual Securityholders. The amount of such distributions (including Optional Distributions and Arrears of Distribution) will be treated as a return of capital in the hands of Perpetual Securityholders and will be applied to reduce the cost of their investment in the Perpetual Securities for Singapore income tax purposes. Where the Perpetual Securityholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Perpetual Securities, the reduced cost of their investments will be used for the purposes of computing such gains.

In the event that IRAS rules that a tranche of the Perpetual Securities are equity instruments for Singapore income tax purposes and that distributions (including Optional Distributions and Arrears of Distribution) in respect of such tranche of the Perpetual Securities are to be treated in the same manner as distributions made by a trustee-manager of a registered business trust, Perpetual Securityholders will be exempted from Singapore income tax on such distributions (including Optional Distributions and Arrears of Distribution), similar to distributions on units of a registered business trust which are exempted from Singapore income tax in the hands of all Unitholders. Tax is not withheld or deducted from such distributions.

However, the Additional Distribution Amounts may still be regarded as interest in nature and subject to taxation (including withholding tax) as mentioned above.

3. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

There are no specific laws or regulations which deal with the characterisation of capital gains. The characterisation of the gains arising from a sale of the Securities will depend on the individual facts and circumstances relating to that sale of the Securities.

Holders of the Securities who apply or are required to apply Singapore Financial Reporting Standards ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standards (International) 9 ("**SFRS(I) 9**") (as the case may be), may for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "*Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes*".

4. Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued an e-Tax Guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition & Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-Tax Guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments (Second Edition)".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

5. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Singapore) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and the Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Securities (as described under Condition 14 of the Notes or Condition 12 of the Perpetual Securities) that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

(A) The Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act.

Each Dealer has agreed that except as permitted by the Programme Agreement, it will not offer, sell or in the case of Bearer Securities, deliver the Securities (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Securities of the Tranche of which such Securities are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed that it will send to each dealer to which it sells any Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of any offering, an offer or sale of Securities from that offering within the United States by any dealer whether or not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

(B) The Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. Treasury regulations.

(C) In addition, unless the Pricing Supplement or the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is either "C Rules" or "not applicable", each Dealer has represented and agreed in relation to each Tranche of Bearer Securities:

(i) except to the extent permitted under United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**D Rules**"):

(a) it has not offered or sold, and during a 40-day restricted period shall not offer or sell, Securities in bearer form to a person who is within the United States or its possessions or to a United States person; and

(b) it has not delivered and shall not deliver within the United States or its possessions definitive Securities in bearer form that are sold during the restricted period;

(ii) it has and throughout the restricted period shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities are aware that such Securities in bearer form may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(iii) if it is a United States person, it is acquiring the Securities in bearer form for purposes of resale in connection with their original issuance and if it retains Securities in bearer form for its own account, it shall only do so in accordance with the requirements of United States Treasury Regulation §1.163-5(c)(2)(i)(D)(6);

(iv) with respect to each affiliate that acquires from it Securities in bearer form for the purpose of offering or selling such Securities during the restricted period, it either (a) repeats and confirms the representations contained in sub-paragraphs (i), (ii) and (iii) on behalf of such affiliate or (b) agrees that it shall obtain from such affiliate for the benefit of the Company the representations contained in sub-paragraphs (i), (ii) and (iii); and

(v) it will not enter into any written contract (other than a confirmation or other notice of the transaction) pursuant to which any other party to the contract (other than one of its affiliates or another Dealer) has offered or sold, or during the restricted period will offer or sell, any Securities, except where pursuant to the contract the Dealer has obtained or will obtain from that party, the representations contained in, and that party's agreement to comply with, the provisions of clauses (i), (ii), (iii), and (iv).

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

(D) In addition, to the extent that the Pricing Supplement and the Subscription Agreement relating to one or more Tranches specifies that the applicable TEFRA exemption is "C Rules", under United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**C Rules**"), Bearer Securities must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, each Dealer has represented and agreed that it has not offered, sold or delivered, and shall not offer, sell or deliver, directly or indirectly, such Bearer Securities within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of such Bearer Securities, it has not communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its U.S. office in the offer or sale of such Bearer Securities. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the C Rules.

United Kingdom

Prohibition of sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Securities to the public in the United Kingdom:

(A) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Securities which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(B) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Securities referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Securities to the public**" in relation to any Security means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other Regulatory Restrictions

Each Dealer has represented and agreed that:

(a) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

    (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

    (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

    (iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

Public Offer Selling Restriction Under the EU Prospectus Regulation

If the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, each Dealer has represented and agreed that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as

completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Securities to the public in that Member State:

(A) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by pricing supplement contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(B) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(D) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Securities referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Securities to the public**" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, and the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document any Securities, other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Securities shall not be sold within the period of six (6) months from the date of the initial acquisition of the Securities, except to any of the following persons:

(i) an institutional investor (as defined in Section 4A of the SFA);

(ii) a relevant person (as defined in Section 275(2) of the SFA); or

(iii) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, any other document (including, without limitation, this Information Memorandum) or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Securities or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Securities or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Securities or any interest therein or rights in respect thereof, the Issuer shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

APPENDIX I

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The Board of Directors of the Trustee-Manager is set out on page 160 of this Information Memorandum.

EQUITY CAPITAL

2. As at the date of this Information Memorandum, there is only one class of units in KIT. The rights and privileges attached to the units of KIT are stated in the KIT Trust Deed.

3. As at the Latest Practicable Date, there are 4,990,995,452 units of KIT in issue.

BORROWINGS

4. The borrowings of KIT as at 31 December 2020 are as disclosed in Appendix III to this Information Memorandum.

WORKING CAPITAL

5. After taking into account its internal resources and available loan facilities, the working capital available to KIT as at the date of this Information Memorandum is sufficient for its present requirements.

CHANGES IN ACCOUNTING POLICIES

6. There has been no significant change in the accounting policies of KIT since its audited financial accounts for the financial year ended 31 December 2020.

LITIGATION

7. Save for the Basslink arbitral awards disclosed in this Information Memorandum, there are no final and conclusive judgements against or affecting the Trustee-Manager, KIT or any of the subsidiaries of KIT, the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, KIT or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

8. There has been no material adverse change in the consolidated financial condition or business of the Group since 31 December 2020.

CONSENT

9. Deloitte & Touche LLP, the auditors of KIT, have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their names and reports in the form and context in which they appear in this Information Memorandum.

LEGAL ENTITY IDENTIFIER

10. The Legal Entity Identifier of KIT is 254900BF7L1ZCMAZS467.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered office of the Issuer at 1 HarbourFront Avenue, #18-01 Keppel Bay Tower, Singapore 098632 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the KIT Trust Deed;

    (d) the letter of consent referred to in paragraph 9 above; and

    (e) the audited financial statements of the Group for the financial years ended 31 December 2019 and 31 December 2020.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

AUDITED FINANCIAL STATEMENTS OF KIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information in this Appendix II has been reproduced from the annual report of KIT for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

Note: The audited consolidated financial statements set out herein have been reproduced from KIT's annual report for the financial year ended 31 December 2019, and page references are to pages set forth in such annual report. The audited consolidated financial statements have not been specifically prepared for inclusion in this information memorandum.

TRUSTEE-MANAGER'S STATEMENT

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

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

Opinion of the Directors

In the opinion of the directors,

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

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

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

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

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

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

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

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

Directors

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

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

Arrangements to Enable Directors to Acquire Units and Debentures

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

Directors' Interests in Units or Debentures

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

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

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

Unit Options

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

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

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

Audit and Risk Committee

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

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

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

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

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

The Audit and Risk Committee also reviewed the following:

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

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

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

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

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

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

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

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

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

Auditors

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

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

Koh Ban Heng
Chairman

Christina Tan Hua Mui
Director

Singapore
February 28, 2020

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

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

Matthew Rupert Pollard
Chief Executive Officer

Singapore
February 28, 2020

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

Key Audit Matters	Our audit performed and responses thereon
2. Impairment of Assets - property, plant and equipment, finite-lived intangible assets and goodwill Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually and for other assets, where there are indicators of impairment. This assessment requires the exercise of significant judgement in determining the recoverable values of the cash generating units ("CGUs"), including growth rates, discount rates, terminal values and expected changes to selling prices and direct costs. These assets represent a significant portion of the Group's total assets and their proportion as at December 31, 2019 are as follows: • Property, plant and equipment (47.1% of Group's total assets); • Goodwill (16.7% of Group's total assets); and • Finite-lived intangible assets (3.0% of Group's total assets). The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 6 and Note 8 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by the Trustee-Manager in concluding the impairment review. These procedures included: • Using our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates and terminal growth rates (where applicable); • Challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations; • By reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them; and • Performing sensitivity analysis on the key assumptions used. Based on our procedures, we noted the Trustee-Manager's key assumptions to be within a reasonable range of our expectations. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.
3. Basslink cable outage (the "outage") As detailed in Note 44 to the financial statements, the Basslink Interconnector experienced an unplanned outage on December 20, 2015. The Basslink operations form part of the Group's Distribution & Network segment, which is further disclosed in Note 43 to the financial statements. The implications of the outage include, *inter alia*, the following: • **Breach of minimum debt service coverage ratio on loan covenant** During the year, Basslink obtained a 12-month extension on the maturity date of its bank borrowings and a waiver of all breaches and events of default to date. As disclosed in Note 20 to the financial statements, the loan of $610.3m is now due in November 2020 and accordingly has been classified as a current liability as at December 31, 2019. Basslink's ability to continue as a going concern is highly dependent on the lenders not demanding repayment of the loan and withdrawing the credit facility. The Trustee-Manager is in discussions with the lenders to refinance the bank borrowings and the Trustee-Manager continues to hold the view that the lenders remain supportive of Basslink and that the lenders do not intend to exercise their rights to recall the bank borrowings in the near term if the liquidity and stability of Basslink is maintained. Furthermore: - The Basslink bank borrowings are non-recourse to the Group; - The Group is not dependent on Basslink's cash flows for its operations and distributions to unitholders for at least the 12-month period from the date of the auditor's report. Accordingly, the Trustee-Manager has assessed that the implications of the outage detailed above do not impact the going concern assumption of the Group.	We evaluated the Trustee-Manager's assessment of the implications of the outage to the Group, in particular, the following: • The appropriateness of the preparation of the financial statements of the Group on a going concern basis; • Recoverability of Basslink's receivables; and • Disputes with the State of Tasmania and Hydro Tasmania ("HT"). We reviewed the Group's loan agreements and noted that the aforesaid default under the Basslink loan agreement does not result in any cross default on other borrowings within the Group. We have also sought legal representation that the Basslink bank borrowings are non-recourse to the Group. We reviewed the cash flow contribution of Basslink to the Group to corroborate the Trustee-Manager's view that the Group is not dependent on Basslink's cash flow for its operations and distributions to unitholders for at least the 12-month period from the date of the auditor's report. We reviewed the Basslink Services Agreement ("BSA") with HT, the outage investigation report and the external solicitor's confirmation supporting the outage as a "force majeure" event, and also verified the "good faith payments" made by HT. The Trustee-Manager has assessed that: • the carrying amount of Basslink's receivables as at December 31, 2019 approximates the recoverable amount; and • no provision for disputed claims from the State is required. Based on our procedures, we found the Trustee-Manager's basis of assessment to be reasonable. We have also assessed the appropriateness of the disclosures made in the consolidated financial statements.

Key Audit Matters	Our audit performed and responses thereon

3. Basslink cable outage (the "outage") (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

February 28, 2020

STATEMENT OF FINANCIAL POSITION

December 31, 2019

	Note	Group 2019 $'000	Group 2018 $'000	Trust 2019 $'000	Trust 2018 $'000
Non-Current Assets					
Property, plant and equipment	6	**2,354,813**	2,152,479	**–**	–
Right-of-use assets	7	**115,596**	–	**–**	
Intangibles	8	**985,341**	518,758	**–**	–
Investment in subsidiaries	9	**–**	–	**1,305,565**	801,231
Investment in and advances to joint venture	10	**–**	20,009	**–**	–
Notes receivables	11	**–**	–	**775,712**	775,712
Amount receivable from a subsidiary	12	**–**	–	**12,407**	15,387
Service concession receivables	13	**284,372**	332,221	**–**	–
Finance lease receivables	14	**84,772**	95,070	**–**	–
Derivative financial instruments	18	**40**	69	**–**	–
Other assets	15	**149,093**	164,785	**–**	–
Total non-current assets		**3,974,027**	3,283,391	**2,093,684**	1,592,330
Current Assets					
Cash and bank deposits	16	**470,093**	231,603	**215,275**	26,116
Trade and other receivables	17	**269,885**	151,787	**8,946**	13,784
Service concession receivables	13	**47,856**	46,537	**–**	–
Finance lease receivables	14	**10,487**	10,069	**–**	–
Derivative financial instruments	18	**847**	202	**–**	31
Inventories	19	**198,772**	59,236	**–**	–
Other current assets	15	**31,308**	22,182	**15**	14
Total current assets		**1,029,248**	521,616	**224,236**	39,945
Current Liabilities					
Borrowings	20	**1,318,473**	1,034,565	**–**	147,609
Trade and other payables	21	**318,733**	177,905	**6,606**	3,648
Provisions	22	**23,235**	–	**–**	–
Derivative financial instruments	18	**25,589**	16,772	**–**	–
Lease liabilities	23	**13,786**	–	**–**	–
Income tax payable		**6,281**	4,356	**87**	15
Total current liabilities		**1,706,097**	1,233,598	**6,693**	151,272
Net Current (Liabilities)/Assets		**(676,849)**	(711,982)	**217,543**	(111,327)
Non-Current Liabilities					
Borrowings	20	**793,180**	740,383	**99,783**	–
Notes payable to non-controlling interests	24	**260,000**	260,000	**–**	–
Derivative financial instruments	18	**127,441**	99,491	**1,230**	–
Other payables	25	**246,373**	250,732	**–**	–
Provisions	22	**32,387**	26,935	**–**	–
Lease liabilities	23	**81,500**	–	**–**	–
Defined benefit obligation	26	**23,586**	–	**–**	–
Deferred tax liabilities	27	**18,542**	15,612	**–**	–
Total non-current liabilities		**1,583,009**	1,393,153	**101,013**	–
Net Assets		**1,714,169**	1,178,256	**2,210,214**	1,481,003
Represented by:					
Unitholders' Funds					
Units in issue	28	**2,630,307**	2,138,066	**2,630,307**	2,138,066
Hedging reserve	29	**(239,613)**	(200,226)	**(1,230)**	31
Translation reserve		**(46,609)**	(492)	**–**	–
Capital reserve	30	**38,710**	38,710	**–**	–
Defined benefit plan reserve	26	**(7,901)**	–	**–**	–
Accumulated losses		**(1,050,488)**	(923,582)	**(717,834)**	(657,094)
Total Unitholders' Funds		**1,324,406**	1,052,476	**1,911,243**	1,481,003
Perpetual securities	31	**298,971**	–	**298,971**	–
Total Equityholders' Funds		**1,623,377**	1,052,476	**2,210,214**	1,481,003
Non-controlling interests		**90,792**	125,780	**–**	–
		1,714,169	1,178,256	**2,210,214**	1,481,003

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2019

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

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Financial year ended December 31, 2019

	Note	Attributable to Unitholders of the Trust									
		Units in issue (Note 28) $'000	Hedging reserve (Note 29) $'000	Translation reserve $'000	Capital reserve (Note 30) $'000	Defined benefit plan reserve (Note 26) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Non-controlling interests $'000	Total $'000
Group											
At January 1, 2019		**2,138,066**	**(200,226)**	**(492)**	**38,710**	**–**	**(923,582)**	**1,052,476**	**–**	**125,780**	**1,178,256**
Total comprehensive income											
Profit/(Loss) for the year		**–**	**–**	**–**	**–**	**–**	**38,578**	**38,578**	**7,757**	**(36,141)**	**10,194**
Other comprehensive income for the year		**–**	**(39,387)**	**(46,117)**	**–**	**(7,901)**	**–**	**(93,405)**	**–**	**812**	**(92,593)**
Total		**–**	**(39,387)**	**(46,117)**	**–**	**(7,901)**	**38,578**	**(54,827)**	**7,757**	**(35,329)**	**(82,399)**
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Units issued	28	**501,032**	**–**	**–**	**–**	**–**	**–**	**501,032**	**–**	**–**	**501,032**
Perpetual securities issued	31	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**300,000**	**–**	**300,000**
Issuance cost	28, 31	**(8,791)**	**–**	**–**	**–**	**–**	**–**	**(8,791)**	**(1,810)**	**–**	**(10,601)**
Distributions paid	31, 32	**–**	**–**	**–**	**–**	**–**	**(165,484)**	**(165,484)**	**(6,976)**	**(4,966)**	**(177,426)**
Changes in ownership interest in subsidiary											
Non-controlling interest arising from acquisition of subsidiaries		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,307**	**5,307**
Total		**492,241**	**–**	**–**	**–**	**–**	**(165,484)**	**326,757**	**291,214**	**341**	**618,312**
At December 31, 2019		**2,630,307**	**(239,613)**	**(46,609)**	**38,710**	**(7,901)**	**(1,050,488)**	**1,324,406**	**298,971**	**90,792**	**1,714,169**

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

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2019

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

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

1. General

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

SFRS(I) 16 Leases

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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

SFRS(I) 16 Leases (continued)

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

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

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

Impact on lessee accounting

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

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

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

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

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

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

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

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

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

- No reassessment on whether a contract is or contains a lease if the contract was entered into before January 1, 2019. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to those leases entered or modified before January 1, 2019.
- For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expense is presented within other operating expenses in the consolidated statement of profit or loss.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- The Group has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

BASIS OF CONSOLIDATION **(continued)**

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

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

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

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

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

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

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

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

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

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

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SFRS(I) 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I)5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

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

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

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

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

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

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

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities and equity instruments

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial liabilities and equity instruments (continued)

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

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

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

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

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

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

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

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

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

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

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 18.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the Group's policy on classification of financial assets.

Hedge accounting
The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Hedge accounting (continued)
The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains/(losses) - net" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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

LEASES

Leases (Before January 1, 2019)

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee
Operating leases
Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor
Finance leases
The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the finance lease income.

Leases (From January 1, 2019)

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The Group determines its incremental borrowing rate based on the quotes from reputable banks over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in accordance to the type of asset, tenor and country where the assets are situated.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2 - Impairment of tangible and intangible assets excluding goodwill below.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2. Summary of Significant Accounting Policies (continued)

Leases (From January 1, 2019) (continued)

A subsidiary of the Group had signed a Water Purchase Agreement ("WPA") with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. In accordance with SFRS(I) 16 *Leases*, the WPA is a lease arrangement and is classified as finance lease.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the finance lease income.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. For chemical raw materials finished goods, cost is calculated using the first-in, first-out or weighted average method based on the type of inventory. For other inventories, cost is calculated using weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Freehold land has an unlimited useful life and stand-by equipment and assets under construction are not yet available for use and therefore are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Building	20 to 40 years
Easements	38.67 years
Interconnector and related plant and machinery	3 to 63.67 years
Power plant	25 years
Other plant and machinery	3 to 25 years
Computers, vehicles, furniture, fittings and equipment	1 to 12 years or lease term, whichever is shorter

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS EXCLUDING GOODWILL

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Concession arrangements, customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of:

Concession arrangements	9.26 to 19.42 years
Customer contracts and relationship	2 to 38.69 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's Cash Generating Units ("CGU") to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years, unless a longer period can be justified. For longer periods, a long-term justified growth rate is applied to project future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2. Summary of Significant Accounting Policies (continued)

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS (I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning liabilities
The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for reinstatement cost
A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by the Trustee-Manager.

SHARE-BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sale of goods;
- Service income;
- Finance income from service concession arrangements;
- Finance lease income;
- Operation and maintenance income;
- Interest income; and
- Other income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
There are two main kinds of goods sold by the Group: gas and chemicals.

Sale of gas
The Group sells town gas, natural gas and gas appliances to residential, commercial and industrial customers in Singapore. Revenue is measured based on the consideration in accordance with the price regulation framework (for town gas) and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group's town gas business in Singapore is regulated under the Gas License issued by Energy Market Authority ("EMA") of Singapore. The Group sells town gas to residential, commercial and industrial customers. The amount of revenue recognised is based on the gas consumption derived from meter readings and when control of the town gas has transferred to its customer, being when the town gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to the consideration becomes unconditional, as only the passage of time is required before payment.

The Group sells natural gas to commercial and industrial customers. Revenue is recognised upon completion of the gas filling transaction and when control of the natural gas has transferred to its customer, being when the natural gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Under the Group's standard contract terms, customers do not have a right of return.

Sale of traded and manufactured chemicals
Revenue from the sale of traded and manufactured chemicals is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction prices needs to be allocated (e.g. warranties, services etc). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, and any other relevant factors.

Service income
The Group provides availability and capacity targets of its power plant to a related party. Such service is recognised as a performance obligation satisfied over-time based on an availability-based tolling fees and a monthly fixed fee indexed to the Singapore Consumer Price Index.

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Revenue related to construction or upgrade services under a service concession arrangement is recognised over time. Service income is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group provides the availability of its interconnector asset to a governing agency of the State of Tasmania. Such service is recognised as a performance obligation satisfied over-time based on an availability-based facility fees indexed to the Australian Consumer Price Index.

2. Summary of Significant Accounting Policies (continued)

REVENUE RECOGNITION **(continued)**

Finance income from service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the service concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 and 25 years and transfer the plants to the grantors at the end of the concession period. Revenue related to finance income under a service concession arrangement is recognised over time.

The Group receives finance income from the service concession arrangements which represents the interest income on the service concession receivables arising from the service concession arrangements, and is recognised using the effective interest method.

Finance lease income
Accounting policy for recognising finance lease income is stated separately above.

Operation and maintenance income
The Group provides operation services for its plants against a well identified fixed and variable cost structure, according to the agreements entered into with the grantors. The operation services and where applicable, maintenance work, are required to be carried out on the plants in line with the length of the respective service period. Revenue from provision of operation and maintenance service is recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

Revenue from operating and maintaining the infrastructure under a service concession arrangement is recognised over time.

Interest income
Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

Other income
Other income represents the sale of scrap, rental income and insurance compensation. Sale of scrap is recognised upon delivery of the scrap materials and rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the term of the relevant lease. Insurance compensation is recognised in profit or loss to the extent of the amount received from the insurer.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS - A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

DEFINED BENEFIT PLANS - For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "Staff costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

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

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

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. Summary of Significant Accounting Policies (continued)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 17.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Where such indicators exist, determining whether the carrying values of property, plant and equipment and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment and intangibles at the end of the reporting period are disclosed in Notes 6 and 8 respectively.

(iii) Allocation and impairment of goodwill

The Group completed the acquisition of the Crystal Assets on May 18, 2015 (see Note 9) and the acquisition of Ixom on February 19, 2019 (see Note 45). Independent valuers were engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities and goodwill on these acquisitions.

Goodwill arising from the business combinations is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination. This requires the Group to estimate the additional future benefit to be derived by the CGUs. Goodwill arising from the acquisition of the Crystal Assets was allocated to City Gas and Basslink of the Distribution & Network business segment. Goodwill arising from the acquisition of Ixom is solely attributable to Ixom Group of the Distribution & Network business segment.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable values of the CGUs are determined based on value in use calculations. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 8.

(iv) Purchase Price Allocation

The Group completed the acquisition of Ixom in February 2019. The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of tangible and intangible assets and assignment of their useful lives. The Group's disclosure of the above is set out in Note 45.

4. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Financial Assets				
Financial assets at amortised cost	**1,170,182**	867,342	**1,011,739**	830,800
Derivative instruments:				
Designated in hedge accounting relationships	**887**	121	**–**	31
Not designated in hedge accounting relationships	**–**	150	**–**	–
Total	**1,171,069**	867,613	**1,011,739**	830,831
Financial Liabilities				
Financial liabilities, at amortised cost	**2,793,545**	2,209,219	**106,389**	151,275
Derivative instruments:				
Designated in hedge accounting relationships	**153,014**	116,113	**1,230**	–
Not designated in hedge accounting relationships	**16**	150	**–**	–
Total	**2,946,575**	2,325,482	**107,619**	151,275

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements, other than those disclosed in the financial statements.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, forward currency contracts and commodity swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign exchange risk management

The Group operates mainly in Singapore, Australia and New Zealand. The Group entities transact predominantly in their respective functional currency except for the Trust and its three subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

A third subsidiary, whose functional currency is the AUD, is exposed to currency risk from specific receipts denominated in USD. This subsidiary also holds cash and cash equivalents denominated in USD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other

than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Group				
USD	**4,687**	6,925	**8,436**	2,094
AUD	**–**	–	**14,223**	359
JPY	**–**	–	**24**	60
NZD	**–**	–	**81**	–
SGD	**1,229**	1,018	**8,774**	8,220
EUR	**–**	–	**193**	–
Others	**–**	–	**451**	–
Trust				
AUD	**–**	–	**13,941**	55

Sensitivity analysis

The following table details the sensitivity to a 5% (2018 : 5%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% (2018 : 5%) against the functional currency of each Group entity, profit or loss will increase (decrease) by:

	Increase/(Decrease) Profit or loss	
	2019 $'000	2018 $'000
Group		
USD	**187**	(242)
AUD	**711**	18
JPY	**1**	3
NZD	**4**	–
SGD	**377**	360
EUR	**10**	–
Others	**23**	–
Trust		
AUD	**697**	3

A 5% (2018 : 5%) weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets.

The Group's exposure to interest rate risks arises mainly from its borrowings. Borrowings at variable rates expose the Group to interest rate risk. The Group's policy is to manage its interest cost using a mix of fixed and floating interest rate debts. The Group enters into interest rate swaps which allow the Group to raise long term borrowings at floating rates and swap them into fixed rates, with the objective to reduce variability in cash flows arising from interest rate fluctuations.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management (continued)

Details of the various derivative financial instruments held by the Group and Trust are disclosed in Note 18. Assuming all other variables are held constant, a 50 basis point change in Singapore or Australia interest rate has the following impact on profit or loss and equity as a result of higher/lower finance cost or fair value changes to derivative financial instruments. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

Sensitivity analysis

	Decrease of 50 basis points		Increase of 50 basis points	
	Increase/(Decrease)		Increase/(Decrease)	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
2019				
Borrowings at floating interest rate	**1,154**	**–**	**(1,154)**	**–**
Interest rate swaps accounted for under cash flow hedge	**–**	**(40,066)**	**–**	**40,066**
2018				
Borrowings at floating interest rate	836	–	(836)	–
Interest rate swaps accounted for under cash flow hedge	–	(37,064)	–	37,064

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Decription	Basis for recognising expecting credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and lease receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
2019						
Trade receivables	17	Performing	Lifetime ECL	261,111	(258)	260,853
Trade receivables	17	Doubtful	Lifetime ECL	2,738	(2,645)	93
Other receivables	17	Performing	12-month ECL	8,338	-	8,338
Service concession receivables	13	Performing	12-month ECL	332,228	-	332,228
Finance lease receivables	14	Performing	Lifetime ECL	95,259	-	95,259
					(2,903)	
2018						
Trade receivables	17	Performing	Lifetime ECL	140,772	-	140,772
Trade receivables	17	Doubtful	Lifetime ECL	1,235	(1,235)	-
Other receivables	17	Performing	12-month ECL	10,816	-	10,816
Service concession receivables	13	Performing	12-month ECL	378,758	-	378,758
Finance lease receivables	14	Performing	Lifetime ECL	105,139	-	105,139
					(1,235)	
Trust						
2019						
Other receivables	17	Performing	12-month ECL	8,345	-	8,345
Notes receivables	11	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	12	Performing	12-month ECL	12,407	-	12,407
					-	
2018						
Trade receivables	17	Doubtful	Lifetime ECL	309	(309)	-
Other receivables	17	Performing	12-month ECL	13,585	-	13,585
Notes receivables	11	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	12	Performing	12-month ECL	15,387	-	15,387
					(309)	

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iv) Credit risk management

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

	2019		2018	
	$'000	%	$'000	%
Group				
By operating segments				
Distribution & Network				
- City Gas [1] (Performing)	**32,622**	**13**	39,118	31
- City Gas [1] (Doubtful)	**790**	**-**	926	1
- Basslink [2] (Performing)	**55,189**	**21**	59,902	47
- Ixom [3] (Performing)	**141,716**	**55**	-	-
- Ixom [3] (Doubtful)	**2,113**	**1**	-	-
Waste & Water [4] (Performing)	**26,703**	**10**	25,868	21
Others (Performing)	**30**	**-**	16	-
Others (Doubtful)	**-**	**-**	309	-
	259,163	**100**	126,139	100
By geographic distribution				
Singapore	**60,145**	**23**	66,237	53
Australia	**139,256**	**54**	59,902	47
New Zealand	**25,642**	**10**	-	-
Others	**34,120**	**13**	-	-
	259,163	**100**	126,139	100

[1] There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 21, is an amount of $40,887,000 (2018: $41,703,000), which can, subject to certain conditions, be used to set off against the corresponding outstanding receivables when the circumstances warrant.

[2] There is a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represents 24% (2018: 60%) of the total trade receivables from the Distribution & Network segment. The high balance in 2019 and 2018 is because the customer did not pay the full facility fees from September 2016 to August 2017 and had instead given so-called "good faith payments" from December 2016 to July 2017. Since September 2017, the customer had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments).

[3] The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

[4] There is a significant concentration of credit risk with their customers, which are agencies of the Government of Singapore, for the duration of the service contract entered into.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

The credit risk on cash and fixed deposits is limited because the counterparties are banks and financial institutions which are regulated and with high credit ratings.

Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables is mitigated because they are secured over deposits collected from customers amounting to $40,898,000 as at December 31, 2019 (2018: $41,714,000), which can be used to offset the impaired receivables when the circumstances warrant.

(v) **Liquidity risk management**

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2019						
Non-interest bearing	**–**	**312,672**	**–**	**–**	**–**	**312,672**
Variable interest rate instruments *	**2.13 – 3.15**	**1,363,008**	**868,080**	**–**	**(105,501)**	**2,125,587**
Fixed interest rate instruments	**3.62 – 17.50**	**61,313**	**219,345**	**1,001,130**	**(926,502)**	**355,286**
		1,736,993	**1,087,425**	**1,001,130**	**(1,032,003)**	**2,793,545**
2018						
Non-interest bearing	–	144,453	–	–	–	144,453
Variable interest rate instruments *	1.46 – 3.83	1,053,265	744,378	7,358	(33,479)	1,771,522
Fixed interest rate instruments	5.87 – 17.50	43,850	175,400	1,019,388	(945,394)	293,244
		1,241,568	919,778	1,026,746	(978,873)	2,209,219
Trust						
2019						
Non-interest bearing	**-**	**6,606**	**-**	**-**	**-**	**6,606**
Variable interest rate instruments	**2.67**	**2,290**	**102,576**	**-**	**(5,083)**	**99,783**
		8,896	**102,576**	**-**	**(5,083)**	**106,389**
2018						
Non-interest bearing	–	3,648	–	–	–	3,648
Variable interest rate instruments	2.09	148,209	–	–	(582)	147,627
		151,857	–	–	(582)	151,275

* Included under the variable interest rate instruments category is the undiscounted cash flows of Basslink bank borrowings with a carrying amount of $610,259,000 (2018: $700,056,000) as at December 31, 2019. The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 20).

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2019						
Non-interest bearing	**–**	**326,049**	**–**	**–**	**–**	**326,049**
Fixed interest rate instruments	**0.92 – 4.68**	**450,675**	**276,809**	**156,331**	**(78,437)**	**805,378**
Variable interest rate instruments	**0.55 – 1.11**	**38,755**	**–**	**–**	**–**	**38,755**
		815,479	**276,809**	**156,331**	**(78,437)**	**1,170,182**
2018						
Non-interest bearing	–	161,074	–	–	–	161,074
Fixed interest rate instruments	0.80 – 4.68	270,937	290,959	214,744	(94,536)	682,104
Variable interest rate instruments	0.60 – 0.75	24,164	–	–	–	24,164
		456,175	290,959	214,744	(94,536)	867,342
Trust						
2019						
Non-interest bearing	**–**	**8,414**	**-**	**-**	**-**	**8,414**
Fixed interest rate instruments	**0.92 – 17.50**	**297,515**	**358,928**	**1,794,581**	**(1,467,517)**	**983,507**
Variable interest rate instruments	**2.32**	**7,699**	**13,441**	**–**	**(1,322)**	**19,818**
		313,628	**372,369**	**1,794,581**	**(1,468,839)**	**1,011,739**
2018						
Non-interest bearing	–	13,668	–	–	–	13,668
Fixed interest rate instruments	0.80 – 17.50	115,058	358,928	1,884,313	(1,557,261)	801,038
Variable interest rate instruments	2.07	962	1,022	15,561	(1,451)	16,094
		129,688	359,950	1,899,874	(1,558,712)	830,800

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group			
2019			
Net settled:			
Interest rate swaps	**(24,750)**	**(80,716)**	**(88,671)**
Foreign currency forward	**(2,056)**	**40**	**–**
2018			
Net settled:			
Interest rate swaps	(19,501)	(61,747)	(84,163)
Foreign currency forward	73	(4)	–
Trust			
2019			
Net settled:			
Interest rate swaps	**–**	**(1,230)**	**–**
2018			
Net settled:			
Interest rate swaps	31	–	–

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's and Trust's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group is in a net current liability position of $676,849,000 (2018 : $711,982,000,) as at the end of the reporting period. The Basslink and KMC bank borrowings of $610,259,000 and $699,756,000 (2018 : $700,056,000 and $699,266,000) respectively are classified as current liabilities (Note 20). The financial statements of the Group have been prepared on a going concern basis on the following basis:

- The Basslink bank borrowings, as detailed in Note 20, are non-recourse to the Group and the maturity date was extended by a year to November 27, 2020;

- The KMC bank borowings, as detailed in Note 20, are repayable in 2020 and the Trustee-Manager is currently in discussions with the lenders on the refinancing of the bank borrowings and is of the view that the bank borrowings would be successfully refinanced before the maturity date; and

- The Group is not dependent on cash flows from Basslink and KMC for its operations and distributions to unitholders for at least the 12-month period from the date of the financial statements.

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

The Group maintains $280.4 million (2018: $102.9 million) undrawn facilities as at the end of the financial year.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(vi) Fair value of financial assets and financial liabilities

(i) Assets and liabilities measured at fair value

The Group and Trust's derivative financial instruments as at December 31, 2019, and December 31, 2018, are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at 2019 Assets $'000	2019 Liabilities $'000	2018 Assets $'000	2018 Liabilities $'000	Valuation technique(s) and key input(s)
Group					
Interest rate	-	**(149,717)**	52	(116,113)	The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
Foreign currency forward	**887**	**(2,902)**	69	–	
Commodity swap	-	**(411)**	150	(150)	
Trust					
Interest rate	-	**(1,230)**	31	–	The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2019 and 2018.

(ii) Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital management policies and objectives

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, issue perpetual securities, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Net borrowings	**1,641,560**	1,543,345	**–**	121,493
Total assets	**5,003,275**	3,805,007	**2,317,920**	1,632,275
Ratio	**33%**	41%	**0%**	7%

There are no externally imposed capital requirements for the financial years ended December 31, 2019 and 2018, other than the loan covenants disclosed in Note 20.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

		Group	
	Note	**2019 $'000**	2018 $'000
Sale of goods and services	(i)	**123,690**	127,392
Purchases of goods and services	(i)	**(263,704)**	(266,933)
Operating lease expense	(ii)	**(1,725)**	(1,791)
Interest expense	(i)	**(42,875)**	(42,875)
Interest income	(i)	**1,888**	433
Professional fees	(i)	**(312)**	(45)
Trustee-Manager's fees	(iii)	**(26,384)**	(9,742)

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust.

(ii) Relates to short-term operating lease arrangements with related parties of the Group for leasing of office premises and galleries.

(iii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 38.

6. Property, Plant and Equipment

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery[2] $'000	Power plant $'000	Other plant and machinery[3] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Group									
Cost:									
At January 1, 2018	1,457	10,870	1,686	1,037,550	1,623,701	80,457	9,567	13,099	2,778,387
Additions	–	–	–	7,008	–	472	322	700	8,502
Written off	–	–	–	(2)	–	(3)	(55)	–	(60)
Disposals	–	–	–	–	–	–	(53)	–	(53)
Currency translation differences	(19)	–	(21)	(13,124)	–	–	(21)	(5)	(13,190)
Reclassification	–	–	–	–	–	–	9	(13)	(4)
Reversal of decommissioning cost [1]	–	–	–	(6,496)	–	–	–	–	(6,496)
At December 31, 2018	**1,438**	**10,870**	**1,665**	**1,024,936**	**1,623,701**	**80,926**	**9,769**	**13,781**	**2,767,086**
Adoption of SFRS(I) 16 (Note 2)	**–**	**(3,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,000)**
As at January 1, 2019	**1,438**	**7,870**	**1,665**	**1,024,936**	**1,623,701**	**80,926**	**9,769**	**13,781**	**2,764,086**
Additions	**–**	**786**	**–**	**70**	**603**	**8,923**	**735**	**17,249**	**28,366**
Acquisition of subsidiaries (Note 45)	**56,256**	**27,694**	**–**	**–**	**–**	**293,950**	**–**	**20,369**	**398,269**
Written off	**–**	**–**	**–**	**(1)**	**–**	**(535)**	**(181)**	**–**	**(717)**
Disposals	**–**	**–**	**–**	**–**	**–**	**(610)**	**(130)**	**–**	**(740)**
Currency translation differences	**(3,753)**	**(2,293)**	**(134)**	**(82,689)**	**–**	**(18,228)**	**(143)**	**(1,852)**	**(109,092)**
Reclassification	**–**	**100**	**–**	**874**	**–**	**16,114**	**228**	**(17,316)**	**–**
Reversal of decommissioning cost [1]	**–**	**–**	**–**	**(6,997)**	**–**	**–**	**–**	**–**	**(6,997)**
At December 31, 2019	**53,941**	**34,157**	**1,531**	**936,193**	**1,624,304**	**380,540**	**10,278**	**32,231**	**3,073,175**
Accumulated depreciation:									
At January 1, 2018	–	6,127	451	250,223	188,573	68,768	8,325	–	522,467
Depreciation charge	–	563	43	16,739	75,620	1,807	712	–	95,484
Written off	–	–	–	(2)	–	(3)	(52)	–	(57)
Disposals	–	–	–	–	–	–	(41)	–	(41)
Currency translation differences	–	–	(6)	(3,221)	–	–	(19)	–	(3,246)
At December 31, 2018	**–**	**6,690**	**488**	**263,739**	**264,193**	**70,572**	**8,925**	**–**	**614,607**
Adoption of SFRS(I) 16 (Note 2)	**–**	**(1,911)**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,911)**
As at January 1, 2019	**–**	**4,779**	**488**	**263,739**	**264,193**	**70,572**	**8,925**	**–**	**612,696**
Depreciation charge	**–**	**2,089**	**41**	**15,620**	**54,199**	**56,698**	**614**	**–**	**129,261**
Written off	**–**	**–**	**–**	**(1)**	**–**	**(535)**	**(181)**	**–**	**(717)**
Disposals	**–**	**–**	**–**	**–**	**–**	**(421)**	**(120)**	**–**	**(541)**
Currency translation differences	**–**	**47**	**(40)**	**(21,711)**	**–**	**(517)**	**(116)**	**–**	**(22,337)**
At December 31, 2019	**–**	**6,915**	**489**	**257,647**	**318,392**	**125,797**	**9,122**	**–**	**718,362**
Carrying amount:									
At December 31, 2019	**53,941**	**27,242**	**1,042**	**678,546**	**1,305,912**	**254,743**	**1,156**	**32,231**	**2,354,813**
At January 1, 2019	1,438	3,091	1,177	761,197	1,359,508	10,354	844	13,781	2,151,390
At December 31, 2018	1,438	4,180	1,177	761,197	1,359,508	10,354	844	13,781	2,152,479

[1] This relates to the movement in the provision for decommissioning costs during the financial year (Note 22).
[2] Included in this category is a carrying amount of $9,275,000 (2018: $9,126,000) which pertains to plant and machinery related to the interconnector with useful lives ranging from 3 to 40 years.
[3] Included in this category is a carrying amount of $6,557,000 (2018: $8,292,000) which pertains to plant and machinery under the gas segment with useful lives ranging from 14 to 25 years.

Certain property, plant and equipment with carrying amount of $1,056,841,000 (2018: $779,250,000) are pledged as security for borrowings (Note 20).

7. Right-Of-Use Assets

The group leases several leasehold land and buildings, plant and equipment, computers, vehicles, furniture, fittings and equipment. The average lease term ranges from 1 to 46 years.

Certain leases for computers, vehicles, furniture, fittings and equipment, retail spaces and an office building expired during the year and were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of $1,773,000 in 2019.

	Building and leasehold land $'000	Computers, vehicles, furniture, fittings and equipment $'000	Total $'000
Group			
Cost:			
At January 1, 2019 (Adoption of SFRS (I) 16)	38,193	9,297	47,490
Acquisition of a subsidiaries (Note 45)	57,478	30,319	87,797
Additions	1,107	666	1,773
Currency translation differences	(3,729)	(947)	(4,676)
At December 31, 2019	93,049	39,335	132,384
Accumulated depreciation:			
At January 1, 2019 (Adoption of SFRS(I) 16)	1,911	–	1,911
Depreciation charge	8,627	6,366	14,993
Currency translation differences	(168)	52	(116)
At December 31, 2019	10,370	6,418	16,788
Carrying amount:			
At December 31, 2019	82,679	32,917	115,596

Interest expense on lease liabilities of $3,852,000 was recognised in profit or loss.

The total cash outflow for leases amount to $12,746,000.

8. Intangibles

	2019 $'000	2018 $'000
Goodwill arising on consolidation	834,710	437,300
Concession arrangements	23,297	26,556
Customer contracts and relationships	116,195	54,902
Software	9,761	–
Other identifiable intangibles	1,378	–
	150,631	81,458
	985,341	518,758

8. Intangibles (continued)

Movements during the year are as follow:

	Goodwill $'000	Concession arrangements $'000	Customer contracts and relationships $'000	Software $'000	Other identifiable intangibles $'000	Total $'000
Cost:						
At January 1, 2018	437,300	38,234	176,315	–	–	651,849
Currency translation differences	–	–	(538)	–	–	(538)
At December 31, 2018	**437,300**	**38,234**	**175,777**	**–**	**–**	**651,311**
Acquisition of subsidiaries (Note 45)	**431,465**	**–**	**88,972**	**13,001**	**1,421**	**534,859**
Additions	**–**	**–**	**–**	**3,028**	**190**	**3,218**
Disposal	**–**	**–**	**–**	**(824)**	**–**	**(824)**
Currency translation differences	**(34,055)**	**–**	**(9,198)**	**(859)**	**(89)**	**(44,201)**
At December 31, 2019	**834,710**	**38,234**	**255,551**	**14,346**	**1,522**	**1,144,363**
Accumulated amortisation:						
At January 1, 2018	–	8,419	116,285	–	–	124,704
Amortisation	–	3,259	4,737	–	–	7,996
Currency translation differences	–	–	(147)	–		(147)
At December 31, 2018	**–**	**11,678**	**120,875**	**–**	**–**	**132,553**
Amortisation	**–**	**3,259**	**19,885**	**5,520**	**149**	**28,813**
Disposal	**–**	**–**	**–**	**(805)**	**–**	**(805)**
Currency translation differences	**–**	**–**	**(1,404)**	**(130)**	**(5)**	**(1,539)**
At December 31, 2019	**–**	**14,937**	**139,356**	**4,585**	**144**	**159,022**
Carrying amount:						
At December 31, 2019	**834,710**	**23,297**	**116,195**	**9,761**	**1,378**	**985,341**
At December 31, 2018	437,300	26,556	54,902	–	–	518,758

(a) Goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into three business segments, Distribution & Network, Waste & Water and Energy. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition and Ixom Acquisition was allocated to the Distribution & Network business segment.

In 2015, the Trust acquired the business of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets.

As disclosed in Note 45, during the year, the Trust acquired the Ixom Group, which principal activities include manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries.

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Carrying amount $'000	Terminal growth rate %	Pre-tax discount rate %
Group			
2019			
Distribution & Network:			
City Gas	**379,497**	**1.8**	**8.0**
Basslink	**51,899**	**N/A**	**6.4**
Ixom	**403,314**	**2.5**	**11.6**
2018			
Distribution & Network:			
City Gas	379,497	2.0	8.0
Basslink	57,803	N/A	6.9

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs and ability to secure adequate banking facilities during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager for the next five years for Ixom and for a period of more than five years for City Gas and Basslink as City Gas is currently the sole producer and retailer of town gas and Basslink has a long-term contract with its major customer.

Sensitivity analysis
Based on the value in use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2019		2018	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Distribution & Network:				
City Gas	**(90,939)**	**126,568**	(87,060)	124,194
Basslink	**(183,987)**	**248,812**	(170,568)	228,192
Ixom	**(120,156)**	**157,091**	–	–

For Ixom, if the discount rate used as detailed above increases by 1 percentage point, the recoverable amount is likely to be $28,788,000 below the carrying amount of the CGU.

For other CGUs, any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior years.

(b) Concession arrangements, customer contracts and relationships
The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 4.67 to 14.84 years (2018 : 5.67 to 15.84 years).

The intangible assets recognised on customer contracts were in relation to contractual agreements that two of the subsidiaries have with their sole customer, as well as contracts entered into between a subsidiary and its long-time customers. These have remaining amortisation period of 1.39 to 26.35 years (2018 : 6.96 to 27.35 years).

9. Investment in Subsidiaries

	Trust	
	2019 $'000	2018 $'000
Investments, at cost	**863,236**	844,287
Advances to subsidiaries	**1,052,575**	539,244
Less: Allowance for impairment	**(610,246)**	(582,300)
	1,305,565	801,231
Movement in allowance account:		
Beginning of year	**582,300**	533,500
Charge for the year	**27,946**	48,800
End of year	**610,246**	582,300

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. They are unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at the end of financial year are as follows:

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2019 %	2018 %
City Gas Pte Ltd[1a] [1c]	Trustee of City Gas Trust (Singapore)	**100**	100
City Gas Trust[1a]	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	**100**	100
SingSpring Pte Ltd[1a] [1c]	Trustee of SingSpring Trust (Singapore)	**100**	100
SingSpring Trust[1a]	Operation of a seawater desalination plant (Singapore)	**70**	70
CityLink Investments Pte Ltd[1a] [1c]	Investment holding (Singapore)	**100**	100
CitySpring Capital Pte Ltd[1a] [1c]	Provision of financial and treasury services (Singapore)	**100**	100
CityDC Pte. Ltd.[1a] [1c]	Investment holding (Singapore)	**100**	100
Keppel Merlimau Cogen Pte Ltd[1a]	Tolling arrangement for a power plant (Singapore)	**51**	51
Senoko Waste-To-Energy Pte Ltd[1a] [1c]	Trustee of Senoko Trust (Singapore)	**100**	100
Senoko Trust[1a]	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
Keppel Seghers NEWater Development Co Pte Ltd[1a] [1c]	Trustee of Ulu Pandan Trust (Singapore)	**100**	100
Ulu Pandan Trust[1a]	Collection, purification and distribution of water (Singapore)	**100**	100
Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd[1a] [1c]	Trustee of Tuas DBOO Trust (Singapore)	**100**	100
Tuas DBOO Trust[1a]	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
City-OG Gas Energy Services Pte Ltd[1a] [1c]	Retailing of natural gas and related activities (Singapore)	**51**	51
IX Holdings Pte Ltd[1a] [1c]	Investment holding (Singapore)	**100**	100
Nexus Australia Management Pty Ltd*[1c]	Trustee (Australia)	**100**	100
Coral Holdings Australia Pty Ltd*[1b]	Investment holding (Australia)	**100**	100
Premier Finance Trust Australia*[1b]	Finance trust (Australia)	**100**	100
Nexus Investments Australia Pty Ltd* [1c]	Investment holding (Australia)	**100**	100

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2019 %	2018 %
Basslink Australia GP Pty Ltd*(1c)	Investment holding (Australia)	**100**	100
Basslink Australia LLP*(1c)	Investment holding (Australia)	**100**	100
Basslink Pty Ltd*(1b)	Operation of subsea electricity interconnector (Australia)	**100**	100
Basslink Telecoms Pty Ltd*(1b)	Operation of telecom business (Australia)	**100**	100
Basslink Holdings Pty Ltd*(1c)	Investment holding (Cayman Islands)	**100**	100
IX Infrastructure Pty Ltd(1b)	Investment holding (Australia)	**100**	100
Ixom HoldCo Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Holdings Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom Operations Pty Ltd^(1b) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Australia)	**100**	–
Ixom Finance Pty Ltd^(1b) (2)	Provision of financial and treasury services (Australia)	**100**	–
Bronson & Jacobs Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Ixom International Holdings Pty Ltd^(1b) (2)	Investment holding (Australia)	**100**	–
Bronson & Jacobs (S.E. Asia) Pte Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Singapore)	**100**	–
Bronson & Jacobs (H.K.) Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Hong Kong)	**100**	–
PT Bronson & Jacobs Indonesia^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Indonesia)	**100**	–
Bronson & Jacobs (Malaysia) Sdn Bhd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Malaysia)	**100**	–
Bronson & Jacobs International Company Ltd^(1c) (2) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Thailand)	**49**	–
Bronson & Jacobs (Shanghai) International Trading Co Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**100**	–
Ixom Peru SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Peru)	**100**	–
Active Chemicals Chile SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**100**	–
Ixom Argentina SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Argentina)	**100**	–
Miex UK Limited^(1c) (2)	Sale of water treatment infrastructure and facilities and related services (UK)	**100**	–
Ixom Watercare Inc^(1c) (2)	Sale of water treatment infrastructure and facilities and related services (USA)	**100**	–
Ixom Colombia SAS^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Colombia)	**100**	–
Ixom Finance New Zealand Limited^(1c) (2)	Provision of financial and treasury services (New Zealand)	**100**	–
Ixom Chile SA^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**100**	–
Ixom Brasil Produtos Quimicos Ltda^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**100**	–
Forbusi Importadora e Exportadora Ltda^(1c) (6)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**100**	–

9. Investment in Subsidiaries (continued)

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
Central Pacific Chemicals Ltd^(1c)(2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Fiji)	**100**	–
Ixom Chemicals Trading Agency (Beijing) Co. Ltd^(1c) (2)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**100**	–

* Collectively known as Basslink.
^ Collectively known as Ixom.
(1a) Audited by Deloitte & Touche LLP, Singapore.
(1b) Audited by Deloitte Touche Tohmatsu, Australia for the Group's consolidation purpose.
(1c) Not material for the Group's consolidation purpose.
(2) These companies were acquired during the financial year.
(3) Management has determined the existence of control, based on the right to appoint and remove a majority of board members and the relevant activities are determined based on simple majority votes.

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting rights held by NCI	
		2019 %	2018 %
SingSpring Trust	Singapore	**30**	30
Keppel Merlimau Cogen Pte Ltd	Singapore	**49**	49
Bronson & Jacobs International Company Ltd	Thailand	**51**	–

Summarised financial information of subsidiaries with material NCI

Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	**26,541**	27,730
Current liabilities	**(15,739)**	(14,740)
Net current assets	**10,802**	12,990
Non-current assets	**107,879**	120,384
Non-current liabilities	**(102,060)**	(111,187)
Net non-current assets	**5,819**	9,197
Net assets	**16,621**	22,187
Equity attributable to unitholders of the Trust	**11,635**	15,531
NCI	**4,986**	6,656

Summarised statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
Revenue	**37,385**	31,042
Profit before tax	**5,293**	5,638
Income tax expense	**(903)**	(962)
Profit after tax	**4,390**	4,676
Profit attributable to unitholders of the Trust	**3,073**	3,273
Profit attributable to NCI	**1,317**	1,403
Profit after tax	**4,390**	4,676
Other comprehensive income attributable to unitholders of the Trust	**31**	360
Other comprehensive income attributable to NCI	**13**	154
Other comprehensive income for the year	**44**	514
Total comprehensive income attributable to unitholders of the Trust	**3,104**	3,633
Total comprehensive income attributable to NCI	**1,330**	1,557
Total comprehensive income for the year	**4,434**	5,190
Dividends paid to NCI	**3,000**	1,785
Other summarised information		
Net cash from operating activities	**17,956**	19,625

Keppel Merlimau Cogen Pte Ltd

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	**79,570**	79,957
Current liabilities	**(747,254)**	(38,853)
Net current (liabilities)/assets	**(667,684)**	41,104
Non-current assets	**1,483,322**	1,533,126
Non-current liabilities	**(653,668)**	(1,332,899)
Net non-current assets	**829,654**	200,227
Net assets	**161,970**	241,331
Equity attributable to unitholders of the Trust	**84,883**	125,520
NCI	**77,087**	115,811

9. Investment in Subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI (continued)

Keppel Merlimau Cogen Pte Ltd (continued)

Summarised statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
Revenue	**125,816**	129,121
Loss before tax	**(84,796)**	(78,197)
Income tax credit	**3,814**	2,537
Loss after tax	**(80,982)**	(75,660)
Loss attributable to unitholders of the Trust	**(41,464)**	(38,712)
Loss attributable to NCI	**(39,518)**	(36,948)
Loss after tax	**(80,982)**	(75,660)
Other comprehensive income attributable to unitholders of the Trust	**827**	3,308
Other comprehensive income attributable to NCI	**794**	3,178
Other comprehensive income for the year	**1,621**	6,486
Total comprehensive income attributable to unitholders of the Trust	**(40,637)**	(35,404)
Total comprehensive income attributable to NCI	**(38,724)**	(33,770)
Total comprehensive income for the year	**(79,361)**	(69,174)
Other summarised information		
Net cash from operating activities	**9,904**	8,284

Bronson & Jacobs International Company Ltd

Summarised statement of financial position

	2019 $'000
Current assets	**12,637**
Current liabilities	**(3,088)**
Net current assets	**9,549**
Non-current assets	**687**
Net assets	**10,236**
Equity attributable to unitholders of the Trust	**5,016**
NCI	**5,220**
Summarised statement of profit or loss and other comprehensive income	
Revenue	**25,748**
Profit before tax	**3,270**
Income tax credit	**(682)**
Profit after tax	**2,588**
Profit attributable to unitholders of the Trust	**1,264**
Profit attributable to NCI	**1,324**
Profit after tax	**2,588**
Other comprehensive income attributable to unitholders of the Trust	**392**
Other comprehensive income attributable to NCI	**407**
Other comprehensive income for the year	**799**
Total comprehensive income attributable to unitholders of the Trust	**1,656**
Total comprehensive income attributable to NCI	**1,731**
Total comprehensive income for the year	**3,387**
Other summarised information	
Net cash from operating activities	**1,472**

Impairment testing of investment in subsidiaries

The Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries and no impairment was recognised except for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts") and Keppel Merlimau Cogen Pte Ltd ("KMC")
On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of $729 million via the issue of 1,326,319,374 new units for acquisition (Crystal Assets Acquisition).The purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of $510 million was financed by an equity fund raising, of which $255 million was paid to the vendor and $255 million was injected via Qualifying Project Debt Securities ("QPDS") Notes.

The service concessions of the subtrusts (Note 13) and KMC's plant have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession periods and plant life, respectively.

The Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts and KMC against their recoverable amounts and allowances for impairment of $20.8 million (2018 : $21.2 million), $2.7 million (2018 : $5.0 million) and $4.5 million (2018 : $18.5 million) were recognised in profit or loss for the investments in Senoko Trust, Ulu Pandan Trust and KMC respectively. There was no allowance for impairment recognised in profit or loss for the investments in Tuas DBOO Trust (2018: $4.1 million).

The recoverable amount was determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subtrusts and KMC. The growth rates of 2.0% (2018 : 2.0%) per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 4.67 to 14.84 years (2018 : 5.67 to 15.84 years) for the subtrusts and 21.5 years (2018 : 22.5 years) for KMC based on the current contractual agreements with the major customers. The discount rates used was 4.70% (2018 : 5.10% to 5.85%) per annum for the subtrusts and 4.92% (2018 : 5.10%) per annum for KMC.

Sensitivity analysis
Based on the value in use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2019		2018	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Senoko Trust	**(4,554)**	**4,742**	(6,500)	6,812
Ulu Pandan Trust	**(1,511)**	**1,597**	(1,845)	1,960
Tuas DBOO Trust	**(7,367)**	**8,134**	(7,736)	8,588
Keppel Merlimau Cogen Pte Ltd	**(111,383)**	**126,931**	(116,648)	133,468

9. Investment in Subsidiaries (continued)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2019	2018
Collection and treatment of solid waste to generate green energy	Singapore	2	2
Collection, purification and distribution of water	Singapore	1	1
Investment holding	Singapore	3	3
Production and retail of town gas, retail of natural gas and sales of gas appliances	Singapore	1	1
Provision of financial and treasury services	Singapore	1	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Singapore	1	-
Trustee	Singapore	5	5
Provision of financial and treasury services	Australia	1	-
Investment holding	Australia	10	5
Operation of subsea electricity interconnector	Australia	1	1
Operation of telecom business	Australia	1	1
Finance trust	Australia	1	1
Trustee	Australia	1	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Australia	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	China	2	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Chile	2	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Brazil	2	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Peru	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Colombia	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Argentina	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Hong Kong	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Indonesia	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Malaysia	1	-
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Fiji	1	-
Investment holding	Cayman Islands	1	1
Provision of financial and treasury services	New Zealand	1	-
Construction and sale of water treatment infrastructure and facilities	United Kingdom	1	-
Construction and sale of water treatment infrastructure and facilities	United States of America	1	-
		47	23

10. Investment in and Advances to Joint Venture

	Group	
	2019 $'000	2018 $'000
Cost of investment in joint venture [1]	–	510
Advances to joint venture [2]	–	19,480
	–	19,990
Share of post-acquisition reserves, net of dividend received	–	19
Total	–	20,009

[1] This joint venture, DataCentre One Pte Ltd, is incorporated in Singapore and is in the business of developing and owning data centres. The Group jointly controlled the venture with another partner under the contractual agreement which requires unanimous consent for all major decisions over the relevant activities. The joint venture is accounted for using the equity method in the consolidated financial statements and is audited by Deloitte & Touche LLP Singapore.

The Group has divested its 51% interest in the ownership and voting rights in the joint venture on October 31, 2019.

[2] Advances to the joint venture are quasi-equity loans which represent an extension of investment in the joint venture. It is unsecured and interest-free. The loan was settled during the financial year.

Summarised financial information in respect of DataCentre One Pte Ltd based on its financial statements prepared in accordance with SFRS(I), and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised statement of financial position

	2019 $'000	2018 $'000
Current assets	–	7,572
Non-current assets	–	106,184
Current liabilities	–	(6,896)
Non-current liabilities	–	(67,627)
Net assets	–	39,233
Proportion of the Group's ownership	–	51%
Group's share of net assets	–	20,009

The above amount of assets and liabilities include the following:

	2019 $'000	2018 $'000
Cash and cash equivalents	–	5,707
Current financial liabilities (excluding trade and other payables and provisions)	–	(4,898)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(66,965)

Summarised statement of profit or loss and other comprehensive income

	2019[3] $'000	2018 $'000
Revenue	**15,269**	18,324
Profit before tax	**7,639**	9,500
Income tax expense	**(1,086)**	(1,971)
Profit after tax	**6,553**	7,529
Other comprehensive income	**–**	984
Total comprehensive income	**6,553**	8,513
The above profit for the year include the following:		
Interest income	**66**	53
Depreciation	**(4,044)**	(4,852)
Interest expense	**(2,955)**	(2,867)

[3] For the 10-month period ended October 31, 2019

11. Notes Receivables

	2019 $'000	2018 $'000
Notes issued by subsidiaries	**775,712**	775,712

(a) The notes receivable of $195,570,000 (2018: $195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% (2018: 13.0%) per annum.

(b) The notes receivable of $35,000,000 (2018: $35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% (2018: 6.5%) per annum.

(c) The notes receivables of $152,398,000 (2018 : $152,398,000), $91,473,000 (2018: $91,473,000) and $46,271,000 (2018: $46,271,000) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the notes is 6.0% (2018 : 6.0%) per annum, payable semi-annually.

(d) The notes receivable of $255,000,000 (2018: $255,000,000) from a subsidiary mature in Year 2040, with fixed interest rate of 17.5% (2018: 17.5%) per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity dates.

The Trustee-Manager estimates that the carrying value of the notes receivables approximate their fair value as these notes may be redeemed at par prior to their maturity dates on any interest payment date.

For the purpose of impairment assessment, the notes receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for the factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default of each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

12. Amount Receivable from a Subsidiary

Amount receivable from a subsidiary is non-trade related, unsecured, repayable in 2024, and bears interest at margin plus 1-month SOR. The weighted average effective interest rate on the amount receivable approximates 2.54% (2018: 2.07%) per annum. The Trustee-Manager estimates that the carrying value of the amount receivable from a subsidiary approximate its fair value as the loan amount receivable bears interest at floating rates.

For the purpose of impairment assessment, the amount receivable from a subsidiary is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amount receivable from a subsidiary since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiary, adjusted for the factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amount receivable.

13. Service Concession Receivables

	Group	
	2019 $'000	2018 $'000
Service concession receivables	**332,228**	378,758
Less: Due within 12 months	**(47,856)**	(46,537)
Due after 12 months	**284,372**	332,221

This relates to service concession receivables from the following plants:

(a) Senoko Plant
A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the subtrust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading work was completed in September 2016, increasing capacity to 2,310 tonnes per day. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant
A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant
A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m3 of NEWater daily. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% (2018: 2.50% to 4.68%) per annum were used to discount the future expected cash flows.

Service concession receivable balances are secured over the period of the service concession arrangements. For the purpose of impairment assessment, service concession receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for service concession receivables.

14. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	2019 $'000	2018 $'000
Minimum finance lease receivables:		
Not later than one year	**13,182**	13,147
Later than one year but not later than five years	**52,622**	52,622
Later than five years	**12,845**	25,837
Total minimum lease receivables	**78,649**	91,606
Less: Future finance income	**(9,652)**	(12,729)
Present value of minimum lease receivables	**68,997**	78,877
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**95,259**	105,139
Less: Present value of finance lease receivables not later than one year	**(10,487)**	(10,069)
Non-current financial lease receivables	**84,772**	95,070

The present value of the finance lease receivables is analysed as follows:

	2019 $'000	2018 $'000
Not later than one year	**10,487**	10,069
Later than one year but not later than five years	**46,123**	44,383
Later than five years	**12,387**	24,425
Present value of minimum lease receivables	**68,997**	78,877

The finance lease receivables relate to the lease arrangement under a Water Purchase Agreement ("WPA").

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% (2018: 3.91%) per annum.

In accordance with SFRS(I) 16 *Leases*, the WPA is a lease arrangement and is classified as a finance lease.

The desalination plant is pledged for certain borrowings (Note 20).

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal to lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the Group considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

15. Other Assets

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Deposits	**329**	238	**–**	–
Prepayments	**173,750**	182,746	**15**	14
Deferred lease expenses	**–**	91	**–**	–
Others	**6,322**	3,892	**–**	–
	180,401	186,967	**15**	14
Less: Current portion	**(31,308)**	(22,182)	**(15)**	(14)
Non-current portion	**149,093**	164,785	**–**	–

Included in the prepayments balance is an amount of $164,013,000 (2018: $179,146,000) arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party. The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

For the purpose of impairment assessment, other assets excluding prepayment are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

16. Cash and Bank Deposits

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Cash and bank deposits	**470,093**	231,603	**215,275**	26,116
Less: Restricted cash	**(24,803)**	(51,898)		
Cash and cash equivalents in the consolidated statement of cash flows	**445,290**	179,705		

Included in the restricted cash is the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Also included in the Group's restricted cash is the insurance proceeds in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Short-term deposits are made for an average period of 2 months (2018: 2 months). The weighted average effective interest rate for the Group and Trust were 0.86% (2018: 0.87%) and 0.74% (2018 : 0.67%) per annum respectively.

17. Trade and Other Receivables

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade receivables:				
- Third parties	**198,760**	45,925	**–**	309
- Related parties	**4,686**	15,868	**–**	–
Unbilled receivables	**60,403**	80,214	**–**	–
Less: Allowance for impairment (third parties)	**(2,903)**	(1,235)	**–**	(309)
Trade receivables - net	**260,946**	140,772	**–**	–
Other receivables	**8,140**	10,757	**1,091**	1,733
Interest receivable	**272**	233	**–**	9
Amounts due from related parties (non-trade)	**527**	25	**520**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**7,335**	12,042
	269,885	151,787	**8,946**	13,784

Trade receivables
Trade receivables are non-interest bearing and are generally receivable on 30 to 90 (2018: 30 to 60) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). For the purpose of impairment assessment, the trade receivables excluding City Gas Trust's ("CGT") and Ixom's receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

For the trade receivables of CGT and Ixom, the ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(i) For CGT's receivables, the Group has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

(ii) For Ixom's receivables, as at December 31, 2019, expected credit loss rates vary from 0.0% for receivables overdue from 0 day to 16.4% for receivables overdue over 90 days.

For Basslink's receivables, which are in dispute, the Trustee-Manager is of view that the receivables are recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Other receivables
Included in other receivables is a portion of costs incurred to repair the Basslink Interconnector which the Group expects to recover from the insurer.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts due from related parties and subsidiaries (non-trade)
These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from related parties and subsidiaries are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the financial position of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Trustee-Manager determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance to SFRS(I) 9:

	Lifetime ECL - credit-impaired $'000
Group	
Balance as at January 1, 2018	979
Amounts written off as customers' accounts were 360 days past due as at December 31, 2018	(501)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	757
Balance as at December 31, 2018	**1,235**
Acquisition of subsidiaries (Note 45)	**2,780**
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	**(686)**
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**(119)**
Currency translation differences	**(307)**
Balance as at December 31, 2019	**2,903**
Trust	
Balance as at January 1, 2018	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	309
Balance as at December 31, 2018	**309**
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	**(309)**
Balance as at December 31, 2019	**–**

18. Derivative Financial Instruments

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Group				
2019				
Cash flow hedges:				
- Foreign currency forward	*	**$127.3million***	**887**	**2,902**
- Interest rate swaps	**1.43% - 4.85%**	**$1,901million**	**-**	**149,717**
			887	**152,619**
Less: Current portion			**(847)**	**(25,589)**
Non-current portion			**40**	**127,030**
Fair value through profit or loss:				
- Commodity Swap	**USD340/mt**	**9,914.30mt**	**–**	**411**
Less: Current portion			**–**	**–**
Non-current portion			**–**	**411**
2018				
Cash flow hedges:				
- Foreign currency forward	*	$17.9million*	69	–
- Interest rate swaps	1.68% - 4.85%	$1,650.1 million	52	116,113
			121	116,113
Less: Current portion			(52)	(16,622)
Non-current portion			69	99,491
Fair value through profit or loss:				
- Commodity Swap	US$364/mt	2,048 mt	150	150
Less: Current portion			(150)	(150)
Non-current portion			–	–

* Foreign currency forward contracts are denominated in AUD, USD, EUR and GBP (2018: USD). The notional contract amount represents total notional amounts translated to SGD.

Trust				
2019				
Cash flow hedges:				
- Interest rate swap	**1.82%**	**$100.0 million**	**–**	**1,230**
Less: Current portion			**–**	**–**
Non-current portion			**–**	**1,230**
2018				
Cash flow hedges:				
- Interest rate swap	1.70%	$100.0 million	31	–
Less: Current portion			(31)	–
Non-current portion			–	–

Interest rate swaps
Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group and Trust to receive interest at floating rates on notional principal amounts and oblige the Group and Trust to pay interest at fixed rates on the same notional principal amounts. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2020 to Year 2031. The Group and Trust have entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Commodity swaps
This relates to a fuel swap contract entered into by a subsidiary to hedge a fixed price contract offered to a customer. Fair value gains and losses on the fuel hedge derivative liability and derivative asset are recognised in profit or loss.

Foreign currency forward
The Group entered into foreign currency forward contracts to hedge (a) certain highly probable forecasted foreign currency denominated purchases or sales, and (b) its exposure to foreign currency cashflow risk on its foreign currency service contracts. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the foreign currency forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying foreign exchange rates. Fair value gains and losses on the effective hedge portion of the forward contract is recognised in the hedging reserve and are transferred to profit or loss over the contract period.

19. Inventories

	Group	
	2019 $'000	2018 $'000
Fuel	**11,454**	11,884
Spare parts and accessories	**42,050**	47,240
Pipes and fittings	**116**	112
Chemical finished goods	**125,413**	–
Chemical raw materials	**19,739**	–
	198,772	59,236

Inventories written-down recognised as an expense and included in other operating expenses during the year amounted to $3,000 (2018: $2,000).

Inventories of $164,205,000 (2018 : $23,806,000) are pledged for certain borrowings (Note 20).

20. Borrowings

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current	**1,318,473**	1,034,565	**–**	147,609
Non-current	**793,180**	740,383	**99,783**	–
Total borrowings	**2,111,653**	1,774,948	**99,783**	147,609

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group		Trust	
	2019 %	2018 %	**2019 %**	2018 %
Borrowings	**4.53**	4.30	**2.67**	2.52

(a) A subsidiary has an A$717 million five-year senior, secured loan facility, provided by a group of lenders in 2014. Pursuant to the refinancing which was completed on November 25, 2019, the maturity date was extended by a year to November 27, 2020. The bank loan is secured by a charge over all the assets of, and the units and shares in, all of the entities in the subsidiary group. The carrying amount of the loan at the end of the financial year is $610,259,000 (2018: $700,056,000).

(b) The term loan is repayable in 2020 and secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. The carrying amount of the loan at the end of the financial year is $699,756,000 (2018: $699,266,000).

20. Borrowings (continued)

(c) Bank loans of $177,578,000 (2018: $177,952,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In prior year, the loans were repayable in February 2019. During the year, the Group successfully refinanced the loans, extending the maturity date till February 2024.

(d) The bank loans of $41,117,000 (2018: $50,065,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the Trustee-Manager of the subsidiary. Repayments commenced in 2007 and will continue until 2024.

(e) The Trust has a $200 million term loan and revolving credit facility. The Trust has an outstanding unsecured bank loan of $99,783,000 (2018 : $147,609,000) as at December 31, 2019. In prior year, the loan was repayable in February 2019 and is unsecured. During the year, the loan was partially repaid and successfully refinanced, extending the maturity date till February 2022.

(f) A subsidiary, Ixom, obtained an A$607.4 million five-year senior, secured loan facility from a group of lenders in February 2019. The bank loan is secured by a charge over all the assets of all of the entities in the subsidiary group. The outstanding bank loan as at December 31, 2019 was $483,160,000.

All borrowings impose certain covenants. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts. Total assets of the Group with carrying amount of $2,605 million (2018: $1,565 million) are pledged for certain borrowings.

Reconciliation of liabilities arising from financing activities
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	January 1, 2019 $ '000	**Financing cash flows [1] $ '000**	**Acquisition of subsidairies (Note 45) $ '000**	**Foreign exchange movement $ '000**	**Other changes [2] $ '000**	**December 31, 2019 $ '000**
Borrowings	**1,774,948**	**(7,780)**	**428,210**	**(89,340)**	**5,615**	**2,111,653**

				Non-cash changes		
	January 1, 2018 $ '000	Financing cash flows [1] $ '000		Foreign exchange movement $ '000	Other changes $ '000	December 31, 2019 $ '000
Borrowings	1,794,281	(14,134)		(8,994)	3,795	1,774,948

[1] The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

[2] Other changes include unamortised upfront fee.

21. Trade and Other Payables

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Trade payables:				
- Third parties	**158,911**	27,767	**–**	–
- Related parties	**5,880**	1,208	**–**	–
Other payables:				
- Third parties	**8,773**	4,334	**42**	43
- Trustee-Manager	**5,946**	2,207	**5,918**	2,146
- Subsidiaries	**–**	–	**268**	257
- Related parties	**16,477**	8,837	**–**	–
Accruals	**43,408**	47,155	**378**	1,202
Interest payable	**13,076**	17,508	**–**	–
Customer deposit (Note 25)	**1,417**	1,541	**–**	–
Advance payments received	**23,947**	25,634	**–**	–
Refundable customer deposits	**40,898**	41,714	**–**	–
	318,733	177,905	**6,606**	3,648

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2018 : 30 to 60) days' terms.

22. Provisions

	Group	
	2019 $'000	2018 $'000
Current		
Employee entitlements	21,656	–
Provision for reinstatement cost	787	–
Others	792	–
	23,235	–
Non-current		
Employee entitlements	903	–
Provision for decommissioning costs	18,958	26,935
Provision for reinstatement cost	12,526	–
	32,387	26,935

Movements in the provision are as follows:

	Employee entitlements $'000	Decommissioning costs $'000	Reinstatement cost $'000	Others $'000	Total $'000
Balance as at January 1, 2018	–	32,886	–	–	32,886
Reversal (Note 6)	–	(6,496)	–	–	(6,496)
Unwinding of discounts (Note 37)	–	895	–	–	895
Currency translation differences	–	(350)	–	–	(350)
Balance as at December 31, 2018	–	26,935	–	–	26,935
Acquisition of subsidiaries (Note 45)	24,059	–	13,464	–	37,523
Reversal (Note 6)	–	(6,997)	–	–	(6,997)
Additions	5,774	–	1,091	812	7,677
Unwinding of discounts (Note 37)	–	713	29	–	742
Reduction arising from payment	(5,724)	–	(381)	–	(6,105)
Currency translation differences	(1,550)	(1,693)	(890)	(20)	(4,153)
Balance as at December 31, 2019	22,559	18,958	13,313	792	55,622

Employee entitlements

The provision represents annual leave, other short-term employee benefits and long service leave entitlements accrued by employees.

Decommissioning costs

This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs

At the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

The effects of the revision on depreciation charge and finance costs are as follows:

	2020 $'000	2021 $'000	2022 and beyond $'000
Decrease in depreciation charge	(136)	(136)	(6,725)
Decrease in finance costs	(17)	(12)	(16,987)
Total	(153)	(148)	(23,712)

Reinstatement cost

A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by management.

23. Lease Liabilities

	Group $'000
Maturity analysis:	
Year 1	17,416
Year 2	13,292
Year 3	11,862
Year 4	10,113
Year 5	8,724
Year 6 onwards	75,593
	137,000
Less: Unearned interest	(41,714)
	95,286
Analysed as:	
Current	13,786
Non-current	81,500

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury function.

The above represents leases for certain buildings, leasehold land, office premises and pipe rack of the Group. The weighted average incremental borrowing rate was 3.62% per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. These extension options are exercisable by the Group and not by the lessor.

24. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests.

1. The notes of $15,000,000 mature in Year 2025 and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum.

2. The notes of $245,000,000 mature in Year 2040, with a fixed rate of 17.5% per annum, payable quarterly.

   The notes are direct, unsecured, subordinated obligations of the subsidiaries and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

25. Other Payables (Non-Current)

	Group	
	2019 $'000	2018 $'000
Long term customer deposit	**40,289**	43,789
Advance payments received	**129,765**	144,046
Other payables	**76,319**	62,897
Total	**246,373**	250,732

Long term customer deposit

Long term customer deposit represents the A$50million (2018 : A$50 million) deposit equivalent to $46 million (2018 : $50 million) placed by a customer which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028.

Included in long term customer deposit is an amount of $14,574,000 (2018 : $17,397,000) which represents the difference between the fair value of this liability and the amount of the A$50.0 million deposit to be repaid, computed based on the present value of future payment discounted at the applicable interest rate of 5.87% (2018 : 5.87%) per annum. This is amortised to profit or loss, using the effective interest rate method, over the life of the agreement. The current portion of long term customer deposit is included in Note 21.

Advance payments received

This relates to amounts that have been received but services have not yet been rendered.

26. Defined Benefit Obligation

The Group participates in defined benefit post-employment plan that provide benefits to qualifying employees of its subsidiaries upon retirement in Australia and New Zealand. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries.

The plan in Australia and New Zealand typically exposes the Group to actuarial risks such as investment risk, interest rate risk and salary risk.

Investment risk	Strong investment returns tending to improve the balance sheet position, whilst poor or negative investment return tending to weaken the position.
Interest rate risk	The defined benefit obligation calculated uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	Higher than expected increases in salary will increase the defined benefit obligation.

The information within these financial statements has been prepared by the local plan's external actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Assumptions on Defined Benefit Obligation			
	Assumptions used		Change of assumptions	Impact $'000
	Australia	New Zealand		
Discount rate	2.55%	1.10%	+1%	(8,486)
			-1%	10,596
Expected rate of salary increase	2.50%	2.50%	+1%	1,040
			-1%	(962)
Mortality decrements	n/a	n/a	+1 year older	(1,190)
			-1 year younger	1,168

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised on the statement of financial position.

		Group	
		2019 $'000	2018 $'000
(i)	The amounts recognised on the statement of financial position in respect of the Group's defined benefit retirement benefit plans are determined as follows:		
	Present value of the funded defined benefit obligation	(78,878)	–
	Present value of the unfunded defined benefit obligation	(1,300)	–
	Present value of the defined benefit obligation	(80,178)	–
	Fair value of defined benefit plan assets	56,592	–
	Deficit	(23,586)	–
	Net liability recognised in the statement of financial position	(23,586)	–

26. Defined Benefit Obligation (continued)

		Group	
		2019 $'000	2018 $'000
(ii)	The amounts recognised in the profit or loss in respect of these defined benefit plans are as follows:		
	Service cost		
	Current service cost	936	–
	Net interest expense	324	–
	Total included staff costs	1,260	–
	The charge for the year is included in the staff costs in profit or loss.		
(iii)	Amounts included in other comprehensive income are as follows:		
	Actuarial (losses)/gains on defined benefit obligations:		
	Due to changes in financial assumptions	(12,479)	–
	Due to experience adjustments	(1,839)	–
	Total	(14,318)	–
	Return on plan assets greater than discount rate	2,775	–
	Re-measurement effects recognised in Other Comprehensive Income	(11,543)	–
(iv)	Changes in the present value of the defined benefit obligation are as follows:		
	Balance at the beginning of the year	–	–
	Acquired in business combination	69,514	–
	Current service cost	936	–
	Interest cost	1,571	–
	Contribution by plan participant	193	–
	Actuarial losses	14,317	–
	Benefits paid	(1,489)	–
	Administration expenses paid (including premiums)	(53)	–
	Foreign exchange difference	(4,811)	–
	Balance at the end of the year	80,178	–
	Changes in the fair value of plan assets are as follows:		
	Balance at the beginning of the year	–	–
	Acquired in business combination	56,885	–
	Interest income on plan assets	1,247	–
	Return of plan assets greater than discount rate	2,775	–
	Contribution by employer	781	–
	Contribution by plan participants	193	–
	Benefits paid	(1,489)	–
	Administration expenses paid	(53)	–
	Foreign exchange difference	(3,747)	–
	Balance at the end of the year	56,592	–

The fair value of the plan assets at the end of the financial year is analysed as follows:

	Group	
	2019 $'000	2018 $'000
Quoted in active markets:		
Equities	**27,228**	–
Debt securities	**12,931**	–
Property	**6,647**	–
Other quoted securities	**4,982**	–
Other:		
Cash and cash equivalents	**4,804**	–
	56,592	–

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets whereas the fair values of property and other unquoted securities are not based on quoted market prices in active markets.

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the fund. Apart from paying the costs of the entitlements, the group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

During the year, the Group made employer contributions of $0.8 million to the defined benefit plans. The Group's external actuaries have forecast total employer contributions to and benefit payments from defined benefit plans of $7.17 million for the forthcoming financial year.

Australia
The Ixom Defined Benefit Sub-Fund is a Sub-Fund of the Flexible Benefits Super Fund and provides defined benefits to a number of members, where the benefits are defined by final average salary and period of membership. The Fund is a final average salary defined benefit fund, with accumulation underpin guarantees for pre-1992 joiners. Benefits can be taken as a lump sum or lifetime pension (or a combination). The Sub-Fund is currently closed to new members and has a total of 40 active Defined Benefit members and 16 lifetime pensioners at year end.

New Zealand
Under a special purpose deed made between Ixom Operations Pty Ltd and Orica New Zealand Limited, separate notional assets are maintained within the Orica New Zealand Plan for members of the Plan who were employed by Ixom when Orica disposed of it, as at February 27, 2015. The objective is for the notional assets to broadly match the value of the accrued liabilities using the funding assumptions. The Sub-Fund is currently closed to new members and has a total of 17 active Defined Benefit members and nil lifetime pensioners at period end.

27. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

	Group	
	2019 $'000	2018 $'000
Movement in deferred tax account is as follows:		
Beginning of the year	**15,612**	18,159
Acquisition of subsidiaries (Note 45)	**21,009**	–
(Credited)/Charged to:		
- Profit or loss (Note 40)	**(11,932)**	(4,108)
- Equity (Note 40)	**(3,498)**	1,561
Currency translation differences	**(2,649)**	–
End of the year	**18,542**	15,612

27. Deferred Tax Liabilities (continued)

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Others $'000	Tax $'000
At January 1, 2018	21,435	19,323	16,801	57,559
Currency translation differences	(258)	(118)	(19)	(395)
Charged/(Credited) to:				
Profit or loss	1,140	(1,501)	181	(180)
At December 31, 2018	**22,317**	**17,704**	**16,963**	**56,984**
Currency translation differences	**(2,961)**	**(2,610)**	**(227)**	**(5,798)**
Acquisition of subsidiaries	**–**	**26,692**	**2,757**	**29,449**
Charged/(Credited) to;				
Profit or loss	**2,500**	**(6,338)**	**(1,723)**	**(5,561)**
At December 31, 2019	**21,856**	**35,448**	**17,770**	**75,074**

Deferred tax assets

	Allowance against assets $'000	Derivative financial instruments $'000	Recognised unutilised tax losses $'000	Others $'000	Total $'000
At January 1, 2018	(81)	(2,596)	(28,103)	(8,620)	(39,400)
Currency translation differences	–	–	292	103	395
Charged/(Credited) to					
- Profit or loss	(6)	–	(5,279)	1,357	(3,928)
- Equity	–	1,561	–	–	1,561
At December 31, 2018	**(87)**	**(1,035)**	**(33,090)**	**(7,160)**	**(41,372)**
Currency translation differences	**947**	**–**	**2,278**	**(76)**	**3,149**
Acquisition of subsidiaries	**(13,999)**	**–**	**(3,341)**	**8,900**	**(8,440)**
Charged/(Credited) to					
- Profit or loss	**(887)**	**–**	**(6,573)**	**1,089**	**(6,371)**
- Equity	**(3,350)**	**(148)**	**–**	**–**	**(3,498)**
At December 31, 2019	**(17,376)**	**(1,183)**	**(40,726)**	**2,753**	**(56,532)**

Net deferred tax liabilities

December 31, 2019	**18,542**
December 31, 2018	15,612

Unrecognised tax losses

The Group has unrecognised tax losses of approximately $341,024,000 (2018 : $352,962,000) to set off against future taxable income, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions

There are no income tax consequences attached to the distributions to the unitholders proposed by the Trust but not recognised as a liability in the financial statements for both 2019 and 2018 (Note 32).

28. Units in Issue

	Group and Trust			
	2019 Units	2018 Units	**2019 $'000**	2018 $'000
Beginning of year	**3,858,298,065**	3,857,378,731	**2,138,066**	2,137,538
Units issued for cash[1]	**1,135,583,997**	–	**492,002**	–
Units issued to the Trustee-Manager[2]	**509,007**	919,334	**239**	528
End of year	**4,994,391,069**	3,858,298,065	**2,630,307**	2,138,066

[1] On April 15, 2019, the Trust completed its equity fund raising ("Equity Fund Raising") to raise gross proceeds of $500,793,000 for the partial repayment of the facility agreement entered into by the Trustee-Manager to fund the Ixom Group Acquisition. The issuance cost was $8,791,000.

The Equity Fund Raising comprised (a) a placement of approximately 680.3 million new Units to institutional and other investors and (b) a non-renounceable underwritten preferential offering of approximately 455.3 million new Units to entitled Unitholders. The offering price was $0.441 per new unit.

[2] These units were issued to the Trustee-Manager as part of the payment for management and performance fees.

a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

(i) Receive income and other distributions attributable to the units held;

(ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

(iii) Receive audited accounts and the annual reports of the Trust.

b) The restrictions of a Unitholder include the following:

(i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and

(ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

29. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group		Trust	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of the year	**(200,226)**	(210,861)	**31**	(859)
Fair value (loss)/profit:				
Fair value (loss)/profit	**(58,708)**	(16,961)	**(1,261)**	359
Tax on fair value loss	**629**	2,364	**–**	–
	(58,079)	(14,597)	**(1,261)**	359
Transfer to profit or loss:				
Finance cost (Note 37)	**19,980**	22,990	**–**	531
Tax on transfers	**(481)**	(1,091)	**–**	–
	19,499	21,899	**–**	531
Non-controlling interests (net of tax)	**(807)**	3,333	**–**	–
	(239,613)	(200,226)	**(1,230)**	31

30. Capital Reserve

In prior years, the Group's subsidiary, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

31. Perpetual Securities

On June 12, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 001 Securities) with principal amount of $200,000,000 bearing distributions at a rate of 4.75% per annum under the $1,000,000,000 Multicurrency Debt Issuance Programme ("Programme").

On June 25, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 002 Securities") with principal amount of $100,000,000 bearing distributions at a rate of 4.75% per annum (to be consolidated and forming a single series with the existing $200,000,000 subordinated perpetual securities issued on June 12, 2019, under the Programme).

A total of $298,190,000, net of issuance costs of $1,810,000, was recognised in equity in relation to the two tranches of the Series 001 Securities. The rate of 4.75% per annum is subject to reset every ten years and a one-time step-up from and including the first reset date, being June 12, 2029 (the "First Reset Date").

The perpetual securities do not have a maturity date and bear distributions which are payable semi-annually. Subject to the terms and conditions of the perpetual securities, the Trust may, at its full discretion, elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. Accordingly, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Disclosure and Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

These perpetual securities were issued for the Trust's general corporate purposes as well as investing activities.

Details of the distributions to the perpetual securities holders are as follows:

	2019 $'000
Profit for the year attributable to the perpetual securities holders	**7,757**
Distributions paid during the year	**(6,976)**
Amount unpaid as at December 31, 2019	**781**

32. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

	Group and Trust	
	2019 $'000	2018 $'000
For the period from October 1, 2017 to December 31, 2017 - 0.93 cents per unit	**–**	35,873
For the period from January 1, 2018 to March 31, 2018 - 0.93 cents per unit	**–**	35,881
For the period from April 1, 2018 to June 30, 2018 - 0.93 cents per unit	**–**	35,881
For the period from July 1, 2018 to September 30, 2018 - .93 cents per unit	**–**	35,883
For the period from October 1, 2018 to December 31, 2018 - 0.93 cents per unit	**35,883**	–
For the period from January 1, 2019 to March 24, 2019 - 0.86 cents per unit	**33,094**	–
For the period from March 25, 2019 to March 31, 2019 - 0.0723 cents per unit	**3,611**	–
For the period from April 1, 2019 to June 30, 2019 - 0.93 cents per unit	**46,448**	–
For the period from July 1, 2019 to September 30, 2019 - 0.93 cents per unit	**46,448**	–
	165,484	143,518
The following distributions have been declared after the financial year end but not recognised as a liability		
Distribution of 0.93 cents per unit for the period from October 1, 2018 to December 31, 2018	–	35,883
Distribution of 0.93 cents per unit for the period from October 1, 2019 to December 31, 2019	46,448	–

33. Revenue

	Group			
	Distribution & Network $'000	Waste & Water $'000	Energy $'000	Total $'000
2019				
Segment Revenue				
Sale of goods	**1,222,053**	**–**	**–**	**1,222,053**
Service income	**102,493**	**10,208**	**100,598**	**213,299**
Finance income from service concession arrangements	**–**	**12,289**	**–**	**12,289**
Finance lease income	**–**	**2,904**	**–**	**2,904**
Operation and maintenance income	**16,030**	**74,922**	**25,218**	**116,170**
	1,340,576	**100,323**	**125,816**	**1,566,715**
2018				
Segment Revenue				
Sale of goods	341,403	–	–	341,403
Service income	73,349	10,498	104,004	187,851
Finance income from service concession arrangements	–	13,552	–	13,552
Finance lease income	–	3,463	–	3,463
Operation and maintenance income	–	66,001	25,117	91,118
	414,752	93,514	129,121	637,387
2019				
Timing of revenue recognition				
At a point in time:				
Sale of goods	**1,222,053**	**–**	**–**	**1,222,053**
Over time:				
Service income	**102,493**	**10,208**	**100,598**	**213,299**
Finance income from service concession arrangements	**–**	**12,289**	**–**	**12,289**
Finance lease income	**–**	**2,904**	**–**	**2,904**
Operation and maintenance income	**16,030**	**74,922**	**25,218**	**116,170**
	1,340,576	**100,323**	**125,816**	**1,566,715**
2018				
Timing of revenue recognition				
At a point in time:				
Sale of goods	341,403	–	–	341,403
Over time:				
Service income	73,349	10,498	104,004	187,851
Finance income from service concession arrangements	–	13,552	–	13,552
Finance lease income	–	3,463	–	3,463
Operation and maintenance income	–	66,001	25,117	91,118
	414,752	93,514	129,121	637,387

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

34. Other Income

	Group	
	2019 $'000	2018 $'000
Interest income	**4,027**	2,022
Other miscellaneous income	**4,127**	7,147
	8,154	9,169

35. Other Gains/(Losses) – Net

	Group	
	2019 $'000	2018 $'000
Fair value loss on derivative financial instruments	**(5,787)**	(13,275)
Exchange differences	**(1,485)**	(377)
Gain on disposal of joint venture	**44,796**	–
Others	**21**	2
	37,545	(13,650)

36. Staff Costs

	Group	
	2019 $'000	2018 $'000
Salaries and wages	**115,724**	22,887
Employer's contribution to defined contribution plans, including Central Provident Fund	**7,240**	2,706
Defined benefit plans (Note 26)	**1,260**	–
Defined benefit plans and other short-term benefits	**9,687**	1,785
	133,911	27,378

37. Finance Costs

	Group	
	2019 $'000	2018 $'000
Interest expense:		
- Bank borrowings	**69,606**	50,533
- Notes payable to non-controlling interests	**43,850**	43,850
Unwinding of discounts:		
- Provision for decommissioning costs and reinstatement cost (Note 22)	**742**	895
- Interest-free customer deposits	**1,493**	1,499
Cash flow hedges, transfer from hedging reserve (Note 29)	**19,980**	22,990
Debt amortisation (Note 20)	**5,615**	3,795
Others	**4,578**	107
	145,864	123,669

38. Trustee-Manager's Fees

	Group	
	2019 $'000	2018 $'000
Base fee	**2,588**	2,579
Performance fee	**12,618**	7,163
Acquisition fee	**10,663**	–
	25,869	9,742

Subsequent to the change in the trustee-manager in 2015, the Trustee-Manager's fees comprise:

1) A Base fee of $2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.

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

3) In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles.

Pursuant to the Group's divestment of its 51% interest in the joint venture (Note 10), a divestment fee of $515,000 was incurred and classified under "Other gains/(losses) - net".

39. Profit/(Loss) Before Tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	2019 $'000	2018 $'000
Auditors' remuneration of the Group and its subsidiaries:		
- auditors of the Group	1,098	382
- other auditors	89	–
Non-audit fees to:		
- auditors of the Group	188	77
Cost of inventories recognised as an expense	585,913	–
Short-term leases and leases of low value assets	1,725	1,791
Property, plant and equipment written off (Note 6)	–	3

40. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2019 and 2018 are:

	Group	
	2019 $'000	2018 $'000
Consolidated profit or loss:		
Current tax	18,569	4,151
Deferred tax (Note 27)	(11,932)	(4,108)
Income tax expense recognised in profit or loss	6,637	43
Consolidated statement of other comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Fair value (loss)/gain and reclassification adjustments on cash flow hedges (Note 27)	(3,498)	1,561

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the year ended December 31, 2019 and 2018 are as follows:

	Group	
	2019 $'000	2018 $'000
Profit/(loss) before tax	16,831	(2,315)
Tax calculated at a tax rate of 17%	2,861	(393)
Effect of:		
- Different tax rates in other countries	1,907	(2,065)
- Expenses not deductible for tax purposes	18,110	6,495
- Income not subject to tax	(19,506)	(8,898)
- Deferred tax assets not recognised	3,635	6,823
- Recognition of future deductible amounts allowable under overseas tax regime	(554)	(2,560)
- Adjustment recognised in the current year in relation to the current tax for prior year	1,390	262
- Others	(1,206)	379
	6,637	43

41. Earnings Per Unit

The calculation of basic and diluted earnings per unit is based on the weighted average number of units outstanding during the financial year and profit after tax attributable to the unitholders of the Trust.

	Group	
	2019	2018
Profit for the financial year attributable to unitholders of the Trust ($'000)	38,578	32,023
Weighted average number of units during the financial year	4,708,579,744	3,858,117,720
Basic and diluted earnings per unit (cents)	0.82	0.83

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

42. Operating Lease Arrangements and Capital Commitments

Operating lease arrangements

Group as a lessee

Disclosure required by SFRS(I) 16
At December 31, 2019, the group is committed to approximately $1,700,000 for short-term leases.

Disclosure required by SFRS(I) 1-17
The Group leased office premises and pipe rack under non-cancellable operating lease agreements. Minimum lease payment recognised as an expense in profit or loss for the year ended December 31, 2018 amounted to $2,756,000. The outstanding minimum lease payments under non-cancellable operating leases contracted for as at December 31, 2018 were as follows:

	Group 2018 $'000
Not later than one year	3,813
Later than one year but not later than five years	9,125
Later than five years	62,726
Total	75,664

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2019 $'000	2018 $'000
Property, plant and equipment	7,203	5,827

43. Segment Information

The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Distribution & Network: production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia and leasing of a data centre, manufacturing and distribution of chemical products and related services in Australia and New Zealand;
- Waste & Water: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Energy: tolling arrangement for the power plant in Singapore; and
- Corporate: investment holding, asset management and business development.

Information regarding the Trust's reportable segments for the years ended December 31, 2019, and December 31, 2018 are set out below:

	Energy		Distribution & Network			Waste & Water	Corporate	Total
	KMC $'000	City Gas $'000	Basslink $'000	Ixom $'000	DC One $'000	$'000	$'000	Group $'000
2019								
Revenue	125,816	343,189	82,202	915,185	–	100,323	–	1,566,715
(Loss)/profit before tax	(40,171)	47,648	(8,989)	(11,775)	–	21,586	8,532	16,831
Funds from operations [1]	41,699	45,982	7,931	49,281	6,383	79,287	(25,947)	204,616
Other segment items:								
Depreciation and amortisation	(76,948)	(3,975)	(16,874)	(68,121)	–	(7,149)	–	(173,067)
Fair value gain/(loss) on derivative financial instruments	–	(427)	(5,360)	–	–	–	–	(5,787)
Impairment loss on financial assets	–	(241)	–	–	–	–	14	(227)
Share of results of joint venture	–	–	–	–	3,342	–	–	3,342
Finance costs [2]	(64,438)	(5,302)	(43,925)	(23,854)	–	(2,589)	(5,756)	(145,864)

A reconciliation of funds from operations to profit/(loss) before tax is provided as follows:

	2019 $'000
Funds from operations	204,616
Reduction in concession/lease receivables	(55,894)
Non-cash finance cost	(7,820)
Other non-cash items	17,093
Depreciation and amortisation	(173,067)
Maintenance capital expenditure	26,010
Finance cost attributable to NCI	(43,850)
Funds from operations of joint venture	(6,383)
Funds from operations attributable to NCI	48,369
Distribution to perpetual securities holders	7,757
Profit before tax	16,831

	Energy		Distribution & Network			Waste & Water	Corporate	Total
	KMC $'000	City Gas $'000	Basslink $'000	Ixom $'000	DC One $'000	$'000	$'000	Group $'000
2019								
Segment and consolidated total assets	1,562,915	588,278	850,486	1,244,775	–	533,816	223,005	5,003,275
Segment liabilities	1,155,435	347,384	840,836	746,130	–	77,214	97,284	3,264,283
Unallocated liabilities:								
Current tax liabilities								6,281
Deferred tax liabilities								18,542
Consolidated total liabilities								3,289,106
Other segment items								
Additions to non-current assets[3]	42,527	4,018	4,613	24,330	–	2,359	–	77,847

43. Segment Information (continued)

	Energy	Distribution & Network			Waste & Water	Corporate	Total
	KMC $'000	City Gas $'000	Basslink $'000	DC One $'000	$'000	$'000	Group $'000
2018							
Revenue	129,121	347,629	67,123	–	93,514	–	637,387
(Loss)/profit before tax	(33,572)	37,043	(15,886)	–	22,611	(12,511)	(2,315)
Funds from operations [1]	45,141	35,257	10,397	7,419	78,653	(15,762)	161,105
Other segment items:							
Depreciation and amortisation	(75,699)	(2,764)	(17,962)	–	(7,055)	–	(103,480)
Fair value gain/(loss) on derivative financial instruments	–	8	(13,283)	–	–	–	(13,275)
Impairment loss on financial assets	–	(448)	–	–	–	(309)	(757)
Share of results of joint venture	–	–	–	3,840	–	–	3,840
Finance costs [2]	(63,139)	(5,830)	(47,920)	–	(2,959)	(3,821)	(123,669)

A reconciliation of funds from operations to (loss)/profit before tax is provided as follows:

	2019 $'000
Funds from operations	**161,105**
Reduction in concession/lease receivables	**(54,951)**
Non-cash finance cost	**(6,190)**
Other non-cash items	**(7,444)**
Depreciation and amortisation	**(103,480)**
Maintenance capital expenditure	**8,490**
Finance cost attributable to NCI	**(43,850)**
Funds from operations of joint venture	**(7,419)**
Funds from operations attributable to NCI	**51,424**
Loss before tax	**(2,315)**

	Energy	Distribution & Network			Waste & Water	Corporate	Total
	KMC $'000	City Gas $'000	Basslink $'000	DC One $'000	$'000	$'000	Group $'000
2018							
Segment and consolidated total assets	1,613,083	576,644	973,250	20,009	595,700	26,321	3,805,007
Segment liabilities	1,114,730	337,290	919,957	–	83,791	151,015	2,606,783
Unallocated liabilities:							
Current tax liabilities							4,356
Deferred tax liabilities							15,612
Consolidated total liabilities							2,626,751
Other segment items							
Additions to non-current assets[3]	–	697	7,780	–	25	–	8,502

[1] Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

[2] Excludes interest payable on notes issued by subsidiaries to the Trust.

[3] Comprises addition to property, plant and equipment, right-of-use assets and intangible assets.

The Group's Waste & Water, Energy and Corporate business segments operate in Singapore whilst the Distribution & Network segment mainly operates in both Singapore and Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets[1]	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Singapore	**521,765**	570,264	**1,788,099**	1,838,829
Australia	**686,169**	67,123	**1,422,873**	852,417
New Zealand	**173,392**	–	**97,385**	–
Others	**185,389**	–	**31,797**	–
	1,566,715	637,387	**3,340,154**	2,691,246

[1] Comprise property, plant and equipment, intangibles and investment in and advances to joint venture.

Revenue from Waste & Water segment of $100,323,000 (2018 : $93,514,000) was solely derived from the only customer of the respective subtrusts. For the Energy segment, revenue of $125,816,000 (2018 : $129,121,000) was derived from its only customer. For Distribution & Network segment, revenue from its major customer was $79,912,000 (2018 : $64,946,000).

44. Contingent Liability

Basslink Pty Ltd ("Basslink"), a wholly-owned subsidiary of the Group, operates a subsea electricity interconnector ("Interconnector") between the electricity grids of the States of Tasmania and Victoria in Australia.

On December 20, 2015, the Interconnector was taken out of service due to a cable fault incident. The cable returned to service on June 13, 2016. The customer, Hydro Tasmania ("HT"), has not paid Basslink full facility fees from September 2016 to August 2017 as HT disagrees with Basslink that the outage was a "force majeure" event. In December 2016, an independent investigation undertaken by Cable Consulting International ("CCI"), one of the world's leading submarine power cable experts, was completed and CCI concluded that the cause of the cable fault is "cause unknown".

In December 2017, based on the reports from DNV GL, an international engineering consultancy firm, HT alleged that the outage was caused by the interconnector exceeding its design limit. Under the Basslink Services Agreement ("BSA"), an unknown cause of the cable fault falls under the definition of a "force majeure" event. As such, the Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "force majeure" event.

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

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

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

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

As at December 31, 2019, no provision has been made for the claim by the State as based on the findings of CCI, the Trustee-Manager is of the view that the cause of the cable fault was a "force majeure" event.

45. Acquisition of Subsidiaries

On February 19, 2019, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager") in its capacity as Trustee-manager of Keppel Infrastructure Trust ("KIT") completed the acquisition of 100% of the shareholdings in Ixom HoldCo Pty Ltd and its subsidiaries ("Ixom Group") ("Acquisition") for a cash consideration of A$770 million ($763 million). This acquisition has been accounted for by the acquisition method of accounting.

The principal activities of Ixom Group includes manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries. Ixom Group predominantly operates in Australia and New Zealand, whilst also having a presence in Asia, Latin America, the United Kingdom and the United States of America.

45. Acquisition of Subsidiaries (continued)

The fair values of identifiable net assets and the cash outflow on the Acquisition were as follows:

	$'000
Property, plant and equipment	398,269
Right-of-use assets	87,797
Identifiable intangible assets	103,394
Prepayments	3,420
Inventories	202,001
Financial assets	287,749
Borrowings	(428,210)
Lease liabilities	(64,005)
Provisions	(37,523)
Defined benefit obligation	(12,629)
Trade and other payables	(182,739)
Deferred tax liabilities	(21,009)
Total identifiable assets acquired and liabilities assumed	336,515
Non-controlling interest	(5,307)
Goodwill	431,465
Total consideration transferred in cash	762,673
Net cash outflow arising on acquisition:	
Cash consideration	762,673
Transaction cost	38,075
Less: cash and cash equivalent balances acquired	(54,528)
	746,220

The accounting for the acquisition of Ixom has been finally determined at the end of the financial year. The fair value of land, buildings and plant and equipment and intangible assets (customer contracts) were valuated by independent valuators. The fair value of working capital balances (trade receivables, inventory and trade payables) were internally valuated.

For tax purposes, the tax values of the assets of Ixom Holdco Pty Ltd and its subsidiaries were reset based on market value of the assets.

The Group incurred acquisition transaction cost of $38,075,000 which was recognised in other operating expenses.

Goodwill arose on the Acquisition because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce of Ixom Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the Acquisition is not expected to be deductible for tax purposes.

Non-controlling interest recognised at acquisition date pertains to a 51% ownership interest held by the non-controlling interest of Bronson & Jacobs International Company Ltd (Thailand) (Note 9) and amounted to $5,307,000, which was determined using its proportionate share of the acquisition date fair value of the identifiable net assets of the subsidiary.

The revenue and profit for the year of the Group, attributable to the additional business generated by Ixom Group are as follows:

	$'000
Revenue	915,185
Loss for the year	(17,699)*

* Loss for the year includes non-recurring transaction cost and fair value adjustment arising from the acquisition of $31,860,000.

Had the business combination during the year been effected at January 1, 2019, the revenue and profit for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future period, arising from the acqusition, would have been as follows:

	From January 1, 2019 to December 31, 2019 $'000
Revenue	1,734,202
Profit for the year	10,194
Effect of business combination assumed to be completed on January 1, 2019	3,758
Adjusted profit for the year	13,952

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Ixom Group been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

46. Events After the Reporting Period

On January 31, 2020, the Group's wholly-owned subsidiary, Ixom Watercare Inc., has completed the acquisition of Medora Environmental ("Medora") for the consideration of approximately A$25 million (equivalent to approximately $23 million) which has been funded through the drawdown of working capital facility. Medora, based in North Dakota, operates in the source water management solutions business in the United States of America. Medora has a range of water treatment and wastewater sector products, related to source water, waste water as well as potable water treatment, providing essential source water treatment services to over 110,000 municipal water sources across North America.

47. Statement of Profit and Loss - Trust

The Statement of Profit or Loss of the Trust, which is for information purpose only, is as follows:

	2019 $'000	2018 $'000
Revenue	201,811	152,535
Other income	1,962	628
Other losses - net	(67,986)	(48,818)
Expenses		
Finance costs	(5,756)	(3,821)
Trustee-Manager's fees	(14,894)	(9,430)
Other operating expenses	(2,550)	(1,900)
Total expenses	(23,200)	(15,151)
Profit before tax	112,587	89,194
Income tax expense	(86)	(11)
Profit for the year	112,501	89,183
Interest cover ratio *	57x	48x

* Computed based on adjusted EBITDA/net interest expense.

APPENDIX III

AUDITED FINANCIAL STATEMENTS OF KIT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The information in this Appendix III has been reproduced from the annual report of KIT for the financial year ended 31 December 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

Note: The audited consolidated financial statements set out herein have been reproduced from KIT's annual report for the financial year ended 31 December 2020, and page references are to pages set forth in such annual report. The audited consolidated financial statements have not been specifically prepared for inclusion in this information memorandum.

TRUSTEE-MANAGER'S STATEMENT

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

The directors of the Trustee-Manager present their statement, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively the "Group") and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2020.

Opinion of the Directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust as set out on pages 73 to 147 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at December 31, 2020, and the financial performance, changes in unitholders' funds and cash flows of the Group and changes in unitholders' funds of the Trust for the financial year then ended; and

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

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

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

(b) the interested person transactions entered into by the Group during the financial year ended December 31, 2020 are not detrimental to the interests of all the unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

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

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

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

Directors

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

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

Arrangements to Enable Directors to Acquire Units and Debentures

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

Directors' Interests in Units or Debentures

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

Name of directors and corporation in which interests are held	Direct interest		Deemed interest	
	At beginning of financial year	At end of financial year	At beginning of financial year	At end of financial year
Interests in Keppel Infrastructure Trust (Units)				
Koh Ban Heng (resigned on February 1, 2021)	101,859	672,959	93	93
Daniel Cuthbert Ee Hock Huat	78,692	131,692	-	-
Thio Shen Yi	72,397	121,097	-	-
Mark Andrew Yeo Kah Chong	80,363	138,263	-	-
Kunnasagaran Chinniah	638,283	682,083	471,064	471,064

The unitholdings of the above directors as at January 21, 2021 were the same as those at December 31, 2020.

Unit Options

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

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

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

Audit and Risk Committee

The members of the Audit and Risk Committee of the Trustee-Manager during the financial year are:

Mark Andrew Yeo Kah Chong (Chairman)
Koh Ban Heng (resigned on February 1, 2021)
Daniel Cuthbert Ee Hock Huat

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

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

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

The Audit and Risk Committee also reviewed the following:

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

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

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

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

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

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

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

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

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

Auditors

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

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

Daniel Cuthbert Ee Hock Huat
Chairman

Christina Tan Hua Mui
Director

Singapore
February 26, 2021

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

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

Matthew Rupert Pollard
Chief Executive Officer

Singapore
February 26, 2021

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Keppel Infrastructure Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group and the statement of changes in unitholders' funds of the Trust for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 147.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in unitholders' funds of the Trust are properly drawn up in accordance with the provisions of Singapore Business Trusts Act, Chapter 31A (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at December 31, 2020 and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group and changes in unitholders' funds of the Trust for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters	Our audit performed and responses thereon
1. Impairment of Assets - property, plant and equipment, finite-lived intangible assets and goodwill Under SFRS(I) 1-36 Impairment of Assets, the Group is required to test goodwill for impairment annually and for other assets, where there are indicators of impairment. This assessment requires the exercise of significant judgement in determining the recoverable values of the cash generating units ("CGUs"), including growth rates, discount rates, terminal values and expected changes to selling prices and direct costs. These assets represent a significant portion of the Group's total assets and their proportion as at December 31, 2020 are as follows: • Property, plant and equipment (46.9% of Group's total assets); • Goodwill (17.9% of Group's total assets); and • Finite-lived intangible assets (2.7% of Group's total assets). The key assumptions to the impairment tests and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 6 and Note 8 to the financial statements.	Our audit procedures focused on evaluating and challenging the key assumptions used by the Trustee-Manager in concluding the impairment review. These procedures included: • Using our valuation specialists to review key assumptions used in the impairment analysis, in particular the discount rates and terminal growth rates (where applicable); • Challenging the cash flow forecasts used, with comparison to recent performance, trend analysis and market expectations; • By reference to prior years' forecasts, where relevant, assessing whether the Group has achieved them; and • Performing sensitivity analysis on the key assumptions used. Based on our procedures, we noted the Trustee-Manager's key assumptions to be within a reasonable range of our expectations. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

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

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

Key Audit Matters	Our audit performed and responses thereon
2. Basslink cable outage (the "outage") As detailed in Note 44 to the financial statements, the Basslink Interconnector experienced an unplanned outage on December 20, 2015. The Basslink operations forms part of the Group's Distribution & Network segment, which is further disclosed in Note 43 to the financial statements. Arising from the outage, there were disputes between the State of Tasmania ("State") and Basslink and between Basslink and Hydro Tasmania ("HT"). Those disputes were referred to arbitration. On December 3, 2020, the Basslink was advised on the outcome in relation to the disputes whereby the arbitrator determined that the outage was not a "force majeure" event and Basslink was in breach of the Basslink Services Agreement ("BSA"). The key impacts of the arbitration outcome are disclosed in Note 44 to the financial statements. As the arbitrator found in favor of the State and HT, Basslink may therefore be liable to bear a portion of the other parties' costs. For this purposes, the management of Basslink has made a provision of A$10m for legal costs and other professional fees. The provision for legal fee is considered to be significant to our audit as it requires the application of significant judgement and use of assumptions by management. In arriving at the provision amount, the management considered the quantum of the other parties' costs claimed, Basslink's own legal expenses and the grounds of decision rendered by the arbitrator on the disputes.	Our audit procedures include understanding the Trustee-manager's processes relating to the estimation of the legal fee. In addition, we obtained documentary evidence, representation and explanations from management to assess the reasonableness of significant judgement used by the management in assessing the quantum of legal fee that Basslink may eventually be liable to the other parties of the disputes. Based on our procedures, we found the Trustee-Manager's basis of assessment to be reasonable. We have also assessed the appropriateness of the disclosures made in the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon
The Trustee-Manager is responsible for the other information. The other information comprises the Key Figures for 2020, Financial Highlights, Corporate Profile and Strategic Direction, Our Presence, Investor Relations, Chairman's Statement, Composition of Board of Directors, The Trustee-Manager, Operations Review, Financial Review, Keppel Infrastructure Trust's Unit Price Performance, Significant Events for year ended 2020, Trust Structure, Corporate Information, Sustainability Report, Trustee-Manager's Statement, Statement by the Chief Executive Officer, Corporate Governance, Risk Management and Financial Calendar, which we obtained prior to the date of this auditor's report, and the Statistic of Unitholdings which is expected to be made available to us after that date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Ng Hock Lee.

Deloitte & Touche LLP

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

February 26, 2021

STATEMENT OF FINANCIAL POSITION

December 31, 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Non-Current Assets					
Property, plant and equipment	6	**2,310,469**	2,354,813	**-**	-
Right-of-use assets	7	**112,752**	115,596	**-**	-
Intangibles	8	**1,015,398**	985,341	**-**	-
Investment in subsidiaries	9	**-**	-	**1,398,187**	1,305,565
Notes receivables	10	**-**	-	**775,712**	775,712
Amount receivable from a subsidiary	11	**-**	-	**9,407**	12,407
Service concession receivables	12	**235,185**	284,372	**-**	-
Finance lease receivables	13	**74,308**	84,772	**-**	-
Derivative financial instruments	17	**2**	40	**-**	-
Other assets	14	**133,426**	149,093	**-**	-
Total non-current assets		**3,881,540**	3,974,027	**2,183,306**	2,093,684
Current Assets					
Cash and bank deposits	15	**580,721**	470,093	**236,627**	215,275
Trade and other receivables	16	**211,811**	269,885	**18,620**	8,946
Service concession receivables	12	**49,316**	47,856	**-**	-
Finance lease receivables	13	**10,867**	10,487	**-**	-
Derivative financial instruments	17	**254**	847	**-**	-
Inventories	18	**168,971**	198,772	**-**	-
Other assets	14	**26,055**	31,308	**54**	15
Total current assets		**1,047,995**	1,029,248	**255,301**	224,236
Current Liabilities					
Borrowings	19	**643,933**	1,318,473	**-**	-
Trade and other payables	20	**348,077**	318,733	**3,815**	6,606
Provisions	21	**30,533**	23,235	**-**	-
Derivative financial instruments	17	**37,099**	25,589	**4,587**	-
Lease liabilities	22	**12,256**	13,786	**-**	-
Income tax payable		**17,595**	6,281	**62**	87
Total current liabilities		**1,089,493**	1,706,097	**8,464**	6,693
Net Current (Liabilities)/Assets		**(41,498)**	(676,849)	**246,837**	217,543
Non-Current Liabilities					
Borrowings	19	**1,517,090**	793,180	**99,883**	99,783
Notes payable to non-controlling interests	23	**260,000**	260,000	**-**	-
Derivative financial instruments	17	**165,462**	127,441	**4,885**	1,230
Other payables	24	**250,506**	246,373	**-**	-
Provisions	21	**39,746**	32,387	**-**	-
Lease liabilities	22	**76,000**	81,500	**-**	-
Defined benefit obligation	25	**26,124**	23,586	**-**	-
Deferred tax liabilities	26	**11,172**	18,542	**-**	-
Total non-current liabilities		**2,346,100**	1,583,009	**104,768**	101,013
Net Assets		**1,493,942**	1,714,169	**2,325,375**	2,210,214
Represented by:					
Unitholders' Funds					
Units in issue	27	**2,628,761**	2,630,307	**2,628,761**	2,630,307
Hedging reserve	28	**(269,748)**	(239,613)	**(9,471)**	(1,230)
Translation reserve		**(23,680)**	(46,609)	**-**	-
Capital reserve	29	**38,710**	38,710	**-**	-
Defined benefit plan reserve	25	**(8,508)**	(7,901)	**-**	-
Share based payment reserve	30	**254**	-	**-**	-
Accumulated losses		**(1,224,207)**	(1,050,488)	**(592,881)**	(717,834)
Total Unitholders' Funds		**1,141,582**	1,324,406	**2,026,409**	1,911,243
Perpetual securities	31	**298,966**	298,971	**298,966**	298,971
Total Equityholders' Funds		**1,440,548**	1,623,377	**2,325,375**	2,210,214
Non-controlling interests		**53,394**	90,792	**-**	-
		1,493,942	1,714,169	**2,325,375**	2,210,214

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2020

	Note	2020 $'000	2019 $'000
Revenue	33	**1,551,900**	1,566,715
Other income	34	**10,476**	8,154
Other (losses)/gain - net	35	**(17,152)**	37,545
Expenses			
Fuel and electricity costs		**(101,639)**	(149,239)
Gas transportation, freight and storage costs		**(172,703)**	(166,999)
Raw materials, consumables used and changes in inventories		**(567,675)**	(574,521)
Depreciation and amortisation		**(178,145)**	(173,067)
Staff costs	36	**(146,981)**	(133,911)
Operation and maintenance costs		**(95,883)**	(95,137)
Finance costs	37	**(138,037)**	(145,864)
Trustee-Manager's fees	38	**(11,970)**	(25,557)
Other operating expenses		**(163,561)**	(134,630)
Total expenses		**(1,576,594)**	(1,598,925)
(Loss)/Profit before joint venture		**(31,370)**	13,489
Share of results of joint venture		**-**	3,342
(Loss)/Profit before tax	39	**(31,370)**	16,831
Income tax expense	40	**(20,792)**	(6,637)
(Loss)/Profit for the year		**(52,162)**	10,194
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value losses		**(58,379)**	(58,078)
- Transfer to profit or loss		**27,894**	18,491
- Share of net change in fair value of cash flow hedges of a joint venture		**-**	1,008
Currency translation differences relating to consolidation of foreign operations		**13,910**	(46,113)
Currency translation differences on disposal of foreign subsidiaries		**8,716**	-
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation		**(607)**	(7,901)
Other comprehensive income, net of tax		**(8,466)**	(92,593)
Total comprehensive income		**(60,628)**	(82,399)
(Loss)/Profit attributable to:			
Unitholders of the Trust		**(34,452)**	38,578
Perpetual securities holders	31	**14,289**	7,757
Equityholders of the Trust		**(20,163)**	46,335
Non-controlling interests		**(31,999)**	(36,141)
		(52,162)	10,194
Total comprehensive income attributable to:			
Unitholders of the Trust		**(42,265)**	(54,827)
Perpetual securities holders	31	**14,289**	7,757
Equityholders of the Trust		**(27,976)**	(47,070)
Non-controlling interests		**(32,652)**	(35,329)
		(60,628)	(82,399)
(Loss)/earnings per unit attributable to unitholders of the Trust, expressed in cents			
- basic and diluted	41	**(0.69)**	0.82

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Financial year ended December 31, 2020

	Note	Attributable to Unitholders of the Trust											
		Units in issue (Note 27) $'000	Treasury units (Note 27) $'000	Hedging reserve (Note 28) $'000	Translation reserve $'000	Capital reserve (Note 29) $'000	Defined benefit plan reserve (Note 25) $'000	Share-based payment reserve (Note 30) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Non-controlling interests $'000	Total $'000
Group													
At January 1, 2020		2,630,307	-	(239,613)	(46,609)	38,710	(7,901)	-	(1,050,488)	1,324,406	298,971	90,792	1,714,169
Total comprehensive income													
(Loss)/Profit for the year		-	-	-	-	-	-	-	(34,452)	(34,452)	14,289	(31,999)	(52,162)
Other comprehensive income for the year		-	-	(30,135)	22,929	-	(607)	-	-	(7,813)	-	(653)	(8,466)
Total		-	-	(30,135)	22,929	-	(607)	-	(34,452)	(42,265)	14,289	(32,652)	(60,628)
Transactions with owners, recognised directly in equity													
Contributions by and distributions to owners:													
Units issued	27	398	-	-	-	-	-	-	-	398	-	-	398
Purchase of units	27	-	(1,944)	-	-	-	-	-	-	(1,944)	-	-	(1,944)
Cancellation of treasury units	27	(1,944)	1,944	-	-	-	-	-	-	-	-	-	-
Issuance cost	27, 31	-	-	-	-	-	-	-	-	-	(5)	-	(5)
Recognition of share-based payments	30	-	-	-	-	-	-	254	-	254	-	-	254
Distributions paid	31, 32	-	-	-	-	-	-	-	(139,267)	(139,267)	(14,289)	(4,746)	(158,302)
Total		(1,546)	-	-	-	-	-	254	(139,267)	(140,559)	(14,294)	(4,746)	(159,599)
At December 31, 2020		2,628,761	-	(269,748)	(23,680)	38,710	(8,508)	254	(1,224,207)	1,141,582	298,966	53,394	1,493,942

	Note	Attributable to Unitholders of the Trust										
		Units in issue (Note 27) $'000	Hedging reserve (Note 28) $'000	Translation reserve $'000	Capital reserve (Note 29) $'000	Defined benefit plan reserve (Note 25) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Non-controlling interests $'000	Total $'000
Group											
At January 1, 2019		2,138,066	(200,226)	(492)	38,710	-	(923,582)	1,052,476	-	125,780	1,178,256
Total comprehensive income											
Profit/(Loss) for the year		-	-	-	-	-	38,578	38,578	7,757	(36,141)	10,194
Other comprehensive income for the year		-	(39,387)	(46,117)	-	(7,901)	-	(93,405)	-	812	(92,593)
Total		-	(39,387)	(46,117)	-	(7,901)	38,578	(54,827)	7,757	(35,329)	(82,399)
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners:											
Units issued	27	501,032	-	-	-	-	-	501,032	-	-	501,032
Perpetual securities issued	31	-	-	-	-	-	-	-	300,000	-	300,000
Issuance cost	27, 31	(8,791)	-	-	-	-	-	(8,791)	(1,810)	-	(10,601)
Distributions paid	31, 32	-	-	-	-	-	(165,484)	(165,484)	(6,976)	(4,966)	(177,426)
Changes in ownership interest in subsidiary:											
Non-controlling interest arising from acquisition of subsidiaries		-	-	-	-	-	-	-	-	5,307	5,307
Total		492,241	-	-	-	-	(165,484)	326,757	291,214	341	618,312
At December 31, 2019		2,630,307	(239,613)	(46,609)	38,710	(7,901)	(1,050,488)	1,324,406	298,971	90,792	1,714,169

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

	Note	Units in issue (Note 27) $'000	Treasury Units (Note 27) $'000	Hedging reserve (Note 28) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Total $'000
Trust								
At January 1, 2020		2,630,307	-	(1,230)	(717,834)	1,911,243	298,971	2,210,214
Total comprehensive income								
Profit for the year		-	-	-	264,220	264,220	14,289	278,509
Other comprehensive income for the year		-	-	(8,241)	-	(8,241)	-	(8,241)
Total		-	-	(8,241)	264,220	255,979	14,289	270,268
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners:								
Units issued	27	398	-	-	-	398	-	398
Purchase of units	27	-	(1,944)	-	-	(1,944)	-	(1,944)
Cancellation of treasury units	27	(1,944)	1,944	-	-	-	-	-
Issuance cost	27, 31	-	-	-	-	-	(5)	(5)
Distributions paid	31, 32	-	-	-	(139,267)	(139,267)	(14,289)	(153,556)
Total		(1,546)	-	-	(139,267)	(140,813)	(14,294)	(155,107)
At December 31, 2020		2,628,761	-	(9,471)	(592,881)	2,026,409	298,966	2,325,375

	Note	Units in issue (Note 27) $'000	Hedging reserve (Note 28) $'000	Accumulated losses $'000	Total unitholders' funds $'000	Perpetual securities (Note 31) $'000	Total $'000
Trust							
At January 1, 2019		2,138,066	31	(657,094)	1,481,003	-	1,481,003
Total comprehensive income							
Profit for the year		-	-	104,744	104,744	7,757	112,501
Other comprehensive income for the year		-	(1,261)	-	(1,261)	-	(1,261)
Total		-	(1,261)	104,744	103,483	7,757	111,240
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners:							
Units issued	27	501,032	-	-	501,032	-	501,032
Perpetual securities issued	31	-	-	-	-	300,000	300,000
Issuance cost	27, 31	(8,791)	-	-	(8,791)	(1,810)	(10,601)
Distributions paid	31, 32	-	-	(165,484)	(165,484)	(6,976)	(172,460)
Total		492,241	-	(165,484)	326,757	291,214	617,971
At December 31, 2019		2,630,307	(1,230)	(717,834)	1,911,243	298,971	2,210,214

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2020

	Note	2020 $'000	2019 $'000
Operating activities			
(Loss)/Profit before tax		**(31,370)**	16,831
Adjustments for:			
Depreciation and amortisation	6, 7, 8	**178,145**	173,067
Finance costs	37	**138,037**	145,864
Interest income	34	**(2,646)**	(4,027)
Impairment loss/(Reversal of impairment loss) on financial assets	16	**1,141**	(119)
Receivables written off against revenue	44	**29,226**	-
Fair value loss on derivative financial instruments	35	**8,520**	5,787
Property, plant and equipment written off	39	**1,263**	-
Share-based payment expense		**160**	-
Transaction cost	9, 46	**4,649**	38,075
Gain on disposal of property, plant and equipment		**(21)**	(21)
Gain on disposal of joint venture	35	**-**	(44,796)
Loss on disposal of subsidiaries	9, 35	**12,972**	-
Share of results of joint venture		**-**	(3,342)
Unrealised foreign exchange (gain)/loss		**(3,983)**	793
Management fees paid in units	27	**398**	239
Operating cash flows before movements in working capital		**336,491**	328,351
Trade and other receivables		**26,867**	118,515
Service concession receivables		**47,738**	46,530
Finance lease receivables		**10,084**	9,880
Trade and other payables		**65,558**	(27,821)
Inventories		**12,612**	54,635
Cash generated from operations		**499,350**	530,090
Interest received		**2,892**	3,989
Interest paid		**(143,356)**	(157,959)
Income tax paid		**(13,354)**	(19,716)
Net cash from operating activities		**345,532**	356,404
Investing activities			
Acquisition of subsidiary, net of cash acquired	46	**(23,015)**	(746,220)
Net cash inflow on disposal of subsidiaries	9	**15,698**	-
Dividend received from joint venture		**-**	3,054
Repayment of advances from joint venture		**-**	19,990
Divestment of joint venture net of transaction cost		**-**	46,111
Purchase of property, plant and equipment, right-of-use assets and intangible assets		**(28,997)**	(33,413)
Proceeds from sale of property, plant and equipment		**190**	220
Net cash used in investing activities		**(36,124)**	(710,258)
Financing activities			
Decrease in restricted cash		**18**	27,095
Proceeds from issuance of units (net)		**-**	492,241
Proceeds from issuance of perpetual securities (net)	31	**-**	298,190
Purchase of units	27	**(1,944)**	-
Proceeds from borrowings		**764,162**	1,504,165
Repayment of borrowings		**(791,702)**	(1,494,826)
Repayment of obligations under finance leases	7	**(16,089)**	(12,746)
Payment of loan upfront fees		**(2,450)**	(17,119)
Distribution paid to perpetual securities holders	31	**(14,289)**	(6,976)
Distributions paid to unitholders of the Trust	32	**(139,267)**	(165,484)
Distributions paid by subsidiaries to non-controlling interests		**(4,746)**	(4,966)
Net cash (used in)/from financing activities		**(206,307)**	619,574
Net increase in cash and cash equivalents		**103,101**	265,720
Cash and cash equivalents at beginning of year		**445,290**	179,705
Effects of currency translation on cash and cash equivalents		**7,545**	(135)
Cash and cash equivalents at end of year	15	**555,936**	445,290

See accompanying notes to financial statements.

1. General

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

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

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

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

The consolidated financial statements of the Group and statement of financial position and statement of changes in unitholders' funds of the Trust for the financial year ended December 31, 2020 were authorised for issue by the Board of Directors of the Trustee-Manager on February 26, 2021.

2. Summary of Significant Accounting Policies

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 Share-based Payment, leasing transactions that are within the scope of SFRS(I) 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 Inventories or value in use in SFRS(I) 1-36 Impairment of Assets.

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

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

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2020, the Group and the Trust adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations. The adoption of these new/revised SFRS(I)s pronouncements does not result in changes to the Group's and the Trust's accounting policies and has no material effect on the amounts reported for the current or prior years, except as disclosed below.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

The Group has adopted the amendments to SFRS(I) 1-1 and SFRS(I) 1-8 for the first time in the current year. The amendments make the definition of material in SFRS(I) 1-1 easier to understand and are not intended to alter the underlying concept of materiality in SFRS(I) Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in SFRS(I) 1-8 has been replaced by a reference to the definition of material in SFRS(I) 1-1. In addition, the ASC amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

There is no material impact on the financial statements in the period of initial application.

Amendments to SFRS(I) 3 Business Combinations: Definition of a Business
The Group has adopted the amendments to SFRS(I) 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

There is no material impact on the financial statements in the period of initial application.

SFRS(I) 1-8:30(b) Amendments to References to the Conceptual Framework in SFRS(I) Standards
The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in SFRS(I) Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are SFRS(I) 2, SFRS(I) 3, SFRS(I) 6, SFRS(I) 14, SFRS(I) 1-1, SFRS(I) 1-8, SFRS(I) 1-34, SFRS(I) 1-37, SFRS(I) 1-38, SFRS(I) INT 12, SFRS(I) INT 19, SFRS(I) INT 20, SFRS(I) INT 22, and SFRS(I) INT 1-32.

There is no material impact on the financial statements in the period of initial application.

Impact of the initial application of Interest Rate Benchmark Reform amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7
In December 2019, the ASC issued Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate borrowings, linked to Singapore Swap Offer Rate ("SOR"), which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to SFRS(I) 7 for hedging relationships that are subject to the exceptions introduced by the amendments to SFRS(I) 9.

The Interest Rate Benchmark Reform—Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16) was issued by ASC in November 2020 and the amendments are effective for annual periods beginning on or after January 1, 2021. The Group has not applied the amendments in advance of its effective date.

Impact of the initial application of COVID-19-Related Rent Concessions amendment to SFRS(I) 16
In May 2020, the ASC issued Covid-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after June 1, 2020, with early application permitted.

2. Summary of Significant Accounting Policies (continued)

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

Impact of the initial application of COVID-19-Related Rent Concessions amendment to SFRS(I) 16 (continued)
The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due in on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date. There is no material impact on the financial statements in the period of initial application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets
All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Financial assets (continued)

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

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

Financial liabilities and equity instruments

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

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

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

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

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

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

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

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

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

A financial liability is classified as held for trading if:

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

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

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

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

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

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

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

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

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

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

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

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

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

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

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Summary of Significant Accounting Policies (continued)

FINANCIAL INSTRUMENTS **(continued)**

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in Note 17.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of SFRS(I) 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of SFRS(I) 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or FVTPL as appropriate. See above for the Group's policy on classification of financial assets.

Hedge accounting
The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 17 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other (losses)/gains - net" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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

LEASES

Leases

The Group as lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The Group determines its incremental borrowing rate based on the quotes from reputable banks over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in accordance to the type of asset, tenor and country where the assets are situated.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2 - Impairment of tangible and intangible assets excluding goodwill below.

2. Summary of Significant Accounting Policies (continued)

LEASES (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor
A subsidiary of the Group had signed a Water Purchase Agreement ("WPA") with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. Another subsidiary of the Group had also entered into a lease agreement for food waste digestor. In accordance with SFRS(I) 16 Leases, both agreements are lease arrangements and are classified as finance leases.

The lease asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the balance sheet and included in "finance lease receivables". The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance lease income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable. Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the finance lease income.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. For chemical raw materials and finished goods, cost is calculated using the first-in, first-out or weighted average method based on the type of inventory. For other inventories, cost is calculated using weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment acquired as part of a business combination are recognised initially at their fair values at the date of acquisition and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The initial cost of an item includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Trustee-Manager. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purposes other than to produce inventories.

Freehold land has an unlimited useful life and stand-by equipment and assets under construction are not yet available for use and therefore are not depreciated. Depreciation on other property, plant and equipment is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Building	20 to 40 years
Easements	38.67 years
Interconnector and related plant and machinery	3 to 63.67 years
Power plant	25 years
Other plant and machinery	3 to 25 years
Computers, vehicles, furniture, fittings and equipment	1 to 12 years or lease term, whichever is shorter

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of a property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS EXCLUDING GOODWILL

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Concession arrangements, customer relationship and customer contracts acquired as part of business combination are initially recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of:

Concession arrangements	9.26 to 19.42 years
Customer contracts and relationships	2 to 38.69 years

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's Cash Generating Units ("CGU") to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years, unless a longer period can be justified. For longer periods, a long-term justified growth rate is applied to project future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2. Summary of Significant Accounting Policies (continued)

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

JOINT VENTURE - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS (I) 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning liabilities
The provision for decommissioning costs arose on construction of plant and equipment due to contractual obligation. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the costs of that particular asset. The cash flows are discounted at current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for reinstatement cost
A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by the Trustee-Manager.

SHARE BASED PAYMENT - Management fees due to the Trustee-Manager can be settled either in cash or by the issue of units in the Trust or by a combination of both cash and units at the option of the Trustee-Manager. The fair values of the settlement choices are identical as the number of units to be issued to the Trustee-Manager is based on the cash liability at the settlement date. The Group measures and re-measures the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the profit or loss. If the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, payment shall be applied to settle the liability in full.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sale of goods;
- Service income;
- Finance income from service concession arrangements;
- Finance lease income;
- Operation and maintenance income;
- Interest income; and
- Other income.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of goods
There are two main kinds of goods sold by the Group: gas and chemicals.

Sale of gas
The Group sells town gas, natural gas and gas appliances to residential, commercial and industrial customers in Singapore. Revenue is measured based on the consideration in accordance with the price regulation framework (for town gas) and consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

The Group's town gas business in Singapore is regulated under the Gas License issued by Energy Market Authority ("EMA") of Singapore. The Group sells town gas to residential, commercial and industrial customers. The amount of revenue recognised is based on the gas consumption derived from meter readings and when control of the town gas has transferred to its customer, being when the town gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to the consideration becomes unconditional, as only the passage of time is required before payment.

The Group sells natural gas to commercial and industrial customers. Revenue is recognised upon completion of the gas filling transaction and when control of the natural gas has transferred to its customer, being when the natural gas is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Under the Group's standard contract terms, customers do not have a right of return.

Sale of traded and manufactured chemicals
Revenue from the sale of traded and manufactured chemicals is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the product. The normal credit term is 30 to 90 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction prices needs to be allocated (e.g. warranties, services etc). In determining the transaction price for the sale, the Group considers the effects of variable consideration, the existence of significant financing components, and any other relevant factors.

2. Summary of Significant Accounting Policies (continued)

REVENUE RECOGNITION (continued)

Service income
The Group provides availability and capacity targets of its power plant to a related party. Such service is recognised as a performance obligation satisfied over-time based on an availability-based tolling fees and a monthly fixed fee indexed to the Singapore Consumer Price Index.

The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Revenue related to construction or upgrade services under a service concession arrangement is recognised over time. Service income is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group provides the availability of its interconnector asset to a governing agency of the State of Tasmania. Such service is recognised as a performance obligation satisfied over-time based on an availability-based facility fees indexed to the Australian Consumer Price Index.

Finance income from service concession arrangements
The Group has entered into service concession arrangements with governing agencies (the grantors) of the Government of Singapore to operate a water treatment plant and two waste-to-energy plants in Singapore. Under the service concession arrangements, the Group will operate the plants for agreed original concession periods of between 15 and 25 years and transfer the plants to the grantors at the end of the concession period. Revenue related to finance income under a service concession arrangement is recognised over time.

The Group receives finance income from the service concession arrangements which represents the interest income on the service concession receivables arising from the service concession arrangements, and is recognised using the effective interest method.

Finance lease income
Accounting policy for recognising finance lease income is stated separately below.

Operation and maintenance income
The Group provides operation services for its plants against a well identified fixed and variable cost structure according to the agreements entered into with the grantors. The operation services and where applicable, maintenance work, are required to be carried out on the plants in line with the length of the respective service period. Revenue from provision of operation and maintenance service is recognised as a performance obligation satisfied over time, in the period in which the services are provided by the Group.

Revenue from operating and maintaining the infrastructure under a service concession arrangement is recognised over time.

Interest income
Interest income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

Other income
Other income represents the sale of scrap, rental income and insurance compensation. Sale of scrap is recognised upon delivery of the scrap materials and rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the term of the relevant lease. Insurance compensation is recognised in profit or loss to the extent of the amount received from the insurer.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS - A liability is recognised for benefits accruing to employees in respect of related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

DEFINED CONTRIBUTION PLANS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

DEFINED BENEFIT PLANS - For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item "staff costs". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Trust and subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2. Summary of Significant Accounting Policies (continued)

INCOME TAX (continued)

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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Trust are presented in Singapore dollars, which is the functional currency of the Trust and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see above under hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash on hand, fixed deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents is stated at cash and bank deposits less restricted cash.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, Trustee-Manager has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations as discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. Details of the loss allowance on aged trade receivables are disclosed in Note 16.

(ii) Impairment of non-financial assets

The Group assesses at each reporting date whether there are any indicators of impairment for all non-financial assets, other than goodwill.

Where such indicators exist, determining whether the carrying values of property, plant and equipment, right-of-use assets and intangibles are impaired requires an estimation of the value in use of the asset or the CGU. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of property, plant and equipment, right-of-use assets and intangibles at the end of the reporting period are disclosed in Notes 6, 7 and 8 respectively.

(iii) Allocation and impairment of goodwill

The Group completed the acquisition of the Crystal Assets on May 18, 2015 (see Note 8), the acquisition of Ixom on February 19, 2019 and Medora source water management solutions business ("Medora") on January 31, 2020 (see Note 46). Independent valuers were engaged by the Group to identify and measure the fair values of the identifiable assets and liabilities assumed and the goodwill on these acquisitions.

Goodwill arising from the business combinations is allocated, based on the relative fair value approach, to the CGUs that are expected to benefit from that business combination. This requires the Group to estimate the additional future benefit to be derived by the CGUs. Goodwill arising from the acquisition of the Crystal Assets was allocated to City Gas and Basslink of the Distribution & Network business segment. Goodwill arising from the acquisition of Ixom and Medora is solely attributable to Ixom Group of the Distribution & Network business segment.

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired. The recoverable values of the CGUs are determined based on value in use calculations. This requires the Group to estimate the future cash flows expected from the asset or the CGU, the growth rate and an appropriate discount rate in order to calculate the present value of the future cash flows.

The carrying amounts of goodwill at the end of the reporting period are disclosed in Note 8.

(iv) Purchase Price Allocation

During the year, the Group completed the acquisition of Medora. In the previous year, the Group completed the acquisition of Ixom. The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification of the acquired assets and liabilities and determining their respective fair values. The Group's disclosure of the above is set out in Note 46.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

(v) Provision for legal costs and other professional fees

As detailed in Note 44 to the financial statements, the Basslink Interconnector experienced an unplanned outage on December 20, 2015. Arising from the outage, there were disputes between the State of Tasmania ("State") and Basslink and between Basslink and Hydro Tasmania ("HT"). Those disputes were referred to arbitration. On December 3, 2020, the arbitrator determined that the outage was not a "force majeure" event and Basslink was in breach of the Basslink Services Agreement ("BSA"). The key impacts of the arbitration outcome are disclosed in Note 44.

As the arbitrator found in favour of the State and HT, Basslink may therefore be liable to bear a portion of the other parties' costs. For this purposes, management of Basslink has made a provision of A$10m for legal costs and other professional fees.

The provision for legal fee is considered to be significant as it requires the application of significant judgement and use of assumptions by management. In arriving at the provision amount, management considered the quantum of the other parties' costs claimed, Basslink's own legal expenses and the grounds of decision rendered by the arbitrator on the disputes.

4. Financial Instruments, Financial Risks and Capital Management

(a) Categories of financial instruments

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Financial Assets				
Financial assets at amortised cost	**1,164,344**	1,170,182	**1,039,096**	1,011,739
Derivative instruments:				
Designated in hedge accounting relationships	**143**	887	**-**	-
Not designated in hedge accounting relationships	**113**	-	**-**	-
Total	**1,164,600**	1,171,069	**1,039,096**	1,011,739
Financial Liabilities				
Financial liabilities, at amortised cost	**2,835,755**	2,793,545	**103,698**	106,389
Derivative instruments:				
Designated in hedge accounting relationships	**202,508**	153,014	**9,472**	1,230
Not designated in hedge accounting relationships	**53**	16	**-**	-
Total	**3,038,316**	2,946,575	**113,170**	107,619

The Group and Trust do not have any financial instruments which are subject to enforceable master netting arrangements or similar netting arrangements, other than those disclosed in the financial statements.

(b) Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks, including the effects of credit, interest rate, liquidity, and foreign currency exchange rate. Risk management is integral to the whole business of the Group. The Group's overall risk management programme seeks to minimise potential adverse effects of the unpredictability of financial markets on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps, forward currency contracts and commodity swaps to hedge certain financial risk exposures.

The Board of Directors of the Trustee-Manager is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Trustee-Manager then establishes and implements the detailed financial risk management policies such as authority levels, oversight responsibilities, risk identification, exposure limits and hedging strategies in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) **Foreign exchange risk management**

The Group operates mainly in Singapore, Australia and New Zealand. The Group entities transact predominantly in their respective functional currency except for the Trust and three subsidiaries.

One subsidiary, whose functional currency is the Singapore dollar ("SGD"), is partially exposed to United States dollar ("USD") currency risk. The subsidiary's exposure to USD feedstock purchases for its town gas production is mainly passed through. However, it has USD currency risk in respect of purchases of natural gas for retail and retail sales in USD.

Another subsidiary, whose functional currency is the USD, is exposed to currency risk from receipts denominated in SGD. This subsidiary also holds cash and cash equivalents denominated in SGD for working capital purposes.

A third subsidiary, whose functional currency is the AUD, is exposed to currency risk from specific receipts denominated in USD. This subsidiary also holds cash and cash equivalents denominated in USD for working capital purposes.

The Group reviews these balances periodically to ensure that the net exposure is kept at an acceptable level.

The Group is exposed to currency translation risk on net assets in foreign operations. Currency exposure to the net assets in Australia is managed predominantly by having a significant amount of borrowings denominated in the functional currency.

At the end of the financial year, the carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Group				
USD	**28,481**	4,687	**11,550**	8,436
AUD	**992**	-	**19,817**	14,223
JPY	**12**	-	**26**	24
NZD	**4**	-	**182**	81
SGD	**1,196**	1,229	**4,726**	8,774
EUR	**200**	-	**506**	193
Others	**-**	-	**927**	451
Trust				
AUD	**-**	-	**14,818**	13,941

Sensitivity analysis

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to the Trustee-Manager and represents the Trustee-Manager's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currencies denominated monetary items and adjust their translations at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit or loss will increase (decrease) by:

	Increase/(Decrease) Profit or loss	
	2020 $'000	2019 $'000
Group		
USD	(847)	187
AUD	941	711
JPY	1	1
NZD	9	4
SGD	176	377
EUR	15	10
Others	46	23
Trust		
AUD	741	697

A 5% weakening of the foreign currencies above against the respective functional currencies at the reporting date would have the equal impact but opposite effect.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(ii) Interest rate risk management

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Trust have no significant variable interest-bearing assets.

The Group is exposed to Singapore Swap Offer Rate ("SOR") interest rate benchmark within its hedge accounting relationships, which is subject to interest rate benchmark reform ("IBOR"). As listed in Note 17, the hedged items include issued Singapore dollar ("SGD") SOR floating rate debt.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the Association of Banks in Singapore ("ABS"), the Singapore Foreign Exchange Market Committee ("SFEMC"), and the Steering Committee for SOR Transition to SORA ("SC-STS") ("IBOR Committees"). Under the direction of the IBOR Committees, the SIBOR and the Singapore Swap Offer Rate ("SOR") would be expected to be phased out and replaced by the Singapore Overnight Rate Average ("SORA"). The IBOR Committees have made clear that SOR, which relies on USD LIBOR, is expected to be discontinued post-2021, and SIBOR is expected to cease after that.

Below are details of the hedging instruments and hedged items in scope of the SFRS(I) 9 amendments due to interest rate benchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

Hedge type	Instrument type	Maturing in	Nominal	Hedged item
Keppel Infrastructure Trust				
Cash flow hedge	Receive 1-month SOR, pay SGD fixed interest rate swap	2022	$100 million	SGD SOR floating rate bank loan of the same nominal of the swap
City Gas Trust				
Cash flow hedge	Receive 1-month SOR, pay SGD fixed interest rate swap	2022	$89 million	SGD SOR floating rate bank loan of the same nominal of the swap
Cash flow hedge	Receive 1-month SOR, pay SGD fixed interest rate swap	2024	$89 million	SGD SOR floating rate bank loan of the same maturity and nominal of the swap
Keppel Merlimau Cogen Pte Ltd				
Cash flow hedge	Receive 3-month SOR, pay SGD fixed interest rate swap	2027	$700 million	SGD SOR floating rate bank loan of the same maturity and nominal of the swap
SingSpring Trust				
Cash flow hedge	Receive 1-month SOR, pay SGD fixed interest rate swap	2025	$50 million	SGD SOR floating rate bank loan of the same maturity and nominal of the swap

The Group will continue to apply the amendments to SFRS(I) 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed to ends. The Group has assumed that this uncertainty will not end until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment. This will, in part, be dependent on the introduction of fall back clauses which have yet to be added to the Group's contracts and the negotiation with lenders.

Details of the various derivative financial instruments held by the Group and Trust are disclosed in Note 17. Assuming all other variables are held constant, a 50 basis point change in Singapore or Australia interest rate has the following impact on profit or loss and equity as a result of higher/lower finance cost or fair value changes to derivative financial instruments. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the Trustee-Manager's assessment of the reasonably possible change in interest rates.

Sensitivity analysis

	Decrease of 50 basis points		Increase of 50 basis points	
	Increase/(Decrease)		Increase/(Decrease)	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
2020				
Borrowings at floating interest rate	**1,122**	**-**	**(1,122)**	**-**
Interest rate swaps accounted for under cash flow hedge	**-**	**(57,432)**	**-**	**57,432**
2019				
Borrowings at floating interest rate	1,154	-	(1,154)	-
Interest rate swaps accounted for under cash flow hedge	-	(40,066)	-	40,066

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at December 31, 2020, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position.

The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group manages these risks by monitoring credit-worthiness and limiting the aggregate risk to any individual counterparty. Therefore, the Group does not expect to incur material credit losses on its financial instruments. The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk framework comprises the following categories:

Category	Decription	Basis for recognising expecting credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Trade receivables and lease receivables: Lifetime ECL - not credit-impaired Other financial assets: 12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >120 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(iii) Overview of the Group's exposure to credit risk (continued)

The table below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL $'000	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount
Group						
2020						
Trade receivables	16	Performing	Lifetime ECL	194,167	-	194,167
Trade receivables	16	Doubtful	Lifetime ECL	10,806	(2,101)	8,705
Other receivables	16	Performing	12-month ECL	7,669	-	7,669
Service concession receivables	12	Performing	12-month ECL	284,501	-	284,501
Finance lease receivables	13	Performing	Lifetime ECL	85,175	-	85,175
					(2,101)	
2019						
Trade receivables	16	Performing	Lifetime ECL	261,111	(258)	260,853
Trade receivables	16	Doubtful	Lifetime ECL	2,738	(2,645)	93
Other receivables	16	Performing	12-month ECL	8,338	-	8,338
Service concession receivables	12	Performing	12-month ECL	332,228	-	332,228
Finance lease receivables	13	Performing	Lifetime ECL	95,259	-	95,259
					(2,903)	
Trust						
2020						
Other receivables	16	Performing	12-month ECL	17,350	-	17,350
Notes receivables	10	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	11	Performing	12-month ECL	9,407	-	9,407
					-	
2019						
Other receivables	16	Performing	12-month ECL	8,345	-	8,345
Notes receivables	10	Performing	12-month ECL	775,712	-	775,712
Amount receivable from a subsidiary	11	Performing	12-month ECL	12,407	-	12,407
					-	

(iv) Credit risk management

Credit risk concentration profile
The Group determines concentration of credit risk by monitoring the customer profile of its trade receivables, based on the operating segments, on an ongoing basis. The credit risk concentration profile of the Group's third-party trade receivables, grossed up for any allowances for losses, at the end of the financial year is as follows:

	2020		2019	
	$'000	%	$'000	%
Group				
By operating segments				
Distribution & Network				
- City Gas [1] (Performing)	**26,199**	**14**	32,622	13
- City Gas [1] (Doubtful)	**657**	**1**	790	-
- Basslink [2] (Performing)	**6,760**	**4**	55,189	21
- Ixom [3] (Performing)	**109,657**	**60**	141,716	55
- Ixom [3] (Doubtful)	**10,149**	**6**	2,113	1
Waste & Water [4] (Performing)	**28,113**	**15**	26,703	10
Others (Performing)	**30**	**-**	30	-
	181,565	**100**	259,163	100
By geographic distribution				
Singapore	**55,637**	**31**	60,145	23
Australia	**86,039**	**47**	139,256	54
New Zealand	**27,111**	**15**	25,642	10
Others	**12,778**	**7**	34,120	13
	181,565	**100**	259,163	100

[1] There is no significant concentration of credit risk due to the nature and the significant number of its customer base. To mitigate credit risk, deposits or bankers guarantees are obtained from customers upon the opening of a utilities account. Included in the refundable customer deposits disclosed in Note 20, is an amount of $37,524,000 (2019 : $40,887,000), which can, subject to certain conditions, be used to set off against the corresponding outstanding receivables when the circumstances warrant.

[2] In 2019, there was a significant concentration of credit risk with the major customer, a wholly-owned entity of the State of Tasmania, which represented 24% of the total trade receivables from the Distribution & Network segment. The high balance in 2019 is because the customer did not pay the full facility fees from September 2016 to August 2017 and had instead given so-called "good faith payments" from December 2016 to July 2017. Since September 2017, the customer had resumed the contractual payment of the full facility fees (and accordingly discontinued the good faith payments). During the year, pursuant to the Basslink arbitration awards as disclosed in Note 44, the outstanding receivables relating to the facility fees from September 2016 to August 2017 was fully written off against revenue.

[3] The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

[4] There is a significant concentration of credit risk with their customers, which are agencies of the Government of Singapore, for the duration of the service contract entered into.

Each Group entity monitors the credit risk by ensuring that payments are received by the contractual date.

The credit risk on cash and fixed deposits is limited because the counterparties are banks and financial institutions which are regulated and with high credit ratings.

Collateral held as security and other credit enhancements
The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risk associated with trade receivables is mitigated because they are secured over deposits collected from customers amounting to $37,525,000 as at December 31, 2020 (2019 : $40,898,000), which can be used to offset the impaired receivables when the circumstances warrant.

(v) Liquidity risk management
Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Non-derivative financial liabilities
The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Trust can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2020						
Non-interest bearing	-	313,310	-	-	-	313,310
Variable interest rate instruments *	1.18 - 6.92	688,253	1,148,866	443,029	(108,458)	2,171,690
Fixed interest rate instruments	2.90 - 17.50	60,466	237,545	960,221	(907,477)	350,755
		1,062,029	1,386,411	1,403,250	(1,015,935)	2,835,755
2019						
Non-interest bearing	-	312,672	-	-	-	312,672
Variable interest rate instruments *	2.13 - 3.15	1,363,008	868,080	-	(105,501)	2,125,587
Fixed interest rate instruments	3.62 - 17.50	61,313	219,345	1,001,130	(926,502)	355,286
		1,736,993	1,087,425	1,001,130	(1,032,003)	2,793,545
Trust						
2020						
Non-interest bearing	-	3,815	-	-	-	3,815
Variable interest rate instruments	2.62	2,620	100,437	-	(3,174)	99,883
		6,435	100,437	-	(3,174)	103,698
2019						
Non-interest bearing	-	6,606	-	-	-	6,606
Variable interest rate instruments	2.67	2,290	102,576	-	(5,083)	99,783
		8,896	102,576	-	(5,083)	106,389

* Included under the variable interest rate instruments category is the undiscounted cash flows of Basslink bank borrowings with a carrying amount of $635,472,000 (2019 : $610,259,000) as at December 31, 2020. The timing of the cash flow payments have been categorised above based on the remaining contractual maturity. These bank borrowings have been classified as current liabilities on the statement of financial position (Note 19).

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Trust anticipate that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Effective interest rate %	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000	Adjustment $'000	Total $'000
Group						
2020						
Non-interest bearing	-	307,754	-	-	-	307,754
Fixed interest rate instruments	0.46 - 15.32	475,066	260,974	100,284	(64,440)	771,884
Variable interest rate instruments	0.22 - 0.78	84,706	-	-	-	84,706
		867,526	260,974	100,284	(64,440)	1,164,344
2019						
Non-interest bearing	-	326,049	-	-	-	326,049
Fixed interest rate instruments	0.92 – 4.68	450,675	276,809	156,331	(78,437)	805,378
Variable interest rate instruments	0.55 – 1.11	38,755	-	-	-	38,755
		815,479	276,809	156,331	(78,437)	1,170,182
Trust						
2020						
Non-interest bearing	-	17,350	-	-	-	17,350
Fixed interest rate instruments	0.70 – 17.50	317,414	574,683	1,488,846	(1,377,550)	1,003,393
Variable interest rate instruments	0.70 – 1.29	9,032	9,640	-	(319)	18,353
		343,796	584,323	1,488,846	(1,377,869)	1,039,096
2019						
Non-interest bearing	-	8,414	-	-	-	8,414
Fixed interest rate instruments	0.92 – 17.50	297,515	358,928	1,794,581	(1,467,517)	983,507
Variable interest rate instruments	2.32	7,699	13,441	-	(1,322)	19,818
		313,628	372,369	1,794,581	(1,468,839)	1,011,739

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group			
2020			
Net settled:			
Interest rate swaps	(37,115)	(116,610)	(68,239)
Foreign currency forward	(8,770)	(2,945)	-
2019			
Net settled:			
Interest rate swaps	(24,750)	(80,716)	(88,671)
Foreign currency forward	(2,056)	40	-
Trust			
2020			
Net settled:			
Interest rate swaps	(1,695)	(282)	-
Foreign currency forward	(2,945)	(4,587)	-
2019			
Net settled:			
Interest rate swaps	-	(1,230)	-

4. Financial Instruments, Financial Risks and Capital Management (continued)

(b) Financial risk management policies and objectives (continued)

(v) Liquidity risk management (continued)

The Group and the Trust manage their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's and Trust's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flows. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group is in a net current liability position of $41,498,000 (2019 : $676,849,000) as at the end of the reporting period. The Basslink bank borrowings of $635,472,000 (2019 : $610,259,000) is classified as current liabilities (Note 19). The financial statements of the Group have been prepared on a going concern basis on the following basis:

- The Basslink bank borrowings, as detailed in Note 19, are non-recourse to the Group and the maturity date was extended by six months to May 27, 2021;
- The Group is not dependent on cash flows from Basslink for its operations and distributions to unitholders for at least the 12-month period from the date of the financial statements.

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

The Group maintains $307.4 million (2019 : $280.4 million) undrawn facilities as at the end of the financial year.

(vi) Fair value of financial assets and financial liabilities

(i) Assets and liabilities measured at fair value
The Group and Trust's derivative financial instruments as at December 31, 2020 and December 31, 2019, are measured at fair value under Level 2 of the fair value hierarchy. The following table gives information about how the fair value of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities $'000	Fair value as at 2020 Assets $'000	2020 Liabilities $'000	2019 Assets $'000	2019 Liabilities	Valuation technique(s) and key input(s)
Group					
Interest rate swaps	-	**(190,595)**	-	(149,717)	The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
Foreign currency forward	**143**	**(11,919)**	887	(2,902)	
Commodity swap	**113**	**(47)**	-	(411)	
Trust					
Interest rate swaps	-	**(1,939)**	-	(1,230)	The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at end of each reporting period. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
Foreign currency forward	-	**(7,532)**	-	-	

There were no transfer between the different levels of the fair value hierarchy during the financial years ended December 31, 2020 and 2019.

(ii) Fair value of the Group and Trust's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)
The Trustee-Manager considers that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair values, unless otherwise stated in the respective notes to the financial statements.

(c) Capital management policies and objectives
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to unitholders, issue new units, buy back issued units, issue perpetual securities, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise non-recourse debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

In addition to bank covenants, debt service coverage ratios and other tests, the Trustee-Manager also monitors capital based on the ratio of the Group's net borrowings to total assets. Net borrowings are calculated as total borrowings less cash and bank deposits excluding notes payable to non-controlling interest. For the Trust, the Trustee-Manager monitors capital based on ratio of the Trust's net borrowings to total assets.

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Net borrowings	**1,580,302**	1,641,560	**-**	-
Total assets	**4,929,535**	5,003,275	**2,438,607**	2,317,920
Ratio	**32%**	33%	**0%**	0%

There are no externally imposed capital requirements for the financial years ended December 31, 2020 and 2019, other than the loan covenants disclosed in Note 19.

5. Related Party Transactions

Some of the Group's transactions and arrangements are with (a) the Trustee-Manager; and (b) the significant corporate unitholders, Keppel Corporation Limited and Temasek Holdings (Private) Limited, and their associates. The effect of these on the basis determined between the parties is reflected in these financial statements.

The following significant transactions between the Group and its related parties took place at terms agreed between the parties during the year:

		Group	
		2020 $'000	2019 $'000
Sale of goods and services	(i)	**144,000**	123,690
Purchases of goods and services	(i)	**(237,585)**	(263,704)
Operating lease expense	(ii)	**(950)**	(1,725)
Interest expense	(i)	**(42,992)**	(42,875)
Interest income	(i)	**1,792**	1,888
Professional fees	(i)	**(342)**	(312)
Trustee-Manager's fees	(iii)	**(11,970)**	(26,072)

(i) Received/receivable from and/or paid/payable to subsidiaries of the substantial unitholders of the Trust and Trustee-Manager.
(ii) Relates to short-term operating lease arrangements with related parties of the Group for leasing of office premises and galleries.
(iii) The Trust Deed sets out the management fee arrangements between the Trust and the Trustee-Manager in relation to the management of the Trust. The fee structure for these services is disclosed in Note 38.

6. Property, Plant and Equipment

	Freehold land $'000	Building and leasehold land $'000	Easements $'000	Inter-connector and related plant and machinery[2] $'000	Power plant $'000	Other plant and machinery[3] $'000	Computers, vehicles, furniture, fittings and equipment $'000	Stand-by equipment and assets under construction $'000	Total $'000
Group									
Cost:									
At January 1, 2019	1,438	7,870	1,665	1,024,936	1,623,701	80,926	9,769	13,781	2,764,086
Additions	-	786	-	70	603	8,923	735	17,249	28,366
Acquisition of subsidiaries (Note 46)	56,256	27,694	-	-	-	293,950	-	20,369	398,269
Written off	-	-	-	(1)	-	(535)	(181)	-	(717)
Disposals	-	-	-	-	-	(610)	(130)	-	(740)
Currency translation differences	(3,753)	(2,293)	(134)	(82,689)	-	(18,228)	(143)	(1,852)	(109,092)
Reclassification	-	100	-	874	-	16,114	228	(17,316)	-
Reversal of decommissioning cost [1]	-	-	-	(6,997)	-	-	-	-	(6,997)
At December 31, 2019	**53,941**	**34,157**	**1,531**	**936,193**	**1,624,304**	**380,540**	**10,278**	**32,231**	**3,073,175**
Additions	**-**	**-**	**-**	**131**	**728**	**10,515**	**448**	**9,077**	**20,899**
Acquisition of subsidiaries (Note 46)	**-**	**-**	**-**	**-**	**-**	**1,369**	**-**	**-**	**1,369**
Written off	**-**	**-**	**-**	**(2,774)**	**-**	**(18)**	**(975)**	**-**	**(3,767)**
Disposals	**-**	**(217)**	**-**	**(10)**	**-**	**(10,270)**	**(316)**	**(10)**	**(10,823)**
Disposal of subsidiaries (Note 9)	**(357)**	**(1,741)**	**-**	**-**	**-**	**(696)**	**-**	**(116)**	**(2,910)**
Currency translation differences	**3,126**	**796**	**100**	**62,266**	**-**	**17,238**	**128**	**847**	**84,501**
Reclassification (Note 7)	**-**	**(4,832)**	**-**	**-**	**-**	**12,430**	**18**	**(12,983)**	**(5,367)**
Adjustment to decommissioning cost [1]	**-**	**-**	**-**	**6,521**	**-**	**-**	**-**	**-**	**6,521**
At December 31, 2020	**56,710**	**28,163**	**1,631**	**1,002,327**	**1,625,032**	**411,108**	**9,581**	**29,046**	**3,163,598**
Accumulated depreciation:									
At January 1, 2019	-	4,779	488	263,739	264,193	70,572	8,925	-	612,696
Depreciation charge	-	2,089	41	15,620	54,199	56,698	614	-	129,261
Written off	-	-	-	(1)	-	(535)	(181)	-	(717)
Disposals	-	-	-	-	-	(421)	(120)	-	(541)
Currency translation differences	-	47	(40)	(21,711)	-	(517)	(116)	-	(22,337)
At December 31, 2019	**-**	**6,915**	**489**	**257,647**	**318,392**	**125,797**	**9,122**	**-**	**718,362**
Depreciation charge	**-**	**1,693**	**40**	**15,246**	**75,826**	**36,779**	**549**	**-**	**130,133**
Written off	**-**	**-**	**-**	**(1,517)**	**-**	**(18)**	**(969)**	**-**	**(2,504)**
Disposals	**-**	**(184)**	**-**	**(4)**	**-**	**(10,207)**	**(259)**	**-**	**(10,654)**
Disposal of subsidiaries (Note 9)	**-**	**(38)**	**-**	**-**	**-**	**(161)**	**-**	**-**	**(199)**
Reclassification (Note 7)	**-**	**(833)**	**-**	**-**	**-**	**-**	**-**	**-**	**(833)**
Currency translation differences	**-**	**(74)**	**34**	**17,672**	**-**	**1,102**	**90**	**-**	**18,824**
At December 31, 2020	**-**	**7,479**	**563**	**289,044**	**394,218**	**153,292**	**8,533**	**-**	**853,129**
Carrying amount:									
At December 31, 2019	53,941	27,242	1,042	678,546	1,305,912	254,743	1,156	32,231	2,354,813
At December 31, 2020	**56,710**	**20,684**	**1,068**	**713,283**	**1,230,814**	**257,816**	**1,048**	**29,046**	**2,310,469**

[1] This relates to the movement in the provision for decommissioning costs during the financial year (Note 21).

[2] Included in this category is a carrying amount of $9,352,000 (2019 : $9,275,000) which pertains to plant and machinery related to the interconnector with useful lives ranging from 3 to 40 years.

[3] Included in this category is a carrying amount of $5,137,000 (2019 : $6,557,000) which pertains to plant and machinery under the gas segment with useful lives ranging from 14 to 25 years.

Certain property, plant and equipment with carrying amount of $1,077,388,000 (2019 : $1,044,462,000) are pledged as security for borrowings (Note 19).

7. Right-Of-Use Assets

The Group leases several leasehold land and buildings, warehouse and retail spaces, plant and equipment, computers, vehicles, furniture, fittings and equipment. The average lease term ranges from 1 to 45 years (2019 : 1 to 46 years).

Certain leases for computers, vehicles, furniture, fittings and equipment, warehouse spaces and an office building expired during the year and were either replaced by new leases for identical underlying assets or extended through exercising the extension options. This resulted in additions to right-of-use assets of $6,602,000 (2019 : $1,773,000) in 2020.

Group	Land, buildings, office, warehouse and retail spaces $'000	Computers, vehicles, furniture, fittings and equipment $'000	Total $'000
Cost:			
At January 1, 2019 (Adoption of SFRS (I) 16)	38,193	9,297	47,490
Acquisition of subsidiaries (Note 46)	57,478	30,319	87,797
Additions	1,107	666	1,773
Currency translation differences	(3,729)	(947)	(4,676)
At December 31, 2019 (Adoption of SFRS (I) 16)	**93,049**	**39,335**	**132,384**
Acquisition of subsidiaries (Note 46)	**2,732**	**-**	**2,732**
Disposal of subsidiaries (Note 9)	**(2,495)**	**(645)**	**(3,140)**
Additions	**3,052**	**3,550**	**6,602**
Termination and retirement	**(2,395)**	**(2,230)**	**(4,625)**
Reclassification (Note 6)	**5,367**	**-**	**5,367**
Currency translation differences	**3,414**	**1,458**	**4,872**
At December 31, 2020	**102,724**	**41,468**	**144,192**
Accumulated depreciation:			
At January 1, 2019 (Adoption of SFRS (I) 16)	1,911	-	1,911
Depreciation charge	8,627	6,366	14,993
Currency translation differences	(168)	52	(116)
At December 31, 2019 (Adoption of SFRS (I) 16)	**10,370**	**6,418**	**16,788**
Disposal of subsidiaries (Note 9)	**(1,810)**	**(221)**	**(2,031)**
Depreciation charge	**10,495**	**7,385**	**17,880**
Termination and retirement	**(1,581)**	**(1,681)**	**(3,262)**
Reclassification (Note 6)	**833**	**-**	**833**
Currency translation differences	**660**	**572**	**1,232**
At December 31, 2020	**18,967**	**12,473**	**31,440**
Carrying amount:			
At December 31, 2019	82,679	32,917	115,596
At December 31, 2020	**83,757**	**28,995**	**112,752**

8. Intangibles

	2020 $'000	2019 $'000
Goodwill arising on consolidation	**881,939**	834,710
Concession arrangements	**20,037**	23,297
Customer contracts and relationships	**106,996**	116,195
Software	**6,426**	9,761
Other identifiable intangibles	**-**	1,378
	133,459	150,631
	1,015,398	985,341

8. Intangibles (continued)

Movements during the year are as follow:

	Goodwill $'000	Concession arrangements $'000	Customer contracts and relationships $'000	Software $'000	Other identifiable intangibles $'000	Total $'000
Cost:						
At January 1, 2019	437,300	38,234	175,777	-	-	651,311
Acquisition of subsidiaries (Note 46)	431,465	-	88,972	13,001	1,421	534,859
Additions	-	-	-	3,028	190	3,218
Disposals	-	-	-	(824)	-	(824)
Currency translation differences	(34,055)	-	(9,198)	(859)	(89)	(44,201)
At December 31, 2019	**834,710**	**38,234**	**255,551**	**14,346**	**1,522**	**1,144,363**
Acquisition of subsidiaries (Note 46)	**18,189**	**-**	**5,771**	**-**	**-**	**23,960**
Additions	**-**	**-**	**95**	**1,401**	**-**	**1,496**
Disposals	**-**	**-**	**-**	**(21)**	**-**	**(21)**
Adjustment	**1**	**-**	**1,523**	**(3)**	**(1,522)**	**(1)**
Reclassification	**-**	**-**	**-**	**28**	**-**	**28**
Disposal of a subsidiary (Note 9)	**-**	**-**	**-**	**(83)**	**-**	**(83)**
Currency translation differences	**29,039**	**-**	**7,806**	**931**	**-**	**37,776**
At December 31, 2020	**881,939**	**38,234**	**270,746**	**16,599**	**-**	**1,207,518**
Accumulated amortisation:						
At January 1, 2019	-	11,678	120,875	-	-	132,553
Amortisation	-	3,259	19,885	5,520	149	28,813
Disposals	-	-	-	(805)	-	(805)
Currency translation differences	-	-	(1,404)	(130)	(5)	(1,539)
At December 31, 2019	**-**	**14,937**	**139,356**	**4,585**	**144**	**159,022**
Amortisation	**-**	**3,260**	**21,708**	**5,164**	**-**	**30,132**
Disposals	**-**	**-**	**-**	**(23)**	**-**	**(23)**
Adjustment	**-**	**-**	**142**	**-**	**(144)**	**(2)**
Disposal of subsidiary (Note 9)	**-**	**-**	**-**	**(21)**	**-**	**(21)**
Currency translation differences	**-**	**-**	**2,544**	**468**	**-**	**3,012**
At December 31, 2020	**-**	**18,197**	**163,750**	**10,173**	**-**	**192,120**
Carrying amount:						
At December 31, 2019	834,710	23,297	116,195	9,761	1,378	985,341
At December 31, 2020	**881,939**	**20,037**	**106,996**	**6,426**	**-**	**1,015,398**

(a) Goodwill arising on consolidation

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGU") that are expected to benefit from that business combination. The Group is structured into three business segments, Distribution & Network, Waste & Water and Energy. Based on the relative fair value approach, the goodwill arising from the Crystal Assets Acquisition and Ixom Acquisition was allocated to the Distribution & Network business segment.

In 2015, the Trust acquired the business of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd, collectively known as the Crystal Assets.

In 2019, the Trust acquired the Ixom Group, which principal activities include manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries.

During the year, the Trust, through its Ixom sub-group, acquired Medora, which principal activities include the sale of water treatment infrastructure and facilities and related services, as disclosed in Note 46.

Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Carrying amount $'000	Terminal growth rate %	Pre-tax discount rate %
Group			
2020			
Distribution & Network:			
City Gas	**379,497**	**1.8**	**8.0**
Basslink	**55,342**	**N/A**	**4.4**
Ixom (including Medora)	**447,100**	**2.5**	**10.0**
2019			
Distribution & Network:			
City Gas	379,497	1.8	8.0
Basslink	51,899	N/A	6.4
Ixom	403,314	2.5	11.6

The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

The recoverable values of the CGUs are determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates, terminal value and expected changes to selling prices and direct costs and ability to secure adequate banking facilities during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on the industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager for the next five years for Ixom (including Medora) and for a period of more than five years for City Gas and Basslink as City Gas is currently the sole producer and retailer of town gas and Basslink has a long-term contract with its major customer.

Sensitivity analysis

Based on the value in use calculations as determined by the Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2020		2019	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Distribution & Network:				
City Gas	**(87,037)**	**120,210**	(90,939)	126,568
Basslink	**(199,211)**	**266,204**	(183,987)	248,812
Ixom (including Medora)	**(147,585)**	**193,158**	(120,156)	157,091

For Ixom, if the discount rate used as detailed above increases by 1 percentage point, the carrying amount of the CGU would exceed the recoverable amount by $Nil (2019 : $28,788,000).

For other CGUs, any reasonable possible change to the key assumptions applied, including the discount rates used as detailed above, is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

No impairment was considered necessary for the current and prior years.

(b) Concession arrangements, customer contracts and relationships

The intangible assets recognised on concession arrangements represent the rights to charge users of the public service under the Group's operating concessions. They have remaining amortisation period of 3.67 to 13.84 years (2019 : 4.67 to 14.84 years).

The intangible assets recognised on customer contracts and relationships were in relation to contractual agreements that two of the subsidiaries have with their sole customer, as well as contracts entered into between a subsidiary and its long-time customers. These have remaining amortisation period of 1 to 25.43 years (2019 : 2 to 26.43 years).

9. Investment in Subsidiaries

	Trust	
	2020 $'000	2019 $'000
Investments, at cost	**863,552**	863,236
Advances to subsidiaries	**1,038,806**	1,052,575
Less: Allowance for impairment	**(504,171)**	(610,246)
	1,398,187	1,305,565
Movement in allowance account:		
Beginning of year	**610,246**	582,300
(Credit) / Charge for the year	**(106,075)**	27,946
End of year	**504,171**	610,246

Advances to subsidiaries are quasi-equity loans which represent an extension of investment in the subsidiaries. They are unsecured and interest-free. Settlements are neither planned nor likely to occur in the foreseeable future.

Details of the Group's significant subsidiaries at the end of financial year are as follows:

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2020 %	2019 %
City Gas Pte Ltd[1a] [1c]	Trustee of City Gas Trust (Singapore)	**100**	100
City Gas Trust[1a]	Production and retail of town gas, retail of natural gas and sales of gas appliances (Singapore)	**100**	100
SingSpring Pte Ltd[1a] [1c]	Trustee of SingSpring Trust (Singapore)	**100**	100
SingSpring Trust[1a]	Operation of a seawater desalination plant (Singapore)	**70**	70
CityLink Investments Pte Ltd[1a] [1c]	Investment holding (Singapore)	**100**	100
CitySpring Capital Pte Ltd[1a] [1c]	Provision of financial and treasury services (Singapore)	**100**	100
CityDC Pte. Ltd.[1a] [1c]	Investment holding (Singapore)	**100**	100
Keppel Merlimau Cogen Pte Ltd[1a]	Tolling arrangement for a power plant (Singapore)	**51**	51
Senoko Waste-To-Energy Pte Ltd[1a] [1c]	Trustee of Senoko Trust (Singapore)	**100**	100
Senoko Trust[1a]	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
Keppel Seghers NEWater Development Co Pte Ltd[1a] [1c]	Trustee of Ulu Pandan Trust (Singapore)	**100**	100
Ulu Pandan Trust[1a]	Collection, purification and distribution of water (Singapore)	**100**	100
Keppel Seghers Tuas Waste-To-Energy Plant Pte Ltd[1a] [1c]	Trustee of Tuas DBOO Trust (Singapore)	**100**	100
Tuas DBOO Trust[1a]	Collection and treatment of solid waste to generate green energy (Singapore)	**100**	100
City-OG Gas Energy Services Pte Ltd[1a] [1c]	Retailing of natural gas and related activities (Singapore)	**51**	51
IX Holdings Pte Ltd[1a] [1c]	Investment holding (Singapore)	**100**	100
Bay Terminal Holdings Pte Ltd[1c] [2]	Investment holding (Singapore)	**100**	-
Bay Terminal Infrastructure Pte Ltd[1c] [2]	Investment holding (Singapore)	**100**	-
Nexus Australia Management Pty Ltd* [1c]	Trustee (Australia)	**100**	100
Coral Holdings Australia Pty Ltd* [1b]	Investment holding (Australia)	**100**	100
Premier Finance Trust Australia* [1b]	Finance trust (Australia)	**100**	100
Nexus Investments Australia Pty Ltd* [1c]	Investment holding (Australia)	**100**	100
Basslink Australia GP Pty Ltd* [1c]	Investment holding (Australia)	**100**	100
Basslink Australia LLP* [1c]	Investment holding (Australia)	**100**	100
Basslink Pty Ltd* [1b]	Operation of subsea electricity interconnector (Australia)	**100**	100

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2020 %	2019 %
Basslink Telecoms Pty Ltd* (1b)	Operation of telecom business (Australia)	**100**	100
Basslink Holdings Pty Ltd* (1c)	Investment holding (Cayman Islands)	**100**	100
IX Infrastructure Pty Ltd(1b)	Investment holding (Australia)	**100**	100
Ixom HoldCo Pty Ltd^ (1b)	Investment holding (Australia)	**100**	100
Ixom Pty Ltd^ (1b)	Investment holding (Australia)	**100**	100
Ixom Holdings Pty Ltd^ (1b)	Investment holding (Australia)	**100**	100
Ixom Operations Pty Ltd^ (1b)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Australia)	**100**	100
Ixom Finance Pty Ltd^ (1b)	Provision of financial and treasury services (Australia)	**100**	100
Bronson & Jacobs Pty Ltd^ (1b)	Investment holding (Australia)	**100**	100
Ixom International Holdings Pty Ltd^ (1b)	Investment holding (Australia)	**100**	100
Bronson & Jacobs (S.E. Asia) Pte Ltd^ (1c)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Singapore)	**100**	100
Bronson & Jacobs (H.K.) Ltd^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Hong Kong)	**-**	100
PT Bronson & Jacobs Indonesia^ (1c)	Supply and distribution of water treatment chemicals,	**100**	100
Bronson & Jacobs (Malaysia) Sdn Bhd^ (1c)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Malaysia)	**100**	100
Bronson & Jacobs International Company Ltd^ (1c) (4)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Thailand)	**49**	49
Bronson & Jacobs (Shanghai) International Trading Co Ltd^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**-**	100
Ixom Peru SA^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Peru)	**-**	100
Active Chemicals Chile SA^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**-**	100
Ixom Argentina SA^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Argentina)	**-**	100
Miex UK Limited^ (1c)	Sale of water treatment infrastructure and facilities and related services (UK)	**100**	100
Ixom Watercare Inc^ (1c)	Sale of water treatment infrastructure and facilities and related services (USA)	**100**	100
Ixom Colombia SAS^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Colombia)	**-**	100
Ixom Finance New Zealand Limited^ (1c)	Provision of financial and treasury services (New Zealand)	**100**	100
Ixom Chile SA^(1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Chile)	**-**	100
Ixom Brasil Produtos Quimicos Ltda^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**-**	100
Forbusi Importadora e Exportadora Ltda^ (1c) (3)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Brazil)	**-**	100
Central Pacific Chemicals Ltd^ (1c)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (Fiji)	**100**	100
Ixom Chemicals Trading Agency (Beijing) Co. Ltd^ (1c)	Supply and distribution of water treatment chemicals, industrial and speciality chemicals (China)	**100**	100

* Collectively known as Basslink.

^ Collectively known as Ixom.

(1a) Audited by Deloitte & Touche LLP, Singapore.

(1b) Audited by Deloitte Touche Tohmatsu, Australia for the Group's consolidation purpose.

(1c) Not material for the Group's consolidation purpose.

(2) Incorporated during the financial year.

(3) Divested during the financial year.

(4) Management has determined the existence of control, based on the right to appoint and remove a majority of board members. The relevant activities are determined based on simple majority votes.

9. Investment in Subsidiaries (continued)

Disposal of subsidiaries

During the year, the Trust, through its Ixom sub-group, completed the divestment of its Latin America and People's Republic of China ("PRC") subsidiaries on October 22, 2020 and December 1, 2020 respectively. The book value of the net assets of the subsidiaries disposed were as follows:

	$'000
Property, plant and equipment and right-of-use assets	(3,820)
Identifiable intangible assets	(62)
Deferred tax assets	(813)
Inventories	(19,954)
Financial assets	(25,908)
Financial liabilities	12,974
Lease liabilities	1,198
Provisions	3,542
Net assets derecognised	**(32,843)**
Consideration received	28,587
Foreign currency translation reserves realised	(8,716)
Loss on disposal	(12,972)
Net cash inflow on disposal:	
Cash consideration	28,587
Transaction cost	(3,804)
Less: Cash and cash equivalents disposed of	(9,085)
	15,698

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiaries	Principal activities (Country of incorporation or residence)	Proportion of ownership interest and voting power held	
		2020 %	2019 %
SingSpring Trust	Singapore	**30**	30
Keppel Merlimau Cogen Pte Ltd	Singapore	**49**	49
Bronson & Jacobs International Company Ltd	Thailand	**51**	51

Summarised financial information of subsidiaries with material NCI

Summarised financial information and consolidation adjustments but before intragroup eliminations are as follows:

SingSpring Trust

Summarised statement of financial position

	2020 $'000	2019 $'000
Current assets	**27,379**	26,541
Current liabilities	**(17,178)**	(15,739)
Net current assets	**10,201**	10,802
Non-current assets	**93,274**	107,879
Non-current liabilities	**(91,497)**	(102,060)
Net non-current assets	**1,777**	5,819
Net assets	**11,978**	16,621
Equity attributable to unitholders of the Trust	**8,384**	11,635
NCI	**3,594**	4,986

Summarised statement of profit or loss and other comprehensive income

	2020 $'000	2019 $'000
Revenue	**35,115**	37,385
Profit before tax	**4,776**	5,293
Income tax expense	**(976)**	(903)
Profit after tax	**3,800**	4,390
Profit attributable to unitholders of the Trust	**2,660**	3,073
Profit attributable to NCI	**1,140**	1,317
Profit after tax	**3,800**	4,390
Other comprehensive income attributable to unitholders of the Trust	**(111)**	31
Other comprehensive income attributable to NCI	**(48)**	13
Other comprehensive income for the year	**(159)**	44
Total comprehensive income attributable to unitholders of the Trust	**2,549**	3,104
Total comprehensive income attributable to NCI	**1,092**	1,330
Total comprehensive income for the year	**3,641**	4,434
Dividends paid to NCI	**2,486**	3,000
Other summarised information		
Net cash from operating activities	**16,264**	17,956

Keppel Merlimau Cogen Pte Ltd

Summarised statement of financial position

	2020 $'000	2019 $'000
Current assets	**127,008**	79,570
Current liabilities	**(92,985)**	(747,254)
Net current assets / (liabilities)	**34,023**	(667,684)
Non-current assets	**1,391,550**	1,483,322
Non-current liabilities	**(1,336,515)**	(653,668)
Net non-current assets	**55,035**	829,654
Net assets	**89,058**	161,970
Equity attributable to unitholders of the Trust	**47,573**	84,883
NCI	**41,485**	77,087

9. Investment in Subsidiaries (continued)

Summarised financial information of subsidiaries with material NCI (continued)

Keppel Merlimau Cogen Pte Ltd (continued)

Summarised statement of profit or loss and other comprehensive income

	2020 $'000	2019 $'000
Revenue	**128,761**	125,816
Loss before tax	**(73,859)**	(84,796)
Income tax credit	**1,565**	3,814
Loss after tax	**(72,294)**	(80,982)
Loss attributable to unitholders of the Trust	**(36,995)**	(41,464)
Loss attributable to NCI	**(35,299)**	(39,518)
Loss after tax	**(72,294)**	(80,982)
Other comprehensive income attributable to unitholders of the Trust	**(315)**	827
Other comprehensive income attributable to NCI	**(303)**	794
Other comprehensive income for the year	**(618)**	1,621
Total comprehensive income attributable to unitholders of the Trust	**(37,310)**	(40,637)
Total comprehensive income attributable to NCI	**(35,602)**	(38,724)
Total comprehensive income for the year	**(72,912)**	(79,361)
Other summarised information		
Net cash from operating activities	**28,019**	9,904

Bronson & Jacobs International Company Ltd

Summarised statement of financial position

	2020 $'000	2019 $'000
Current assets	**12,438**	12,637
Current liabilities	**(3,285)**	(3,088)
Net current assets	**9,153**	9,549
Non-current assets	**519**	687
Net non-current assets	**519**	687
Net assets	**9,672**	10,236
Equity attributable to unitholders of the Trust	**4,739**	5,016
NCI	**4,933**	5,220

Summarised statement of profit or loss and other comprehensive income

	2020 $'000	2019 $'000
Revenue	**33,165**	25,748
Profit before tax	**4,441**	3,270
Income tax expense	**(907)**	(682)
Profit after tax	**3,534**	2,588
Profit attributable to unitholders of the Trust	**1,732**	1,264
Profit attributable to NCI	**1,802**	1,324
Profit after tax	**3,534**	2,588
Other comprehensive income attributable to unitholders of the Trust	**(526)**	392
Other comprehensive income attributable to NCI	**(548)**	407
Other comprehensive income for the year	**(1,074)**	799
Total comprehensive income attributable to unitholders of the Trust	**1,206**	1,656
Total comprehensive income attributable to NCI	**1,254**	1,731
Total comprehensive income for the year	**2,460**	3,387
Other summarised information		
Net cash from operating activities	**745**	1,472

Impairment testing of investment in subsidiaries

During the year, the Trustee-Manager performed an impairment assessment for the Trust's investments in its subsidiaries and a reversal of allowance for impairment of $12.2 million (2019: impairment of $4.5 million) and $141.0 million (2019: $Nil) was recognised in profit or loss for the investments in KMC and Citylink respectively.

Allowances for impairment was recognised for the following:

Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust ("subtrusts") and Keppel Merlimau Cogen Pte Ltd ("KMC")
On May 18, 2015, the Trust acquired the businesses of collection, purification and distribution of water and waste incineration and electricity generation from Crystal Trust through the acquisition of Ulu Pandan Trust, Keppel Seghers NEWater Development Co Pte Ltd, Senoko Trust, Senoko Waste-To-Energy Pte Ltd, Tuas DBOO Trust and Keppel Seghers Tuas Waste-To-Energy Pte Ltd, collectively known as the Crystal Assets, for a total purchase consideration of $729 million via the issue of 1,326,319,374 new units for acquisition (Crystal Assets Acquisition).The purchase consideration was determined based on (a) the fixed exchange ratio of 2.106 units of the Trust for every unit in Crystal Trust; and (b) the quoted unit price of the Trust as at the completion date.

On June 30, 2015, the Trust acquired a 51% equity stake in KMC which owns the Keppel Merlimau Cogen power plant, a combined cycle gas turbine generation facility at Jurong Island. The total purchase consideration of $510 million was financed by an equity fund raising, of which $255 million was paid to the vendor and $255 million was injected via Qualifying Project Debt Securities ("QPDS") Notes.

The service concessions of the subtrusts (Note 12) and KMC's plant have finite lives and the recoverable amounts of the Trust's investments are expected to decrease in tandem with the remaining service concession periods and plant life, respectively.

During the year, the Trustee-Manager performed an impairment assessment on the costs of investment in the subtrusts and KMC against their recoverable amounts and allowances for impairment of $41.6 million (2019 : $20.8 million), $5.0 million (2019 : $2.7 million) and $0.5 million (2019 : $Nil) were recognised in profit or loss for the investments in Senoko Trust, Ulu Pandan Trust and Tuas DBOO Trust respectively. In 2019, allowance for impairment of $4.5 million was recognised in profit or loss for the investment in KMC.

The recoverable amount was determined based on value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to tariffs and direct costs during the period. The Trustee-Manager estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subtrusts and KMC. The growth rates of 2.0% (2019 : 2.0%) per annum used are based on the industry growth forecasts. Changes in tariffs and direct costs are based on past practices and current contractual agreements.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the Trustee-Manager covering a period of 3.67 to 13.84 years (2019 : 4.67 to 14.84 years) for the subtrusts and 20.5 years (2019 : 21.5 years) for KMC based on the current contractual agreements with the major customers. The discount rates used was 3.90% (2019 : 4.70%) per annum for Tuas DBOO Trust and 4.40% per annum for KMC (2019 : 4.92%), Senoko Trust (2019: 4.70%) and Ulu Pandan Trust (2019: 4.70%).

9. Investment in Subsidiaries (continued)

Impairment testing of investment in subsidiaries (continued)

Sensitivity analysis
Based on the value in use calculations as determined by Trustee-Manager, an increase or decrease by 1 percentage point to the discount rates used in the assessment will affect the value in use as follows:

	2020		2019	
	Increase $'000	**Decrease $'000**	Increase $'000	Decrease $'000
Senoko Trust	**(2,927)**	**3,029**	(4,554)	4,742
Ulu Pandan Trust	**-**	**130**	(1,511)	1,597
Tuas DBOO Trust	**(7,037)**	**7,739**	(7,367)	8,134
Keppel Merlimau Cogen Pte Ltd	**(55,980)**	**63,592**	(111,383)	126,931

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries	
		2020	2019
Collection and treatment of solid waste to generate green energy	Singapore	**2**	2
Collection, purification and distribution of water	Singapore	**1**	1
Investment holding	Singapore	**5**	3
Production and retail of town gas, retail of natural gas and sales of gas appliances	Singapore	**1**	1
Provision of financial and treasury services	Singapore	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Singapore	**1**	1
Trustee	Singapore	**5**	5
Provision of financial and treasury services	Australia	**1**	1
Investment holding	Australia	**10**	10
Operation of subsea electricity interconnector	Australia	**1**	1
Operation of telecom business	Australia	**1**	1
Finance trust	Australia	**1**	1
Trustee	Australia	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Australia	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	China	**1**	2
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Chile	**-**	2
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Brazil	**-**	2
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Peru	**-**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Colombia	**-**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Argentina	**-**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Hong Kong	**-**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Indonesia	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Malaysia	**1**	1
Supply and distribution of water treatment chemicals, industrial and speciality chemicals	Fiji	**1**	1
Investment holding	Cayman Islands	**1**	1
Provision of financial and treasury services	New Zealand	**1**	1
Construction and sale of water treatment infrastructure and facilities	United Kingdom	**1**	1
Construction and sale of water treatment infrastructure and facilities	United States of America	**1**	1
		40	47

10. Notes Receivables

	2020 $'000	2019 $'000
Notes issued by subsidiaries	**775,712**	775,712

(a) The notes receivable of $195,570,000 (2019 : $195,570,000) from a subsidiary matures in Year 2037 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 13.0% (2019 : 13.0%) per annum.

(b) The notes receivable of $35,000,000 (2019 : $35,000,000) from a subsidiary matures in Year 2025 and bears interest payable quarterly in arrears with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum. The fixed interest rate for the notes is 6.5% (2019 : 6.5%) per annum.

(c) The notes receivables of $152,398,000 (2019 : $152,398,000), $91,473,000 (2019 : $91,473,000) and $46,271,000 (2019 : $46,271,000) from subsidiaries mature in Year 2024, 2028 and 2023 respectively. The fixed interest rate for the notes is 6.0% (2019 : 6.0%) per annum, payable semi-annually.

(d) The notes receivable of $255,000,000 (2019 : $255,000,000) from a subsidiary mature in Year 2040, with fixed interest rate of 17.5% (2019 : 17.5%) per annum, payable quarterly.

The above notes are direct, unsecured and subordinated obligations of the subsidiaries, and can be redeemed at par by the subsidiaries prior to their maturity dates.

The Trustee-Manager estimates that the carrying value of the notes receivables approximate their fair value as these notes may be redeemed at par prior to their maturity dates on any interest payment date.

For the purpose of impairment assessment, the notes receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiaries, adjusted for the factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiaries operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default of each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

11. Amount Receivable from a Subsidiary

Amount receivable from a subsidiary is non-trade related, unsecured, repayable in 2024, and bears interest at margin plus 1-month SOR. The weighted average effective interest rate on the amount receivable approximates 1.29% (2019 : 2.54%) per annum. The Trustee-Manager estimates that the carrying value of the amount receivable from a subsidiary approximate its fair value as the loan amount receivable bears interest at floating rates.

For the purpose of impairment assessment, the amount receivable from a subsidiary is considered to have low credit risk as it is not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amount receivable from a subsidiary since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowances is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the subsidiary, adjusted for the factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operate, in estimating the probability of default of this financial asset occurring within its loss assessment time horizon, as well as the loss upon default.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amount receivable.

12. Service Concession Receivables

	Group	
	2020 $'000	2019 $'000
Service concession receivables	**284,501**	332,228
Less: Due within 12 months	**(49,316)**	(47,856)
Due after 12 months	**235,185**	284,372

This relates to service concession receivables from the following plants:

(a) Senoko Plant
A 15-year contract commencing on September 1, 2009 to own and operate an incinerator plant with a requirement to carry out the Flue Gas Treatment Upgrade, which has contracted incineration capacity of 2,100 tonnes per day with six incinerator-boiler units and two condensing turbine-generators with a power generation capacity of 2x28MW. On September 26, 2014, the subtrust entered into a supplemental agreement to progressively increase the incineration capacity of the plant by up to 10% and the upgrading work was completed in September 2016, increasing capacity to 2,310 tonnes per day. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(b) Tuas DBOO Plant
A 25-year Design-Build-Own-Operate ("DBOO") contract commencing on October 30, 2009 to design, build, own and operate a waste-to-energy plant, which has contracted incineration capacity of 800 tonnes per day with two incinerator-boiler units and one condensing turbine-generator with a power generation capacity of 22MW. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of usage of the plant.

(c) Ulu Pandan Plant
A 20-year DBOO contract commencing on March 28, 2007 to design, build, own and operate a water treatment plant, which has the capacity to produce 148,000m3 of NEWater daily. The subtrust has a contractual right under the concession arrangement to receive fixed and determinable amounts of payment during the concession period irrespective of the output produced.

In arriving at the carrying value of the service concession arrangements as at the end of the reporting period, weighted average interest rates ranging from 2.50% to 4.68% (2019 : 2.50% to 4.68%) per annum were used to discount the future expected cash flows.

Service concession receivable balances are secured over the period of the service concession arrangements. For the purpose of impairment assessment, service concession receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for service concession receivables.

13. Finance Lease Receivables

Future minimum finance lease receivables under finance leases together with the present value of the net minimum finance lease receivables are as follows:

	Group	
	2020 $'000	2019 $'000
Minimum finance lease receivables:		
Not later than one year	**13,146**	13,182
Later than one year but not later than five years	**52,840**	52,622
Later than five years	**109**	12,845
Total minimum lease receivables	**66,095**	78,649
Less: Future finance income	**(7,182)**	(9,652)
Present value of minimum lease receivables	**58,913**	68,997
Unguaranteed residual value	**26,262**	26,262
Net investment in finance lease	**85,175**	95,259
Less: Present value of finance lease receivables not later than one year	**(10,867)**	(10,487)
Non-current financial lease receivables	**74,308**	84,772

The present value of the finance lease receivables is analysed as follows:

	2020 $'000	2019 $'000
Not later than one year	**10,867**	10,487
Later than one year but not later than five years	**47,947**	46,123
Later than five years	**99**	12,387
Present value of minimum lease receivables	**58,913**	68,997

The finance lease receivables relate to the lease arrangement under a Water Purchase Agreement ("WPA") and lease agreement for a food waste digestor.

A subsidiary of the Group had signed a WPA with Singapore PUB to supply treated water to PUB from a seawater desalination plant which the subsidiary owns. On the date of acquisition of the subsidiary, the WPA had a remaining term of approximately 18 years ending on December 15, 2025. The desalination plant is located on a piece of leasehold land with lease period expiring in January 2034.

During the year, another subsidiary of the Group had entered into a lease agreement for food waste digestor with lease period expiring December 31, 2026.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate was 3.91% and 15.32% (2019 : 3.91% and nil) per annum for the WPA and lease agreement for food waste digestor respectively.

In accordance with SFRS(I) 16 Leases, the WPA and lease agreement for food waste digestor are lease arrangements and are classified as finance leases.

The desalination plant is pledged for certain borrowings (Note 19).

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee. However, in the event of default, the Group is entitled to sell the asset, and has rights to any proceeds from such a sale up to the total amount receivable from the lessee.

The loss allowance on finance lease receivables at the end of the reporting period is estimated at an amount equal to lifetime expected credit losses (ECL). None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collaterals held over these finance lease receivables, the Group considers that no finance lease receivables is impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

14. Other Assets

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Deposits	**430**	329	**-**	-
Prepayments	**155,855**	173,750	**54**	15
Others	**3,196**	6,322	**-**	-
	159,481	180,401	**54**	15
Less: Current portion	**(26,055)**	(31,308)	**(54)**	(15)
Non-current portion	**133,426**	149,093	**-**	-

Included in the prepayments balance is an amount of $148,596,000 (2019 : $164,013,000) arising from the prepaid tolling fees in relation to the Capacity Tolling Arrangement ("CTA") with a related party. The prepaid tolling fee is amortised to profit or loss over the CTA period of 15 years.

For the purpose of impairment assessment, other assets excluding prepayment are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

15. Cash and Bank Deposits

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Cash and bank deposits	**580,721**	470,093	**236,627**	215,275
Less: Restricted cash	**(24,785)**	(24,803)		
Cash and cash equivalents in the consolidated statement of cash flows	**555,936**	445,290		

Included in the restricted cash is the amount of cash and bank deposits to be set aside to meet interest and principal repayments for loans extended to the subsidiaries and also for secured bank guarantees for the Group and Trust.

Also included in the Group's restricted cash is the insurance proceeds in relation to Basslink cable outage, the usage of which is subject to the consent of the lenders.

Short-term deposits are made for an average period of 3 months (2019 : 2 months). The weighted average effective interest rate for the Group and Trust were 0.46% (2019 : 0.86%) and 0.70% (2019 : 0.74%) per annum respectively.

16. Trade and Other Receivables

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade receivables:				
- Third parties	**164,553**	198,760	**-**	-
- Related parties	**23,408**	4,686	**-**	-
Unbilled receivables	**17,012**	60,403	**-**	-
Less: Allowance for impairment (third parties)	**(2,101)**	(2,903)	**-**	-
Trade receivables - net	**202,872**	260,946	**-**	-
Other receivables	**8,718**	8,140	**2,970**	1,091
Interest receivable	**25**	272	**-**	-
Amounts due from related parties (non-trade)	**196**	527	**36**	520
Amounts due from subsidiaries (non-trade)	**-**	-	**15,614**	7,335
	211,811	269,885	**18,620**	8,946

Trade receivables
Trade receivables are non-interest bearing and are generally receivable on 30 to 90 (2019 : 30 to 90) days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). For the purpose of impairment assessment, the trade receivables excluding City Gas Trust's ("CGT") and Ixom's receivables, are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

For the trade receivables of CGT and Ixom, the ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(i) For CGT's receivables, the Group has recognised a loss allowance of 100% (2019 : 100%) against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable.

(ii) For Ixom's receivables, as at December 31, 2020, expected credit loss rates vary from 0.0% (2019 : 0.0%) for receivables overdue from 0 day to 5.9% (2019 : 16.4%) for receivables overdue over 90 days.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities except for the Basslink receivables that was written off as a result of the arbitration outcome as disclosed in Note 44.

Other receivables
Included in other receivables is a portion of costs incurred to repair the Basslink Interconnector which the Group expects to recover from the insurer.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL, the Trustee-Manager has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Accordingly, the Trustee-Manager believes that there is no loss allowance required.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

16. Trade and Other Receivables (continued)

Amounts due from related parties and subsidiaries (non-trade)
These amounts are unsecured, interest-free, repayable on demand and expected to be settled in cash.

For purpose of impairment assessment, the amounts due from related parties and subsidiaries are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the amounts due from related parties and subsidiaries since initial recognition. Accordingly, for the purpose of impairment assessment for this loan, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, the Trustee-Manager has taken into account the financial position of the related parties and subsidiaries, adjusted for factors that are specific to the related parties and subsidiaries and general economic conditions of the industry in which the related parties and subsidiaries operate, in estimating the probability of default of the amounts due from related parties and subsidiaries as well as the loss upon default. The Trustee-Manager determines the amounts due from related parties and subsidiaries are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance to SFRS(I) 9:

	Lifetime ECL - credit-impaired $'000
Group	
Balance as at January 1, 2019	1,235
Acquisition of subsidiaries	2,780
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	(686)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	(119)
Currency translation differences	(307)
Balance as at December 31, 2019	**2,903**
Acquisition of subsidiaries	**24**
Disposal of subsidiaries	**(534)**
Amounts written off as customers' accounts were 360 days past due as at December 31, 2020	**(1,348)**
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	**1,141**
Currency translation differences	**(85)**
Balance as at December 31, 2020	**2,101**
Trust	
Balance as at January 1, 2019	309
Amounts written off as customers' accounts were 360 days past due as at December 31, 2019	**(309)**
Balance as at December 31, 2019 and December 31, 2020	**-**

17. Derivative Financial Instruments

	Average contracted rate	Notional contract amount	Asset $'000	Liability $'000
Group				
2020				
Cash flow hedges:				
- Foreign currency forward	*	**$176.7 million**	**143**	**11,913**
- Interest rate swaps	**0.54% - 4.85%**	**$1,958 million**	**-**	**190,595**
			143	**202,508**
Less: Current portion			**(143)**	**(37,046)**
Non-current portion			**-**	**165,462**
Fair value through profit or loss:				
- Commodity Swap	**USD252/mt - USD340/mt**	**13,746.30mt**	**113**	**53**
Less: Current portion			**(111)**	**(53)**
Non-current portion			**2**	**-**
2019				
Cash flow hedges:				
- Foreign currency forward	*	$127.3 million*	887	2,902
- Interest rate swaps	1.43% - 4.85%	$1,901 million	-	149,717
			887	152,619
Less: Current portion			(847)	(25,589)
Non-current portion			40	127,030
Fair value through profit or loss:				
- Commodity Swap	US$340/mt	9,914.30mt	-	411
Less: Current portion			-	-
Non-current portion			-	411

* Foreign currency forward contracts are denominated in USD, GBP, JPY, NZD, EUR and AUD (2019 : AUD, USD, EUR and GBP). The notional contract amount represents total notional amounts translated to SGD.

Trust				
2020				
Cash flow hedges:				
- Foreign currency forward	**A$0.94/S$1**	**$92.5 million**	**-**	**7,533**
- Interest rate swap	**1.82%**	**$100.0 million**	**-**	**1,939**
Less: Current portion			**-**	**(4,587)**
Non-current portion			**-**	**4,885**
2019				
Cash flow hedges:				
- Interest rate swap	1.82%	$100.0 million	-	1,230
Less: Current portion			-	-
Non-current portion			-	1,230

17. Derivative Financial Instruments (continued)

Interest rate swaps
Interest rate swaps including the interest rate swap contract embedded in an operating agreement acquired through a business combination, were entered into to hedge floating interest payments on borrowings. The interest rate swaps entitle the Group and Trust to receive interest at floating rates on notional principal amounts and oblige the Group and Trust to pay interest at fixed rates on the same notional principal amounts. Fair value gains and losses on the effective hedge portion of the interest rate swaps are recognised in the hedging reserve and are transferred to profit or loss when the finance cost on the borrowings is recognised in profit or loss. The fair value gain or loss on the portion not designated for hedging is recognised in profit or loss. The period when the cash flows on cash flow hedges is expected to occur or affect profit or loss is Year 2020 to Year 2031. The Group and Trust have entered into interest rate swaps to manage the Group's exposure to cash flow interest rate risk on its borrowings.

Commodity swaps
This relates to a fuel swap contract entered into by a subsidiary to hedge a fixed price contract offered to a customer. Fair value gains and losses on the fuel hedge derivative liability and derivative asset are recognised in profit or loss.

Foreign currency forward
The Group entered into foreign currency forward contracts to hedge (a) certain highly probable forecasted foreign currency denominated purchases or sales, and (b) its exposure to foreign currency cashflow risk on its foreign currency service contracts. The Group performs a qualitative assessment of effectiveness and it is expected that the value of the foreign currency forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying foreign exchange rates. Fair value gains and losses on the effective hedge portion of the forward contract is recognised in the hedging reserve and are transferred to profit or loss over the contract period.

18. Inventories

	Group	
	2020 $'000	2019 $'000
Fuel	**9,491**	11,454
Spare parts and accessories	**40,891**	42,050
Pipes and fittings	**111**	116
Chemical finished goods	**101,017**	125,413
Chemical raw materials	**17,461**	19,739
	168,971	198,772

Inventories written-down recognised as an expense and included in other operating expenses during the year amounted to $46,000 (2019 : $3,000).

Inventories of $110,902,000 (2019 : $139,619,000) are pledged for certain borrowings (Note 19).

19. Borrowings

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Current	**643,933**	1,318,473	**-**	-
Non-current	**1,517,090**	793,180	**99,883**	99,783
Total borrowings	**2,161,023**	2,111,653	**99,883**	99,783

The weighted average effective interest rates at the end of the reporting period were as follows:

	Group		Trust	
	2020 %	2019 %	**2020 %**	2019 %
Borrowings	**3.40**	4.53	**2.62**	2.67

(a) A subsidiary has an A$717 million five-year senior, secured loan facility, provided by a group of lenders in 2014. Pursuant to the refinancing which was completed on November 25, 2019, the maturity date was extended by a year to November 27, 2020. On November 27, 2020, the maturity date of the loan was further extended by six months to May 27, 2021, which was the second part of the original twelve plus six-month extension arranged on November 27, 2019. The bank loan is secured by a charge over all the assets of, and the units and shares in, all of the entities in the subsidiary group. The carrying amount of the loan at the end of the financial year is $635,472,000 (2019 : $610,259,000).

(b) During the year, the Group successfully refinanced its term loan of a subsidiary, which was repayable in 2020, extending the maturity date till June 30, 2027. The term loan is secured by a first ranking charge over its receivable and related rights under the Capacity Tolling Agreement. The carrying amount of the loan at the end of the financial year is $697,623,000 (2019 : $699,756,000). Repayment will commence in 2023 and will continue until 2027.

(c) Bank loans of $177,676,000 (2019 : $177,578,000) obtained by a subsidiary are unsecured and mature in February 2024.

(d) The bank loans of $32,659,000 (2019 : $41,117,000) obtained by a subsidiary are secured by a first ranking charge over its assets and business undertakings. In addition, the loan is secured by a charge over the units in the subsidiary (inclusive of the units held by the non-controlling interest) and a charge over the shares in the Trustee-Manager of the subsidiary. Repayments commenced in 2007 and will continue until 2024.

(e) The Trust has a $200 million term loan and revolving credit facility. The Trust has an outstanding unsecured bank loan of $99,883,000 (2019 : $99,783,000) as at December 31, 2020. The loan matures in February 2022.

(f) A subsidiary, Ixom, obtained an A$607.4 million five-year senior, secured loan facility from a group of lenders in February 2019. The bank loan is secured by a charge over all the assets of all of the entities in the subsidiary group. The outstanding bank loan as at December 31, 2020 was $517,710,000 (2019 : $483,160,000).

All borrowings impose certain covenants. These covenants include having to maintain sufficient funds to pay principal, interest and retention of additional amounts. Total assets of the Group with carrying amount of $2,108 million (2019 : $2,111 million) are pledged for certain borrowings.

Reconciliation of liabilities arising from financing activities
The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

				Non-cash changes		
	January 1, 2020 $ '000	**Financing cash flows [1] $ '000**	**Acquisition of subsidairies $ '000**	**Foreign exchange movement $ '000**	**Other changes [2] (Note 37) $ '000**	**December 31, 2020 $ '000**
Borrowings	**2,111,653**	**(29,990)**	**-**	**73,063**	**6,297**	**2,161,023**

				Non-cash changes		
	January 1, 2019 $ '000	**Financing cash flows [1] $ '000**	**Acquisition of subsidairies (Note 46) $ '000**	**Foreign exchange movement $ '000**	**Other changes [2] (Note 37) $ '000**	**December 31, 2019 $ '000**
Borrowings	1,774,948	(7,780)	428,210	(89,340)	5,615	2,111,653

[1] The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.
[2] Other changes include unamortised upfront fee.

20. Trade and Other Payables

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Trade payables:				
- Third parties	**113,346**	158,911	**-**	-
- Related parties	**4,304**	5,880	**-**	-
Other payables:				
- Third parties	**57,116**	8,773	**42**	42
- Trustee-Manager	**3,095**	5,946	**3,065**	5,918
- Subsidiaries	**-**	-	**114**	268
- Related parties	**49,714**	16,477	**-**	-
Accruals	**50,665**	43,408	**594**	378
Interest payable	**7,315**	13,076	**-**	-
Customer deposit (Note 24)	**1,511**	1,417	**-**	-
Advance payments received	**23,486**	23,947	**-**	-
Refundable customer deposits	**37,525**	40,898	**-**	-
	348,077	318,733	**3,815**	6,606

Trade and other payables are non-interest bearing and are normally settled on 30 to 60 (2019 : 30 to 60) days' terms.

Included in the other payables to third parties is an amount of $37,512,000 (2019 : $Nil) relating to the indemnification to the State of Tasmania pursuant to the Basslink arbitration awards.

21. Provisions

	Group	
	2020 $'000	2019 $'000
Current		
Employee entitlements	**20,062**	21,656
Provision for reinstatement cost	**590**	787
Others	**9,881**	792
	30,533	23,235
Non-current		
Employee entitlements	**1,176**	903
Provision for decommissioning costs	**27,477**	18,958
Provision for reinstatement cost	**11,093**	12,526
	39,746	32,387
Total as at December 31	**70,279**	55,622

Movements in the provision are as follows:

	Employee entitlements $'000	Decommissioning costs $'000	Reinstatement cost $'000	Others $'000	Total $'000
Balance as at January 1, 2019	-	26,935	-	-	26,935
Acquisition of subsidiaries (Note 46)	24,059	-	13,464	-	37,523
Reversal (Note 6)	-	(6,997)	-	-	(6,997)
Additions	5,774	-	1,091	812	7,677
Unwinding of discounts (Note 37)	-	713	29	-	742
Reduction arising from payment	(5,724)	-	(381)	-	(6,105)
Currency translation differences	(1,550)	(1,693)	(890)	(20)	(4,153)
Balance as at December 31, 2019	**22,559**	**18,958**	**13,313**	**792**	**55,622**
Acquisition of subsidiaries (Note 46)	**83**	**-**	**-**	**-**	**83**
Disposal of subsidiaries (Note 9)	**(1,262)**	**-**	**(2,261)**	**(19)**	**(3,542)**
Adjustment (Note 6)	**-**	**6,521**	**-**	**-**	**6,521**
Additions	**16,662**	**184**	**124**	**10,132**	**27,102**
Unwinding of discounts (Note 37)	**-**	**532**	**333**	**-**	**865**
Reduction arising from payment	**(17,933)**	**-**	**(608)**	**(1,481)**	**(20,022)**
Currency translation differences	**1,129**	**1,282**	**782**	**457**	**3,650**
Balance as at December 31, 2020	**21,238**	**27,477**	**11,683**	**9,881**	**70,279**

Employee entitlements
The provision represents annual leave, other short-term employee benefits and long service leave entitlements accrued by employees.

Decommissioning costs
This relates to provision made by two subsidiaries in respect of costs to decommission, restore and rehabilitate (i) the interconnector sites, and (ii) the land where the combined cycle gas turbine generation facility operates, at the end of the operating life of the assets, based on the net present value of estimated future costs, expected to be required to settle the obligation.

Change in discount rate in provision for decommissioning costs
At the end of the reporting period, the Group conducted a review on the decommissioning costs and adjusted the discount rates used in determining the fair value of the provision to reflect the current best estimate.

The effects of the revision on depreciation charge and finance costs are as follows:

	2021 $'000	2022 $'000	2023 and beyond $'000
Increase in depreciation charge	130	130	6,262
Increase in finance costs	149	151	9,862
Total	279	281	16,124

Reinstatement cost
A provision for reinstatement cost is recognised in relation to properties held under lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by management.

22. Lease Liabilities

	Group	
	2020 $'000	2019 $'000
Maturity analysis:		
Year 1	**15,919**	17,416
Year 2	**10,953**	13,292
Year 3	**10,120**	11,862
Year 4	**10,118**	10,113
Year 5	**9,910**	8,724
Year 6 onwards	**71,227**	75,593
	128,247	137,000
Less: Unearned interest	**(39,991)**	(41,714)
	88,256	95,286
Analysed as:		
Current	**12,256**	13,786
Non-current	**76,000**	81,500

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance and treasury function.

The above represents leases for certain buildings, leasehold land, office premises and pipe rack of the Group. The weighted average incremental borrowing rate was 3.58% (2019: 3.62%) per annum.

The Group's lease does not contain variable lease payments and accordingly no expense relating to variable lease payments is included in the measurement of lease liabilities.

Certain leases of the Group contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. These extension options are exercisable by the Group and not by the lessor.

23. Notes Payable to Non-Controlling Interests

This relates to notes denominated in Singapore Dollars issued by subsidiaries to their non-controlling interests.

1. The notes of $15,000,000 mature in Year 2025 and bear interest payable quarterly in arrears at a fixed rate of 6.5% per annum with a one-time option for the subsidiary, on any interest payment date, to switch to a floating rate per annum equal to three-months Singapore Dollar Swap Offer Rate plus 2.5% per annum.

2. The notes of $245,000,000 mature in Year 2040, with a fixed rate of 17.5% per annum, payable quarterly.

The notes are direct, unsecured, subordinated obligations of the subsidiaries and can be redeemed at par by the subsidiaries prior to their maturity date.

The Trustee-Manager estimates that the carrying value of the notes payable to non-controlling interests approximate their fair value as these notes may be redeemed at par prior to its maturity date on any interest payment date.

24. Other Payables (Non-Current)

	Group	
	2020 $'000	2019 $'000
Long term customer deposit	**43,096**	40,289
Advance payments received	**116,401**	129,765
Other payables	**91,009**	76,319
Total	**250,506**	246,373

Long term customer deposit

Long term customer deposit represents the A$50 million (2019 : A$50 million) deposit equivalent to $49 million (2019 : $46 million) placed by a customer which has been recognised as a liability. The deposit received is interest-free and is repayable in 12 quarterly payments commencing in Year 2028.

Included in long term customer deposit is an amount of $14,213,693 (2019 : $14,574,000) which represents the difference between the fair value of this liability and the amount of the A$50 million deposit to be repaid, computed based on the present value of future payment discounted at the applicable interest rate of 5.87% (2019 : 5.87%) per annum. This is amortised to profit or loss, using the effective interest rate method, over the life of the agreement. The current portion of long term customer deposit is included in Note 20.

Advance payments received

This relates to amounts that have been received but services have not yet been rendered.

25. Defined Benefit Obligation

The Group participates in defined benefit post-employment plans that provide benefits to qualifying employees of its subsidiaries upon retirement in Australia and New Zealand. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries.

The plan in Australia and New Zealand typically exposes the Group to actuarial risks such as investment risk, interest rate risk and salary risk.

Investment risk	Strong investment returns tending to improve the balance sheet position, whilst poor or negative investment return tending to weaken the position.
Interest rate risk	The defined benefit obligation calculated uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	Higher than expected increases in salary will increase the defined benefit obligation.

The information within these financial statements has been prepared by the local plan's external actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows. The sensitivity analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Assumptions on Defined Benefit Obligation			
	Assumptions used		Change of assumptions	Impact $'000
	Australia	New Zealand		
Discount rate	2.70%	0.62%	+1.00% -1.00%	(9,263) 11,559
Expected rate of salary	2.25%	2.50%	+1.00% -1.00%	1,004 (931)
Mortality	Base	Base	+1 year older -1 year younger	1,356 (1,334)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised on the statement of financial position.

The amounts recognised on the statement of financial position in respect of the Group's defined benefit retirement benefit plans are determined as follows:

	Group	
	2020 $'000	2019 $'000
Present value of the funded defined benefit obligation	**(81,295)**	(78,878)
Present value of the unfunded defined benefit obligation	**(1,512)**	(1,300)
Present value of the defined benefit obligation	**(82,807)**	(80,178)
Fair value of defined benefit plan assets	**56,683**	56,592
Deficit	**(26,124)**	(23,586)
Net liability recognised in the statement of financial position	**(26,124)**	(23,586)

The amounts recognised in the profit or loss in respect of these defined benefit plans are as follows:

	Group	
	2020 $'000	2019 $'000
Service cost		
Current service cost	**1,212**	936
Net interest expense	**551**	324
Total included in staff costs	**1,763**	1,260

The charge for the year is included in the staff costs in profit or loss.

Amounts included in other comprehensive income are as follows:

	Group	
	2020 $'000	2019 $'000
Actuarial (losses)/gains on defined benefit obligations:		
Due to changes in demographic assumptions	**(3,320)**	-
Due to changes in financial assumptions	**726**	(12,479)
Due to experience adjustments	**2,623**	(1,839)
Total	**29**	(14,318)
Return on plan assets greater than discount rate	**(888)**	2,775
Re-measurement effects recognised in Other Comprehensive Income	**(859)**	(11,543)

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2020 $'000	2019 $'000
Balance at the beginning of the year	**80,178**	-
Acquired in business combination	**-**	69,514
Current service cost	**1,212**	936
Interest cost	**1,865**	1,571
Contribution by plan participant	**298**	193
Actuarial (gain)/losses	**(29)**	14,317
Benefits paid	**(5,538)**	(1,489)
Administration expenses paid (including premiums)	**(115)**	(53)
Foreign exchange difference	**4,936**	(4,811)
Balance at the end of the year	**82,807**	80,178

Changes in the fair value of plan assets are as follows:

	Group	
	2020 $'000	2019 $'000
Balance at the beginning of the year	**56,592**	-
Acquired in business combination	**-**	56,885
Interest income on plan assets	**1,314**	1,247
Return of plan assets (lesser)/greater than discount rate	**(888)**	2,775
Contribution by employer	**1,597**	781
Contribution by plan participants	**298**	193
Benefits paid	**(5,538)**	(1,489)
Administration expenses paid	**(115)**	(53)
Foreign exchange difference	**3,423**	(3,747)
Balance at the end of the year	**56,683**	56,592

25. Defined Benefit Obligation (continued)

The fair value of the plan assets at the end of the financial year is analysed as follows:

	Group	
	2020 $'000	2019 $'000
Quoted in active markets:		
Equities	**25,507**	27,228
Debt securities	**12,527**	12,931
Property	**1,644**	6,647
Other quoted securities	**5,385**	4,982
Other:		
Cash and cash equivalents	**5,612**	4,804
Unquoted in active markets:		
Property	**6,008**	-
	56,683	56,592

The fair values of the above equity and debt securities are determined based on quoted market prices in active markets whereas the fair values of property and other unquoted securities are not based on quoted market prices in active markets.

The fair value of plan assets does not include any amounts relating to the Group's own financial instruments, property occupied by, or other assets used by, the Group.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group's subsidiaries fund the cost of the entitlements expected to be earned on a yearly basis. The funding requirements are based on the local actuarial measurement framework. In this framework the discount rate is set on a risk free rate. Furthermore, premiums are determined on a current salary base. Additional liabilities stemming from past service due to salary increases (back-service liabilities) are paid immediately to the fund. Apart from paying the costs of the entitlements, the Group's subsidiaries are not liable to pay additional contributions in case the fund does not hold sufficient assets. In that case, the fund would take other measures to restore its solvency, such as a reduction of the entitlements of the plan members.

During the year, the Group made employer contributions of $1.6 million (2019: $0.8 million) to the defined benefit plans. The Group's external actuaries have forecast total employer contributions to and benefit payments from defined benefit plans of $8.0 million (2019: $7.2 million) for the forthcoming financial year.

Australia
The Ixom Defined Benefit Sub-Fund is a Sub-Fund of the Flexible Benefits Super Fund and provides defined benefits to a number of members, where the benefits are defined by final average salary and period of membership. The Fund is a final average salary defined benefit fund, with accumulation underpin guarantees for pre-1992 joiners. Benefits can be taken as a lump sum or lifetime pension (or a combination). The Sub-Fund is currently closed to new members and has a total of 35 active Defined Benefit members and 18 lifetime pensioners at year end.

New Zealand
Under a special purpose deed made between Ixom Operations Pty Ltd and Orica New Zealand Limited, separate notional assets are maintained within the Orica New Zealand Plan for members of the Plan who were employed by Ixom when Orica disposed of it, as at February 27, 2015. The objective is for the notional assets to broadly match the value of the accrued liabilities using the funding assumptions.

The Sub-Fund is currently closed to new members and has a total of 14 active Defined Benefit members and nil lifetime pensioners at period end.

26. Deferred Tax Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

	Group	
	2020 $'000	2019 $'000
Movement in deferred tax account is as follows:		
Beginning of the year	**18,542**	15,612
Acquisition of subsidiaries (Note 46)	**(1,601)**	21,009
Disposal of subsidiaries (Note 9)	**813**	-
(Credited)/Charged to:		
- Profit or loss (Note 40)	**(6,772)**	(11,932)
- Equity (Note 40)	**(1,169)**	(3,498)
Currency translation differences	**1,359**	(2,649)
End of the year	**11,172**	18,542

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year were as follows:

Deferred tax liabilities

	Accelerated tax depreciation $'000	Fair value of intangible assets $'000	Others $'000	Tax $'000
At January 1, 2019	22,317	17,704	16,963	56,984
Currency translation differences	(2,961)	(2,610)	(227)	(5,798)
Acquisition of subsidiaries	-	26,692	2,757	29,449
Charged/(Credited) to:				
Profit or loss	2,500	(6,338)	(1,723)	(5,561)
At December 31, 2019	**21,856**	**35,448**	**17,770**	**75,074**
Currency translation differences	**1,651**	**510**	**1,411**	**3,572**
Charged/(Credited) to:				
- Profit or loss	**6,074**	**(1,480)**	**(9,762)**	**(5,168)**
- Equity	**-**	**-**	**(258)**	**(258)**
At December 31, 2020	**29,581**	**34,478**	**9,161**	**73,220**

Deferred tax assets

	Allowance against assets $'000	Derivative financial instruments $'000	Recognised unutilised tax losses $'000	Others $'000	Total $'000
At January 1, 2019	(87)	(1,035)	(33,090)	(7,160)	(41,372)
Currency translation differences	947	-	2,278	(76)	3,149
Acquisition of subsidiaries	(13,999)	-	(3,341)	8,900	(8,440)
(Credited)/Charged to:					
- Profit or loss	(887)	-	(6,573)	1,089	(6,371)
- Equity	(3,350)	(148)	-	-	(3,498)
At December 31, 2019	**(17,376)**	**(1,183)**	**(40,726)**	**2,753**	**(56,532)**
Currency translation differences	**(504)**	**-**	**(1,182)**	**(527)**	**(2,213)**
Acquisition of subsidiaries (Note 46)	**-**	**-**	**-**	**(1,601)**	**(1,601)**
Disposal of subsidiaries (Note 9)	**-**	**-**	**813**	**-**	**813**
(Credited)/Charged to:					
- Profit or loss	**(47)**	**-**	**(4,420)**	**2,863**	**(1,604)**
- Equity	**-**	**(911)**	**-**	**-**	**(911)**
At December 31, 2020	**(17,927)**	**(2,094)**	**(45,515)**	**3,488**	**(62,048)**

Net deferred tax liabilities

December 31, 2019	18,542
December 31, 2020	**11,172**

Unrecognised tax losses
The Group has unrecognised tax losses of approximately $372,901,000 (2019 : $341,024,000) to set off against future taxable income, for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to meeting certain statutory requirements by those subsidiaries with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry dates.

Tax consequences of proposed distributions
There are no income tax consequences attached to the distributions to the unitholders declared by the Trust after the financial year end but not recognised as a liability in the financial statements for both 2020 and 2019 (Note 32).

27. Units in Issue

	Group and Trust			
	2020 Units	2019 Units	**2020 $'000**	2019 $'000
Beginning of year	**4,994,391,069**	3,858,298,065	**2,630,307**	2,138,066
Units issued for cash[1]	**-**	1,135,583,997	**-**	492,002
Units issued to the Trustee-Manager[2]	**796,717**	509,007	**398**	239
Purchase and subsequent cancellation of treasury units[3]	**(4,750,000)**	-	**(1,944)**	-
End of year	**4,990,437,786**	4,994,391,069	**2,628,761**	2,630,307

[1] On April 15, 2019, the Trust completed its equity fund raising ("Equity Fund Raising") to raise gross proceeds of $500,793,000 for the partial repayment of the facility agreement entered into by the Trustee-Manager to fund the Ixom Group Acquisition. The issuance cost was $8,791,000.

The Equity Fund Raising comprised (a) a placement of approximately 680.3 million new Units to institutional and other investors and (b) a non-renounceable underwritten preferential offering of approximately 455.3 million new Units to entitled Unitholders. The offering price was $0.441 per new unit.

[2] These units were issued to the Trustee-Manager as part of the payment for management and performance fees.

[3] During the year, pursuant to the Unit buy-back mandate given to the Trustee-Manager, 4,750,000 units were purchased at unit price ranging from $0.40 to $0.42 from the open market and subsequently cancelled.

a) Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

(i) Receive income and other distributions attributable to the units held;

(ii) Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust; and

(iii) Receive audited accounts and the annual reports of the Trust.

b) The restrictions of a Unitholder include the following:

(i) A Unitholder has no right to request the Trustee-Manager to transfer to him any asset of the Trust; and

(ii) A Unitholder cannot give any directions to the Trustee-Manager (whether at a meeting of Unitholders or otherwise) if it would require the Trustee-Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with applicable laws and regulations; or
- the exercise of any discretion expressly conferred to the Trustee-Manager by the Trust Deed.

c) A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event the liabilities of the Trust exceeded its assets.

28. Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivatives that are designated as hedging instruments in cash flow hedges that are determined to be effective.

	Group		Trust	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Beginning of the year	**(239,613)**	(200,226)	**(1,230)**	31
Fair value loss:				
Fair value loss	**(60,309)**	(58,708)	**(8,241)**	(1,261)
Tax on fair value loss	**1,930**	629	**-**	-
	(58,379)	(58,079)	**(8,241)**	(1,261)
Transfer to profit or loss:				
Finance cost (Note 37)	**28,418**	19,980	**-**	-
Tax on transfers	**(524)**	(481)	**-**	-
	27,894	19,499	**-**	-
Non-controlling interests (net of tax)	**350**	(807)	**-**	-
	(269,748)	(239,613)	**(9,471)**	(1,230)

29. Capital Reserve

In prior years, the Group's subsidiary, City Gas Trust, disposed 49% of its equity interest in City-OG Gas Energy Services Pte Ltd ("City-OG Gas") to Osaka Gas Co., Ltd ("Osaka Gas") for a consideration of $39.2 million. The Group retained control in the remaining 51% equity interest in City-OG Gas. With the disposal of the equity interest in City-OG Gas, the Group recorded a capital reserve of $38.7 million.

30. Share Based Payment Reserve

The Group has the following share option schemes for some of its employees based in Australia:

Restricted equity plan

Under the restricted equity plan ("REP"), Ixom Group, at its discretion, offers share options in Ix Infrastructure Pty Ltd ("Ix Infra") to certain key management personnel and eligible employees of the Ixom Group. The share options vest on a change in ownership or control of Ix Infra, or sale of substantially all of the Ixom Group's assets, and providing the participant remaining in the Ixom Group's employ at vesting. The fair value of share options granted is estimated at the date of grant using a binomial pricing model, taking into account the terms and conditions on which the share options were granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is five years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards.

Long-term incentive plan

Under the long-term incentive plan ("LTI"), Ixom Group may offer share options in Ix Infra to key management personnel and eligible employees of the Ixom Group. The exercise price of the share options is equal to or greater than the fair market value of the underlying shares on the date of grant. The share options vest if and when the fair market value of an ordinary share (market condition), at the end of a performance period, exceeds $1.42 and the participant remains employed on such date. The share options granted may also vest on a change in ownership or control of the Company, or sale of substantially all of the Ixom Group's assets, prior to September 30, 2023.

The fair value of share options granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share options were granted. The model simulates the share price taking into account historical and expected dividends, and estimated share price volatility of the Ixom Group, so as to predict the share performance.

The share options may be exercised after vesting until expiry, providing it is after the first anniversary of the date of grant of the option. The contractual term of each option granted is five years. There are no cash settlement alternatives, and Ixom Group does not have a past practice of cash settlement for these share options. The Ixom Group accounts for the LTI as an equity-settled plan.

There has been no alteration to the terms and conditions of the above share-based payment arrangements since grant date.

30. Share Based Payment Reserve (continued)

Fair value of share options grants during the year

	2020	
	REP	LTI
Inputs into the model		
Weighted average fair values at the measurement date	A$0.04	A$0.01
Exercise price	A$0.89	A$1.01
Expected volatility (%)	30.0%	30.0%
Expected life of options	4.25 years	5 years
Expected dividend yield (%)	Nil	9.9%
Risk-free interest rate (%)	0.35%	0.43%

Movements in share option grants during the year

	2020			
	REP		LTI	
	No. of options	Weighted average exercise price	No. of options	Weighted average exercise price
Balance at beginning of year	-	-	-	-
Granted during the year	44,077,900	A$0.89	33,976,900	A$1.01
Balance at end of year	44,077,900	A$0.89	33,976,900	A$1.01
Exercisable at end of the year	-	-	-	-

The options were granted on August 19, 2020.

The options outstanding at the end of the financial year have a weighted average remaining contractual life of 7.51 years.

Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market condition attached to the option), and behavioural considerations.

31. Perpetual Securities

On June 12, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 001 Securities") with principal amount of $200,000,000 bearing distributions at a rate of 4.75% per annum under the $1,000,000,000 Multicurrency Debt Issuance Programme ("Programme").

On June 25, 2019, the Trust issued subordinated perpetual securities (the "Series 001 Tranche 002 Securities") with principal amount of $100,000,000 bearing distributions at a rate of 4.75% per annum (to be consolidated and forming a single series with the existing $200,000,000 subordinated perpetual securities issued on June 12, 2019, under the Programme).

A total of $298,190,000, net of issuance costs of $1,810,000, was recognised in equity in relation to the two tranches of the Series 001 Securities. The rate of 4.75% per annum is subject to reset every ten years and a one-time step-up from and including the first reset date, being June 12, 2029 (the "First Reset Date").

The perpetual securities do not have a maturity date and bear distributions which are payable semi-annually. Subject to the terms and conditions of the perpetual securities, the Trust may, at its full discretion, elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred. Accordingly, the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 Financial Instruments: Presentation. The whole instrument is presented within equity, and distributions are treated as dividends.

These perpetual securities were issued for the Trust's general corporate purposes as well as investing activities.

Details of the distributions to the perpetual securities holders are as follows:

	2020 $'000	2019 $'000
Profit for the year attributable to the perpetual securities holders	14,289	7,757
Distributions paid during the year	(14,289)	(6,976)
Amount unpaid as at December 31	-	781

32. Distributions Paid to the Unitholders of the Trust

Tax exempt distributions paid during the financial year are as follows:

	Group and Trust	
	2020 $'000	2019 $'000
For the period from October 1, 2018 to December 31, 2018 - 0.93 cents per unit	-	35,883
For the period from January 1, 2019 to March 24, 2019 - 0.86 cents per unit	-	33,094
For the period from March 25, 2019 to March 31, 2019 - 0.0723 cents per unit	-	3,611
For the period from April 1, 2019 to June 30, 2019 - 0.93 cents per unit	-	46,448
For the period from July 1, 2019 to September 30, 2019 - 0.93 cents per unit	-	46,448
For the period from October 1, 2019 to December 31, 2019 - 0.93 cents per unit	46,448	-
For the period from January 1, 2020 to March 31, 2020 - 0.93 cents per unit	46,408	-
For the period from April 1, 2020 to June 30, 2020 - 0.93 cents per unit	46,411	-
	139,267	165,484
The following distributions have been declared after the financial year end but not recognised as a liability		
Distribution of 0.93 cents per unit for the period from October 1, 2019 to December 31, 2019	-	46,448
Distribution of 1.86 cents per unit for the period from July 1, 2020 to December 31, 2020	92,822	-

33. Revenue

	Group			
	Distribution & Network $'000	Waste & Water $'000	Energy $'000	Total $'000
2020				
Segment Revenue				
Sale of goods	1,239,643	-	-	1,239,643
Service income	71,255	10,433	103,543	185,231
Finance income from service concession arrangements	-	10,966	-	10,966
Finance lease income	-	2,560	-	2,560
Operation and maintenance income	16,361	71,921	25,218	113,500
	1,327,259	95,880	128,761	1,551,900
2019				
Segment Revenue				
Sale of goods	1,222,053	-	-	1,222,053
Service income	102,493	10,208	100,598	213,299
Finance income from service concession arrangements	-	12,289	-	12,289
Finance lease income	-	2,904	-	2,904
Operation and maintenance income	16,030	74,922	25,218	116,170
	1,340,576	100,323	125,816	1,566,715

33. Revenue

	Group			
	Distribution & Network $'000	Waste & Water $'000	Energy $'000	Total $'000
2020				
Timing of revenue recognition				
At a point in time:				
Sale of goods	**1,239,643**	**-**	**-**	**1,239,643**
Over time:				
Service income	**71,255**	**10,433**	**103,543**	**185,231**
Finance income from service concession arrangements	**-**	**10,966**	**-**	**10,966**
Finance lease income	**-**	**2,560**	**-**	**2,560**
Operation and maintenance income	**16,361**	**71,921**	**25,218**	**113,500**
	1,327,259	**95,880**	**128,761**	**1,551,900**
2019				
Timing of revenue recognition				
At a point in time:				
Sale of goods	1,222,053	-	-	1,222,053
Over time:				
Service income	102,493	10,208	100,598	213,299
Finance income from service concession arrangements	-	12,289	-	12,289
Finance lease income	-	2,904	-	2,904
Operation and maintenance income	16,030	74,922	25,218	116,170
	1,340,576	100,323	125,816	1,566,715

There are no performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

34. Other Income

	Group	
	2020 $'000	2019 $'000
Interest income	**2,646**	4,027
Other miscellaneous income	**7,830**	4,127
	10,476	8,154

35. Other (Losses)/Gains – Net

	Group	
	2020 $'000	2019 $'000
Fair value loss on derivative financial instruments	**(8,520)**	(5,787)
Exchange differences	**4,330**	(1,485)
Gain on disposal of joint venture	**-**	44,796
Loss on disposal of subsidiaries	**(12,972)**	-
Others	**10**	21
	(17,152)	37,545

36. Staff Costs

	Group	
	2020 $'000	2019 $'000
Salaries and wages	**133,780**	115,724
Employer's contribution to defined contribution plans, including Central Provident Fund	**4,188**	7,240
Defined benefit plans (Note 25)	**1,763**	1,260
Other short-term benefits	**7,250**	9,687
	146,981	133,911

Salaries and wages is net of approximately $3,210,000 received in relation to the Jobs Support Scheme, announced as part of the Singapore Government's Budget Statement for Financial Year 2020 to address the impact of the COVID-19 pandemic.

37. Finance Costs

	Group	
	2020 $'000	2019 $'000
Interest expense:		
- Bank borrowings	**50,396**	69,606
- Notes payable to non-controlling interests	**43,970**	43,850
Unwinding of discounts:		
- Provision for decommissioning costs and reinstatement cost (Note 21)	**865**	742
- Interest-free customer deposits	**1,578**	1,493
Cash flow hedges, transfer from hedging reserve (Note 28)	**28,418**	19,980
Debt amortisation (Note 19)	**6,297**	5,615
Others	**6,513**	4,578
	138,037	145,864

38. Trustee-Manager's Fees

	Group	
	2020 $'000	2019 $'000
Base fee	**2,289**	2,276
Performance fee	**9,583**	12,618
Acquisition fee	**-**	10,663
Divestment fee	**98**	-
	11,970	25,557

The Trustee-Manager's fees comprise:

1) A Base fee of $2.0 million per annum subject to increase each year by such percentage increase (if any) in the average of the monthly Singapore CPI for the 12 calendar months immediately preceding the beginning of each financial year over the average of the monthly Singapore CPI for 2010.

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

3) In addition to the Base Fee and the Performance Fee, the Trustee-Manager (in its personal capacity) is also entitled to receive an Acquisition Fee in respect of any investment acquired by the Trust or special purpose vehicles holding or constituted to hold the Trust's investment and a Divestment Fee in respect of any investment sold or divested by the Trust or its special purpose vehicles. The Acquistion Fee and Divestment Fee are charged at 1% and 0.5% on the enterprise value of the investment acquired and investment divested respectively.

In 2019, pursuant to the Group's divestment of its 51% interest in the joint venture, a divestment fee of $515,000 was incurred and offsetted against "Gain on disposal of joint venture" in Note 35.

39. (Loss)/Profit Before Tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2020 $'000	2019 $'000
Auditors' remuneration of the Group and its subsidiaries:		
- auditors of the Group	1,011	1,098
- other auditors	171	89
Non-audit fees to:		
- auditors of the Group	297	188
Cost of inventories recognised as an expense	579,170	585,913
Short-term leases and leases of low value assets	3,393	1,725
Property, plant and equipment written off (Note 6)	1,263	-
Impairment loss/(Reversal of impairment loss) on financial assets	1,141	(119)
Receivables written off against revenue	29,226	-
Provision for Basslink arbitration loss	46,982	-
Legal and other related professional fee	15,937	18,615

40. Income Tax Expense

Major components of income tax expense

The major components of income tax expense for the years ended December 31, 2020 and 2019 are:

	Group	
	2020 $'000	2019 $'000
Consolidated profit or loss:		
Current tax	27,564	18,569
Deferred tax (Note 26)	(6,772)	(11,932)
Income tax expense recognised in profit or loss	20,792	6,637
Consolidated statement of other comprehensive income:		
Deferred tax expense related to other comprehensive income:		
- Fair value loss and reclassification adjustments on cash flow hedges (Note 26)	(1,169)	(3,498)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the year ended December 31, 2020 and 2019 are as follows:

	Group	
	2020 $'000	2019 $'000
(Loss)/Profit before tax	(31,370)	16,831
Tax calculated at a tax rate of 17%	(5,333)	2,861
Effect of:		
- Different tax rates in other countries	8,502	1,907
- Expenses not deductible for tax purposes	19,298	18,110
- Income not subject to tax	(757)	(19,506)
- Deferred tax assets not recognised	2,880	3,635
- Recognition of future deductible amounts allowable under overseas tax regime	(348)	(554)
- Adjustment recognised in the current year in relation to the current tax for prior year	(3,447)	1,390
- Others	(3)	(1,206)
	20,792	6,637

41. (Loss)/earnings Per Unit

The calculation of basic and diluted (loss)/earnings per unit is based on the weighted average number of units outstanding during the financial year and (loss)/profit after tax attributable to the unitholders of the Trust.

	Group	
	2020	2019
(Loss)/Profit for the financial year attributable to unitholders of the Trust ($'000)	**(34,452)**	38,578
Weighted average number of units during the financial year	**4,991,430,849**	4,708,579,744
Basic and diluted (loss)/earnings per unit (cents)	**(0.69)**	0.82

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

42. Operating Lease Arrangements and Capital Commitments

Operating lease arrangements

Group as a lessee

Disclosure required by SFRS(I) 16
At December 31, 2019, the Group is committed to approximately $1,700,000 for short-term leases.

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2020 $'000	2019 $'000
Property, plant and equipment	**3,958**	7,203

43. Segment Information

The Trustee-Manager monitors the results of the Trust based on the following reportable segments for the purpose of making decisions in resource allocation and performance assessment:

- Distribution & Network: production and retailing of town gas and retailing of natural gas in Singapore, operator of subsea electricity interconnector in Australia and leasing of a data centre, manufacturing and distribution of chemical products and related services in Australia and New Zealand;
- Waste & Water: concessions in relation to the desalination plant, water treatment plant and waste-to-energy plants in Singapore;
- Energy: tolling arrangement for the power plant in Singapore; and
- Corporate: investment holding, asset management and business development.

43. Segment Information (continued)

Information regarding the Trust's reportable segments for the years ended December 31, 2020 and December 31, 2019 are set out below:

	Energy KMC $'000	Distribution & Network City Gas $'000	Basslink $'000	Ixom $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2020							
Revenue	128,761	293,319	52,719	981,221	95,880	-	1,551,900
(Loss)/Profit before tax	(29,112)	49,600	(89,746)	33,964	20,339	(16,415)	(31,370)
Funds from operations[1]	46,133	47,047	10,989	88,962	79,056	(29,592)	242,595
Other segment items:							
Depreciation and amortisation	(77,128)	(3,744)	(16,536)	(73,312)	(7,425)	-	(178,145)
Fair value gain/(loss) on derivative financial instruments	-	487	(9,007)	-	-	-	(8,520)
Impairment loss on trade and other receivables (net)	-	321	-	-	-	-	321
Finance costs[2]	(58,184)	(5,278)	(44,924)	(24,549)	(2,176)	(2,926)	(138,037)

A reconciliation of funds from operations to loss before tax is provided as follows:

	2020 $'000
Funds from operations	242,595
Reduction in concession/lease receivables	(58,283)
Non-cash finance cost	(8,772)
Other non-cash items and transaction costs	(73,941)
Depreciation and amortisation	(178,145)
Maintenance capital expenditure	22,085
Finance cost attributable to NCI	(43,970)
Funds from operations attributable to NCI	52,772
Distribution to perpetual securities holders	14,289
Loss before tax	(31,370)

	Energy KMC $'000	Distribution & Network City Gas $'000	Basslink $'000	Ixom $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2020							
Segment and consolidated total assets	1,515,075	507,761	797,683	1,249,177	468,010	391,829	4,929,535
Segment liabilities	1,176,803	358,938	932,462	760,772	67,654	110,197	3,406,826
Unallocated liabilities:							
Current tax liabilities							17,595
Deferred tax liabilities							11,172
Consolidated total liabilities							3,435,593
Other segment items							
Additions to non-current assets[3]	703	2,191	11,863	20,613	201	-	35,571

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	Distribution & Network Ixom $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2019								
Revenue	125,816	343,189	82,202	915,185	-	100,323	-	1,566,715
(Loss)/Profit before tax	(40,171)	47,648	(8,989)	(11,775)	-	21,586	8,532	16,831
Funds from operations[1]	41,699	45,982	7,931	49,281	6,383	79,287	(25,947)	204,616
Other segment items:								
Depreciation and amortisation	(76,948)	(3,975)	(16,874)	(68,121)	-	(7,149)	-	(173,067)
Fair value gain/(loss) on derivative financial instruments	-	(427)	(5,360)	-	-	-	-	(5,787)
Impairment loss on financial assets	-	(241)	-	-	-	-	14	(227)
Share of results of joint venture	-	-	-		3,342	-	-	3,342
Finance costs[2]	(64,438)	(5,302)	(43,925)	(23,854)	-	(2,589)	(5,756)	(145,864)

A reconciliation of funds from operations to profit before tax is provided as follows:

	2019 $'000
Funds from operations	**204,616**
Reduction in concession/lease receivables	(55,894)
Non-cash finance cost	(7,820)
Other non-cash items and transaction costs	17,093
Depreciation and amortisation	(173,067)
Maintenance capital expenditure	26,010
Finance cost attributable to NCI	(43,850)
Funds from operations of joint venture	(6,383)
Funds from operations attributable to NCI	48,369
Distribution to perpetual securities holders	7,757
Profit before tax	**16,831**

	Energy KMC $'000	City Gas $'000	Distribution & Network Basslink $'000	Distribution & Network Ixom $'000	DC One $'000	Waste & Water $'000	Corporate $'000	Total Group $'000
2019								
Segment and consolidated total assets	1,562,915	588,278	850,486	1,244,775	-	533,816	223,005	5,003,275
Segment liabilities	1,155,435	347,384	840,836	746,130	-	77,214	97,284	3,264,283
Unallocated liabilities:								
Current tax liabilities								6,281
Deferred tax liabilities								18,542
Consolidated total liabilities								3,289,106
Other segment items								
Additions to non-current assets[3]	42,527	4,018	4,613	24,330	-	2,359	-	77,847

[1] Funds from operations is defined as profit after tax adjusted for reduction in concession/lease receivables, transaction costs, non-cash interest and current cash tax, maintenance capital expenditure, non-cash adjustments and non-controlling interests adjustments.

[2] Excludes interest payable on notes issued by subsidiaries to the Trust.

[3] Comprises additions to property, plant and equipment, right-of-use assets and intangible assets.

43. Segment Information (continued)

The Group's Waste & Water, Energy and Corporate business segments operate in Singapore whilst the Distribution & Network segment mainly operates in both Singapore and Australia. Revenue is based on the country in which the customer is located. Total non-current assets are shown by the geographical area where the assets are located.

	Revenue		Non-current assets[1]	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Singapore	**517,960**	521,765	**1,652,002**	1,788,099
Australia	**654,175**	686,169	**1,515,944**	1,422,873
New Zealand	**203,586**	173,392	**126,182**	97,385
Others	**176,179**	185,389	**31,739**	31,797
	1,551,900	1,566,715	**3,325,867**	3,340,154

[1] Comprise property, plant and equipment, intangibles and investment in and advances to joint venture.

Revenue from Waste & Water segment of $95,880,000 (2019 : $100,323,000) was solely derived from the only customer of the respective subtrusts. For the Energy segment, revenue of $128,761,000 (2019 : $125,816,000) was derived from its only customer. For Distribution & Network segment, revenue from its major customer was $79,517,000 (2019 : $79,912,000).

44. Legal Proceedings and Arbitration Outcome

Basslink Pty Ltd ("Basslink"), a wholly-owned subsidiary of the Group, operates a subsea electricity interconnector ("Interconnector") between the electricity grids of the States of Tasmania and Victoria in Australia.

On December 20, 2015, the Interconnector was taken out of service due to a cable fault incident. The cable returned to service on June 13, 2016. The customer, Hydro Tasmania ("HT"), has not paid Basslink full facility fees from September 2016 to August 2017 as HT disagrees with Basslink that the outage was a "force majeure" event. In December 2016, an independent investigation undertaken by Cable Consulting International ("CCI"), one of the world's leading submarine power cable experts, was completed and CCI concluded that the cause of the cable fault is "cause unknown".

In December 2017, based on the reports from DNV GL, an international engineering consultancy firm, HT alleged that the outage was caused by the interconnector exceeding its design limit. Under the Basslink Services Agreement ("BSA"), an unknown cause of the cable fault falls under the definition of a "force majeure" event. As such, the Trustee-Manager is of the view that the outage investigation report supported Basslink's claim that the cause of the cable fault was a "force majeure" event.

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

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

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

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

On December 3, 2020, the arbitrator awarded the State an amount of A$38.5 million and determined that Basslink was liable to indemnify the State of Tasmania as the 2015 outage was not a "force majeure event" under the Basslink Operations Agreement. As at December 31, 2020, a provision of A$38.5 million ($38.0 million) has been recognised to indemnify the State for its losses.

The arbitrator has also declared that Basslink's claim for outstanding receivables of A$30.9 million against HT relating to the period of the outage under the BSA is not recoverable. As at December 31, 2020, the outstanding receivables amounting to A$30.9 million ($29.2 million) has been written off against revenue.

The arbitrator has called for a procedural hearing to determine the award of costs to be claimed from Basslink that was incurred by the State and HT in relation to the arbitration proceedings. The date of the procedural hearing has yet to be fixed. As at December 31, 2020, a provision of A$10.0 million ($9.9 million) has been recognised for legal costs and other professional fees incurred as a result of the arbitration. In arriving at the provision amount, management considered the quantum of the other parties' costs claimed, Basslink's own expenses and the grounds of decision rendered by the arbitrator on the disputes.

45. Contingent Liability

Certain entities within the Group are the subject to actions for product specification and performance issues in the ordinary course of business.

In January 2020, the Australian Border Force ("ABF") issued a notice of audit identifying four matters where it considered certain subsidiaries of the Ixom sub-group had underpaid duty. Three of the four matters have been resolved without net cost. The remaining issue relates to the classification of a product imported and the rate of duty applicable. Ixom has retained counsel and filed an application for review at the Administrative Appeal Tribunal. The ABF has confirmed that it will not pursue the duty until this process is resolved. The value of the possible duty is approximately A$7.5 million (equivalent to approximately $7.4 million), which the Group does not believe is probable. Accordingly, no provision for any liability has been made in these financial statements.

At the date of this report, no other actions against the Group that would result in a material impact have been identified or would be considered probable.

46. Acquisition of Subsidiaries

For the Financial Year Ended December 31, 2020

On January 31, 2020, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager"), through its Ixom sub-group, completed the acquisition of 100% of the shareholdings in Medora source water management solutions business ("Medora") in the United States of America for a cash consideration of A$32.4 million ($29.6 million). The acquisition has been accounted for by the acquisition method of accounting.

The principal activities of Medora is sale of water treatment infrastructure and facilities and related services.

The fair values of identifiable net assets and the cash outflow at the date of acquisition were as follows:

	2020 $'000
Property, plant and equipment	1,369
Right-of-use assets	2,732
Identifiable intangible assets	5,771
Deferred tax assets	1,601
Inventories	2,765
Financial assets	1,855
Financial liabilities	(1,878)
Lease liabilities	(2,730)
Provisions	(83)
Total identifiable assets acquired and liabilities assumed	11,402
Goodwill	18,189
Total consideration transferred in cash	29,591
Net cash outflow arising on acquisition:	
Cash consideration	29,591
Transaction cost	845
Less: Deferred cash consideration	(7,421)
	23,015

The accounting for the acquisition of Medora has been finally determined at the end of the financial year. The fair value of other plant and equipment and intangible assets (customer contracts) were valuated by independent valuators. The fair value of working capital balances (trade receivables, inventory and trade payables) were internally valuated.

Goodwill arose on the acquisition because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the acquisition of Medora is not expected to be deductible for tax purposes.

The revenue and profit or loss for the year of the Group, attributable to the additional business generated by Medora is as follows:

	2020 $'000
Revenue	18,425
Profit for the year	1,538*

* Profit for the year includes non-recurring transaction cost of $845,000 which was recognised in other operating expenses.

45. Acquisition of Subsidiaries (continued)

Had the business combination during the year been effected at January 1, 2020, the revenue and loss for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future periods, arising from the acquisition, would have been as follows:

	From January 1, 2020 to December 31, 2020 $'000
Revenue	1,553,575
Loss for the year	(52,162)
Effect of business combination assumed to be completed on January 1, 2020	140
Adjusted loss for the year	(52,022)

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss of the Group had Medora been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

For the Financial Year Ended December 31, 2019
On February 19, 2019, Keppel Infrastructure Fund Management Pte Ltd ("Trustee-Manager") in its capacity as Trustee-manager of Keppel Infrastructure Trust ("KIT") completed the acquisition of 100% of the shareholdings in Ixom HoldCo Pty Ltd and its subsidiaries ("Ixom Group") ("Acquisition") for a cash consideration of A$770 million ($763 million). The acquisition has been accounted for by the acquisition method of accounting.

The principal activities of Ixom Group includes manufacturing, importing and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries. Ixom Group predominantly operates in Australia and New Zealand, whilst also having a presence in Asia, Latin America, the United Kingdom and the United States of America.

The fair values of identifiable net assets and the cash outflow at the date of acquisition were as follows:

	2019 $'000
Property, plant and equipment	398,269
Right-of-use assets	87,797
Identifiable intangible assets	103,394
Prepayments	3,420
Inventories	202,001
Financial assets	287,749
Borrowings	(428,210)
Lease liabilities	(64,005)
Provisions	(37,523)
Defined benefit obligation	(12,629)
Trade and other payables	(182,739)
Deferred tax liabilities	(21,009)
Total identifiable assets acquired and liabilities assumed	336,515
Non-controlling interest	(5,307)
Goodwill	431,465
Total consideration transferred in cash	762,673
Net cash outflow arising on acquisition:	
Cash consideration	762,673
Transaction cost	38,075
Less: cash and cash equivalent balances acquired	(54,528)
	746,220

The accounting for the acquisition of Ixom has been finally determined at the end of the financial year. The fair value of land, buildings and plant and equipment and intangible assets (customer contracts) were valuated by independent valuators. The fair value of working capital balances (trade receivables, inventory and trade payables) were internally valuated.

For tax purposes, the tax values of the assets of Ixom Holdco Pty Ltd and its subsidiaries were reset based on market value of the assets.

The Group incurred acquisition transaction cost of $38,075,000 which was recognised in other operating expenses.

Goodwill arose on the Acquisition because the cost of the investments included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and assembled workforce of Ixom Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable assets.

The goodwill arising on the Acquisition is not expected to be deductible for tax purposes.

Non-controlling interest recognised at acquisition date pertains to a 51% ownership interest held by the non-controlling interest of Bronson & Jacobs International Company Ltd (Thailand) (Note 9) amounted to $5,307,000, which was determined using its proportionate share of the acquisition date fair value of the identifiable net assets of the subsidiary.

The revenue and profit or loss for the year of the Group, attributable to the additional business generated by Ixom Group are as follows:

	2019 $'000
Revenue	915,185
Loss for the year	(17,699)*

* Loss for the year includes non-recurring transaction cost and fair value adjustment arising from the acquisition of $31,860,000.

Had the business combination during the year been effected at January 1, 2019, the revenue and profit for the year of the Group, without adjusting for the transaction cost and fair value adjustment, which are non-recurring in future periods, arising from the acquisition, would have been as follows:

	From January 1, 2019 to December 31, 2019 $'000
Revenue	1,734,202
Profit for the year	10,194
Effect of business combination assumed to be completed on January 1, 2019	3,758
Adjusted profit for the year	13,952

The Trustee-Manager considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Group on an annualised basis, without adjusting for the transaction cost and fair value adjustment, and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Group had Ixom Group been acquired at the beginning of the current reporting period, the Trustee-Manager has factored in the amortisation of the intangible assets, depreciation of uplift in fair value of property, plant and equipment and inventory and deferred tax adjustments arising from the acquisition.

47. Events After the Reporting Period

On January 29, 2021, the Group completed the acquisition of 80% of the entire share capital of Philippine Tank Storage International (Holdings) Inc. ("PTSI"), which owns Philippine Costal Storage & Pipeline Corporation, the largest petroleum products import storage facility in the Philippines. Immediately after the completion of the acquisition, the Group sold 30% of the interest in PTSI to Metro Pacific Investments Corporation ("MPIC"), which was the non-controlling interest of the acquisition. Following the disposal of the 30% interest in PTSI, the Group and MPIC each holds equal shareholding in PTSI ("Net Acquisition"). The purchase consideration for the Net Acquisition was approximately US$166.9 million (equivalent to approximately $223.5 million) which was funded mainly by debt. The Group's aquisition of PTSI will be accounted for as an Investment in Joint Venture under the equity method of accounting.

48. Statement of Profit and Loss - Trust

The Statement of Profit or Loss of the Trust, which is for information purpose only, is as follows:

	2020 $'000	2019 $'000
Revenue	**154,997**	201,811
Other income	**1,824**	1,962
Other gains/(losses) - net	**140,461**	(67,986)
Expenses		
Finance costs	**(2,926)**	(5,756)
Trustee-Manager's fees	**(11,970)**	(14,894)
Other operating expenses	**(3,854)**	(2,550)
Total expenses	**(18,750)**	(23,200)
Profit before tax	**278,532**	112,587
Income tax expense	**(23)**	(86)
Profit for the year	**278,509**	112,501
Interest cover ratio*	**198x**	69x

* Computed based on adjusted EBITDA/net interest expense.