

SINGAPORE NBN TRUST

(a trust constituted by a deed of trust dated 21 February 2017
with DBS Trustee Limited acting as Share Trustee)

MINUTES OF ANNUAL GENERAL MEETING

HELD BY WAY OF ELECTRONIC MEANS ON MONDAY, 28 SEPTEMBER 2020 AT 4.09 P.M.

PRESENT

Unitholders

Present remotely: As per attendance lists maintained by the Trustee-Manager

IN ATTENDANCE

Board of Directors

Present in person:

Chaly Mah Chee Kheong	Chairman of the Board Non-Executive and Independent Director of NetLink NBN Management Pte. Ltd. (the “Trustee-Manager”) Chairman of the Remuneration Committee
Tong Yew Heng	Executive Director and Non-Independent Director of the Trustee-Manager Chief Executive Officer of the Trustee-Manager

Present remotely:

Koh Kah Sek	Non-Executive and Independent Director of the Trustee-Manager Chairman of the Audit Committee
Eric Ang Teik Lim	Non-Executive and Independent Director of the Trustee-Manager Chairman of the Nominating Committee
Sean Patrick Slattery	Non-Executive and Non-Independent Director of the Trustee-Manager Chairman of the Risk and Regulatory Committee
Yeo Wico	Non-Executive and Independent Director of the Trustee-Manager
Arthur Lang Tao Yih	Non-Executive and Non-Independent Director of the Trustee-Manager
Ku Xian Hong	Non-Executive and Independent Director of the Trustee-Manager

Company Secretaries

Present remotely:

Tan Lay Hong	Company Secretary
Albert Lim Aik Seng	Company Secretary

Management

Present remotely:

Chye Hoon Pin	Chief Operating Officer
Wong Hein Jee	Chief Financial Officer
Yang Chi Chih	Representative of Deloitte & Touche LLP
Nga Guang Jenq	

1. INTRODUCTION

- 1.1 The Chairman welcomed all who were attending Singapore NBN Trust's Annual General Meeting (“AGM”) which was being held by electronic means. Due to the COVID-19 restriction order, the AGM was conducted in accordance with the COVID-19 (Temporary Measures) Act 2020 and its related order on the conduct of general meetings. The Chairman also informed that DBS Trustee Limited, being the share trustee of Singapore NBN Trust, would act in accordance with the resolutions passed by Unitholders at the meeting. The Notice of AGM was taken as read. A

quorum was electronically present.

- 1.2 Voting for all the resolutions tabled at the AGM would be by the Chairman of the meeting (voting as proxy). The proxies submitted to the Company at least 48 hours before the meeting had been reviewed and the number of votes in respect of each resolution had been counted and verified by the scrutineers, DrewCorp Services Pte Ltd. The Chairman would be voting on Unitholders' behalf in accordance with their specified voting instructions on each resolution.

2. AGENDA ITEMS

- 2.1 The Chairman proceeded to announce the voting results in relation to the resolutions tabled for Unitholders' approval at the AGM.
- 2.2 All agenda items were proposed as Ordinary Resolutions.
- 2.3 Each of all the Resolutions were passed, and the details of the Resolutions and their results are attached as Appendix 1.
- 2.4 The questions relating to the resolutions submitted by Unitholders in advance of the AGM and the responses are summarised and attached as Appendix 2.

3. CLOSURE

There being no other business, the Chairman thanked all who attended the two AGMs and declared the meeting closed at 4.30 p.m.



Confirmed By
Chaly Mah Chee Kheong
Chairman of the Meeting

SINGAPORE NBN TRUST
(also known as “TM Shares Trust”)
(a trust constituted by a deed of trust dated 21 February 2017
with DBS Trustee Limited acting as Share Trustee)

DBS Trustee Limited (as share trustee of the TM Shares Trust) (the “Share Trustee”) holds the shares of NetLink NBN Management Pte. Ltd. (being the trustee-manager of NetLink NBN Trust, the “Trustee-Manager”) on trust for the benefit of the beneficiaries of the TM Shares Trust (being the unitholders of NetLink NBN Trust, the “Unitholders”) pari passu, each of whom has an undivided interest in the Trustee-Manager in proportion to their respective percentage of units held or owned by each of them in NetLink NBN Trust. The deed constituting the TM Shares Trust entered into between the Share Trustee and the Trustee-Manager (the “TM Shares Trust Deed”) provides that the Trustee-Manager agrees and undertakes to call and hold meetings and proceedings of the beneficiaries of the TM Shares Trust for the purposes of the TM Shares Trust Deed in accordance with the deed of trust constituting NetLink NBN Trust. The TM Shares Trust Deed also provides that all rights of voting conferred by the shares in the Trustee-Manager shall be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders.

RESULTS OF THIRD ANNUAL GENERAL MEETING OF SINGAPORE NBN TRUST
HELD ON 28 SEPTEMBER 2020

NetLink NBN Management Pte. Ltd., as trustee-manager of NetLink NBN Trust (the “Trustee-Manager”), is pleased to announce that, pursuant to Rule 704(16) of the Listing Manual of the Singapore Exchange Securities Trading Limited, on a poll vote, all the resolutions as set out in the Notice of Third Annual General Meeting (“AGM”) of Singapore NBN Trust were duly approved and passed by the Unitholders of NetLink NBN Trust at the AGM held today.

a) The results of the poll on each of the resolutions put to vote at the AGM are set out below for information:

Resolutions	Total number of units represented by votes for and against the relevant resolution	FOR		AGAINST	
		No. of units	As a percentage of total number of votes for and against the resolution (%)	No. of units	As a percentage of total number of votes for and against the resolution (%)
ORDINARY BUSINESS					
Ordinary Resolution 1 To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Trustee-Manager for the financial year ended 31 March 2020 and the Independent Auditors’ Report therein	1,925,090,943	1,924,275,643	99.96	815,300	0.04
Ordinary Resolution 2 To approve the payment of Directors’ fees of up to S\$1,022,000 to the Directors of the Trustee-Manager for the financial year ending 31 March 2020, payable quarterly in arrears	1,926,506,843	1,925,460,543	99.95	1,046,300	0.05
Ordinary Resolution 3 To re-appoint Deloitte & Touche LLP as Auditors of the Trustee-Manager and to authorise Directors of the Trustee-Manager to fix their remuneration	1,927,246,843	1,919,588,643	99.60	7,658,200	0.40

Resolutions	Total number of units represented by votes for and against the relevant resolution	FOR		AGAINST	
		No. of units	As a percentage of total number of votes for and against the resolution (%)	No. of units	As a percentage of total number of votes for and against the resolution (%)
SPECIAL BUSINESS					
Ordinary Resolution 4 To re-elect Mr Chaly Mah Chee Kheong as Director of the Trustee-Manager	1,927,246,843	1,917,125,943	99.47	10,120,900	0.53
Ordinary Resolution 5 To re-elect Ms Koh Kah Sek as Director of the Trustee-Manager	1,927,146,843	1,917,025,943	99.47	10,120,900	0.53
Ordinary Resolution 6 To re-elect Mr Sean Patrick Slattery as Director of the Trustee-Manager	1,927,046,843	1,870,690,285	97.08	56,356,558	2.92

b) Details of parties who are required to abstain from voting on any resolution(s), including the number of Units held and the individual resolution(s) on which they are required to abstain from voting

No party was required to abstain from voting on any resolution put to the AGM. Nonetheless, to demonstrate good corporate governance practices:

- All Non-Executive Directors, who are also Unitholders of NetLink NBN Trust, had abstained from voting on Ordinary Resolution 2 in respect of the approval for payment of Directors' fees for the financial year ending 31 March 2021.
- Mr Chaly Mah Chee Kheong, Ms Koh Kah Sek and Mr Sean Patrick Slattery, who are also Unitholders of NetLink NBN Trust, had abstained from voting in respect of their own re-election as Director of the Trustee-Manager.

c) Name of firm and/or person appointed as scrutineer

DrewCorp Services Pte Ltd was appointed as Scrutineer for the conduct of the poll.

d) Re-appointment of Director to Audit Committee

Upon her re-election as Director of the Trustee-Manager, Ms Koh Kah Sek will continue to serve as Chairman of the Audit Committee.

The Board considers Ms Koh Kah Sek as an independent director for the purposes of Rule 704(8) of the Listing Manual. The composition of the Audit Committee remains unchanged and comprise all independent directors, namely:

- Ms Koh Kah Sek (Chairman)
- Mr Eric Ang Teik Lim (Member)
- Mr Yeo Wico (Member)

By Order of the Board

NetLink NBN Management Pte. Ltd.

(Registration Number: 201704783K)

(as trustee-manager of NetLink NBN Trust)

Tan Lay Hong

Company Secretary

28 September 2020



NETLINK NBN TRUST

(a business trust constituted on 19 June 2017 under the laws of the Republic of Singapore and registered under the Business Trusts Act, Chapter 31A of Singapore
(Registration Number: 2017002))
(Managed by NetLink NBN Management Pte. Ltd.)

ANNUAL GENERAL MEETING TO BE HELD ON 28 SEPTEMBER 2020

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

NetLink NBN Trust (“**NetLink**”) would like to thank all Unitholders for submitting their questions in advance of our Annual General Meeting (“**AGM**”) which will be held on 28 September 2020.

Due to a number of overlapping questions received, we have grouped the questions received into the following key themes:

- A. COVID-19
- B. Distribution
- C. Business
- D. Financial
- E. Sustainability (ESG)
- F. Special Resolution
- G. Others

Please refer to our responses as set out in Appendix 1.

Please also refer to the following documents which can be found on NetLink’s website at <https://www.netlinknbn.com/agm.html>:

- a. NetLink’s Annual Report 2020;
- b. Responses to questions from Securities Investors Association (Singapore);
- c. NetLink’s Notice of Annual General Meeting dated 25 August 2020; and
- d. the accompanying announcement released via SGXNet on 25 August 2020 setting out, inter alia, the alternative arrangements relating to attendance at the AGM via electronic means.

NetLink would also like to advise Unitholders that in the unlikely but possible event of a disruption to the webcast and/or audio-streaming, both AGMs will continue to conclusion. If only the webcast is interrupted, Unitholders may call the telephone number which have been provided to Unitholders. The voting results of the AGM will be uploaded on SGXNet and NetLink’s website after the close of trading hours on 28 September 2020.

By Order of the Board
NetLink NBN Management Pte. Ltd.
(Registration Number: 201704783K)
(as trustee-manager of NetLink NBN Trust)

Tan Lay Hong
Albert Lim Aik Seng
Company Secretaries
25 September 2020

APPENDIX 1

A. COVID-19	
<p>1) How has COVID-19 impacted NetLink's business?</p>	<p>More than 90% of NetLink's revenue today comes from recurring charges earned from providing residential, non-residential and other fibre connections as well as the leasing of space in our ducts and manholes network and Central Offices. These revenue streams remain stable and have not been significantly affected by the COVID-19 pandemic.</p> <p>Nevertheless, the COVID-19 pandemic had presented some temporary operational issues for NetLink. The reduced availability of contractors' manpower resources had affected NetLink's capacity to fulfil service requests for new installations from April. Since July, these new service requests were progressively fulfilled with the increase in available manpower to undertake such work. Currently, NetLink's capacity to fulfil new service requests is back to the normal level.</p> <p>In Q1 FY21, NetLink received lower installation-related revenue and diversion revenue as compared to Q1 FY20, mainly due to lower level of installation work and cable diversion work resulting from the manpower challenges mentioned above. Details on NetLink's Q1 FY21 results can be found in our media release dated 5 August 2020.</p>
<p>2) Was there an increase in operational cost due to COVID-19 and what cost control measures have been put in place?</p>	<p>There was no significant increase in overall operational costs because of the COVID-19 pandemic. NetLink will continue to exercise prudence in the management of its operational costs. As a show of solidarity and togetherness with our stakeholders, NetLink's Board members will take a 5% reduction in their Directors' fees for FY21, subject to Unitholders' approval. The CEO, CFO and COO had, with effect from 1 May 2020, taken an 8% reduction in base salary, which will be reviewed after six months or when the COVID-19 situation has stabilised.</p>

B. Distribution	
3) Is the current level of distribution to unitholders sustainable?	<p>We have a resilient business model that generates stable cashflow.</p> <p>FY20 DPU of 5.05 Singapore cents was an increase of 3.5% over the FY19 DPU of 4.88 Singapore cents. For this financial year FY21, we expect cashflow generated will continue to support a stable distribution to unitholders.</p> <p>Our distribution policy is to distribute 100% of cash available for distribution, which represents the cash flows received from NetLink Trust after setting aside cash required for working capital requirements and future Capex opportunities.</p>
4) The next regulatory review of the Regulatory Asset Base (“RAB”) is due in 2022/2023, should Unitholders be concerned that the DPU will be lowered due to a lower regulated rate of return in line with a lower interest rate environment?	<p>The RAB framework seeks to strike a balance between a reasonable compensation and keeping an incentive for the operator (in this case NetLink) to continue to invest Capex over the long term (and not just the next 5 years) to expand as well as maintain a reliable network. Both the regulator and NetLink will have to keep this objective in mind at each review.</p> <p>In the determination of the regulated rate of return, IMDA would utilise both historical and prevailing interest rates in the calculation of cost of debt and cost of equity. Therefore, if the trend of lower interest rate continues, it would have some impact on this calculation.</p> <p>However, there are other factors that will affect the cost of debt and cost of equity calculations, viz the market risk premium and the debt risk premium. These factors would also change when market conditions and interest rate change.</p> <p>An impact analysis would be based on the many varied assumptions that have to be made for the different input factors described above. It would not be meaningful for us to speculate on the impact as these factors continue to evolve.</p> <p>With the strength of the Group’s balance sheet and the stability of the operating cashflow, NetLink aims to provide a predictable and sustainable distribution to its unitholders over the long-term.</p>

C. Business	
5) What is the impact of the rollout of 5G mobile networks on NetLink?	NetLink is in the business of providing fibre connections. The rollout of 5G networks should provide NetLink with more opportunities to offer its fibre connections to the Mobile Network Operators (“ MNOs ”) rolling out 5G networks. On the whole, we expect the rollout of 5G to be a positive for NetLink.
6) Is there a risk that consumers will give up their residential fibre connections and switch to using 5G connections at home?	We believe 5G will be complementary to fibre broadband and not a substitute for fibre broadband. Users today already consume internet data via mobile broadband, mostly when they are outside homes or offices, and via fibre broadband when they are at home or in office. The amount of data consumed by users is expected to grow exponentially over time as consumption habits evolve in tandem with greater reliance on technology (e.g. AI, smart homes). Fibre broadband has two main advantages: (i) a much higher data speed is achievable; and (ii) no cap on the amount of data transmitted using fibre broadband connections. Compared to mobile broadband, fibre broadband is widely acknowledged to be more economically efficient and effective in providing unlimited data access to homes and businesses.
7) Who are NetLink’s competitors?	<p>Today, NetLink is the only provider with an island-wide fibre network coverage. Building another nationwide fibre network infrastructure to achieve the same extent of coverage to that of NetLink would be both logistically and financially challenging. There are high barriers to entry in the creation of a similar network. While there are high barriers to entry, NetLink is not a monopoly.</p> <p>In the non-residential segment, NetLink faces competition with respect to areas where there is higher concentration of non-residential or mixed development buildings such as buildings in the CBD and business parks, and in shopping malls with high concentration of businesses. Other telcos have established and will continue to build on their fibre networks to compete with NetLink and serve their customers in these locations. NetLink believes that its competitive advantage in the non-residential business is its more extensive network coverage as compared to the coverage of its competitors.</p>

<p>8) How does NetLink plan to grow its revenue?</p>	<p>Today, more than 90% of NetLink's revenue comes from recurring charges earned from providing residential, non-residential and other fibre connections as well as the leasing of space in our ducts and manholes network and Central Offices. NetLink therefore remains focused on increasing its revenues from these segments, and in particular, on the revenue from providing fibre connections.</p> <p>At present, we have a residential fibre penetration of about 94% or 1.43 million active end-user connections. This should continue to grow as broadband access is becoming a necessity, as demonstrated during the COVID-19 circuit breaker period. Our expectation is that the end-users from this untapped segment would be connected to use fibre broadband over the next few years. In addition, there are approximately 20,000 new homes constructed each year, which will require new fibre connections. We also have about 48,000 non-residential fibre connections. This should continue to grow with higher adoption of fibre connections by SMEs in Singapore. With the rollout of 5G and the wider adoption of IoT and other smart nation applications, the demand for fibre connections to support these deployments is also expected to increase.</p>
<p>D. Financial</p>	
<p>9) NetLink's NAV decreases yearly. Is this a concern?</p>	<p>Operating cash flows are higher than net profits mainly due to the large depreciation and amortisation component which is non-cash in nature (S\$167.8 million in FY20).</p> <p>One of the key advantages of the business trust structure is that it allows NetLink to pay distributions from its cash flow and is not limited by retained earnings. Investors should focus on NetLink's ability to generate cash flow to make distribution payment.</p> <p>A declining NAV is a concern only if this affects the ability of the entity to continue to generate a healthy level of cashflow going forward. This is not the case for NetLink as: (1) our business is expected to continue to generate a stable level of cashflow to support distribution; and (2) we will use part of our cashflow as well as our balance sheet strength to borrow and continue to invest into our network to support growth.</p>

<p>10) Is the practice of funding Capex using debt sustainable? What is NetLink's target optimal capital structure? Would the funding of Capex lead to a decrease in distribution to unitholders?</p>	<p>Businesses that generate a healthy level of cashflow are able to sustain higher leverage to attain a lower cost of capital. NetLink currently has a gross debt / EBITDA of 2.6 times. Other listed infrastructure/utility assets globally are typically levered between 4.0 - 6.0x net debt/EBITDA. Therefore, NetLink has a comparatively more conservative and stronger balance sheet, which it could utilise to fund Capex on a sustainable basis going forward. NetLink targets to maintain a strong balance sheet with a conservative debt/EBITDA ratio that will provide it with sufficient debt headroom to utilise debt financing, in combination with operating cash flow, to fund future Capex. Given our strong balance sheet and a resilient business model that generate stable cash flow, NetLink expects distribution to be stable.</p>
<p>E. Sustainability (ESG)</p>	
<p>11) How is NetLink adopting its ESG strategies amidst the pandemic disruption?</p>	<p>NetLink considers sustainability to be an important part of its business strategy. The COVID-19 pandemic has brought into focus the importance of driving our sustainability efforts to ensure NetLink is a responsible corporate citizen.</p> <p>During the early stages of the COVID-19 pandemic and as early as late-January 2020, NetLink activated its Pandemic Plan. The Pandemic Steering Committee met regularly (moving to virtual meetings as the need for safe distancing measures became clear) to discuss safety issues and measures that are needed to be put in place to ensure the safety of the public, our employees and our business partners (including our contractors and their workers).</p> <p>NetLink supported the IMDA's initiative to ensure everyone, especially vulnerable segments including seniors and school-going children from low-income households, can go online for daily tasks and social activities. NetLink has prioritised the provisioning of services to these households, and also sponsored \$600,000 towards the Home Access Programme administered by IMDA for the next three years.</p> <p>To further support home broadband access to everyone during the COVID-19 pandemic, NetLink has also offered fee waivers to telcos who needed to reconfigure their broadband networks to cope with the changing internet traffic patterns of consumers brought on by the work-from-home situation.</p>

F. Special Resolution	
<p>12) Is NetLink looking to expand overseas? What investments is NetLink likely to make? How will these investments be funded?</p>	<p>NetLink has proposed to expand its investment mandate to broaden the current scope of Authorised Businesses to allow NetLink to engage in Infrastructure Business outside of Singapore.</p> <p>We believe that the infrastructure industry may present significant investment opportunities for the future growth and sustainability of the business of NetLink.</p> <p>NetLink has not identified any opportunities to venture overseas and will be disciplined in its approach to making any such investments. NetLink only intends to invest in telecommunications infrastructure businesses which are likely to generate a stable cashflow. In making its assessment of each potential business or investment, NetLink will take into consideration factors such as the stability of the relevant market, the long-term prospects of the business or investment, and whether the income of the business or investment is regulated to provide a predictable revenue stream. NetLink will fund such new investments through a combination of cash, debt and/or new equity.</p>
G. Others	
<p>13) Is NetLink affected by the recent changes to Employment Pass and S Pass requirements?</p>	<p>NetLink complies with all relevant Employment Pass and S Pass requirements stipulated by the Ministry of Manpower. These recent changes do not affect NetLink.</p>

NETLINK NBN TRUST

(a business trust constituted on 19 June 2017 under the laws of the Republic of Singapore and registered under the Business Trusts Act, Chapter 31A of Singapore
(Registration Number: 2017002))
(Managed by NetLink NBN Management Pte. Ltd.)

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

The Board of Directors of NetLink NBN Management Pte. Ltd. ("**Board**"), as Trustee-Manager of NetLink NBN Trust, ("**NetLink**"), would like to thank the Securities Investors Association (Singapore) ("**SIAS**") for submitting questions ahead of NetLink's Annual General Meeting to be held on 28 September 2020.

The Board's responses are set out in Appendix 1, which can also be found on NetLink's website at <https://www.netlinknbn.com/agm.html> and SIAS's website at <https://sias.org.sg/qa-on-annual-reports/>.

Please also refer to the following documents which can be found on NetLink's website at <https://www.netlinknbn.com/agm.html>:-

- (a) NetLink's Annual Report 2020;
- (b) NetLink's Notice of Annual General Meeting ("**AGM**") dated 25 August 2020; and
- (c) the accompanying announcement released via SGXNet on 25 August 2020 setting out, inter alia, the alternative arrangements relating to attendance at the AGM via electronic means.

By Order of the Board

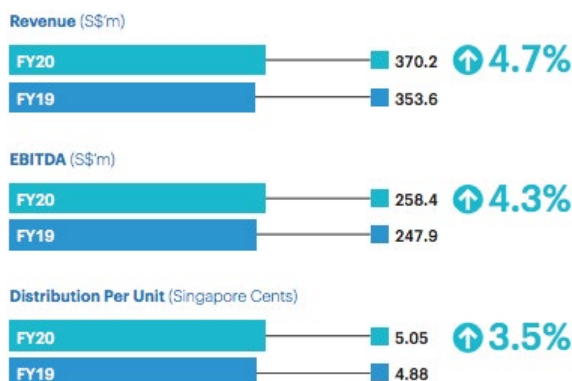
NetLink NBN Management Pte. Ltd.
(Registration Number: 201704783K)
(as trustee-manager of NetLink NBN Trust)

Tan Lay Hong
Albert Lim Aik Seng
Company Secretaries
16 September 2020

APPENDIX 1

1. As shown in the annual report (page 8; reproduced below), the group's revenue increased by 4.7% in the financial year to \$370.2 million while distribution per unit increased by 3.5% to 5.05 cents.

STABLE GROWTH



Source: Annual Report

In the section titled "In conversation with the C-Suite" (page 14), it was stated that the increase in residential connections in the past 3 years was driven by a telco's migration exercise from coaxial to fibre. The number of residential connections at the end of the financial year was 1.427 million, a 94% penetration rate.

- (i) **With the migration exercise completed, can management elaborate further on the strategy to further increase the number of residential connections?**

NetLink's Response:

Fibre broadband has become a "necessity" and is no longer "discretionary" as many end-users are reliant on fibre broadband services for their day-to-day activities. The importance of fibre broadband as an essential service to people's way of life, be it for home-based learning, working from home, entertainment or simply keeping in touch with one another has been highlighted by the current COVID-19 situation. NetLink will continue to invest in its network to serve new housing estates, and new developments in mature estates.

Our expectation is that residential connections will continue to grow. We are also optimistic about the long term. We expect growth in fibre broadband adoption from: (i) low-income households due to the Government's push for digital inclusion; (ii) the over 20,000 new housing units every year; and (iii) potentially some end-users taking up a second fibre connection.

- (ii) **In particular, how much visibility does management have on the number of new residential units each year? What is that additional “addressable market” for the next 1-2 years?**

NetLink’s Response:

Based on historical data, over 20,000 new housing units are added every year in Singapore. Today, with a penetration rate of 94%, there are still some 90,000 existing homes that have yet to use fibre broadband. Our expectation is that the end-users from this untapped segment would be connected to use fibre broadband over the next few years.

- (iii) **In view of the current pandemic, can management help unitholders understand the precautionary measures it has put in place when activating the residential connections? Has the activation “capacity” of the trust been significantly affected by the pandemic?**

NetLink’s Response:

The well-being of the public, our employees and business partners remains our top priority.

NetLink and its contractors have adopted COVID-19 safety measures and complied with all relevant advisories issued by the Ministry of Health and the Ministry of Manpower. As an essential service provider, NetLink regularly reminds its contractors’ workers to sanitise their hands before and after jobs, maintain safe distance and minimise interaction time as well as take extra care in cleaning up their work sites. To provide additional assurance to the public, NetLink also requires its employees and its contractors’ workers to wear face shields where practical, in addition to face masks.

NetLink will continue to monitor the situation and implement additional precautionary measures where necessary to ensure safety of all during this COVID-19 situation, as well as the continued availability of essential services.

The availability of foreign workers employed by our contractors was greatly reduced during the circuit breaker period from April to July 2020. Today, the number of workers who have resumed work is close to our pre-COVID-19 level. Our service provisioning capacity is therefore back to normal.

- (iv) **Similarly, in the Non-Building Address Point (“NBAP”) segment, following the roll-out of the 4G outdoor coverage of a new telco in Singapore, the number of NBAP connections grew by 5.8% to reach 1,679 connections as at 31 March 2020. Can management help unitholders understand the key growth drivers in the NBAP segment in the next 18-24 months? What is the schedule for the roll-out for the 5G network?**

NetLink's Response:

NBAP services involve the provision of fibre connectivity to any location in Singapore that does not have a physical address or assigned postal code, such as roadside points, lamp posts, bus stops, multi-storey carparks and traffic lights.

NetLink anticipates that the demand for NBAP services will continue to grow with the progressive roll-out of Singapore's Smart Nation programme and initiatives. Due to the extensive reach of NetLink's network, and the fact that fibre is the most suitable medium for high-speed data transmission, NetLink is well-positioned to support an extensive system of sensors, meters and other connected devices deployed by Singapore government agencies. The rollout of 5G mobile network will also require an extensive fibre backhaul network and is expected to contribute to increased demand for NBAP connections.

NetLink is not a Mobile Network Operator ("MNO") and is solely involved in providing fibre connections to meet demand from MNOs. The pace of 5G rollout is determined by these MNOs. IMDA's requirements for these MNOs are coverage for at least half of Singapore by end-2022, scaling up to nationwide coverage by end 2025.

- (v) At the last annual general meeting, in response to queries from unitholders, the chairman has explained that the trust will likely connect more 5G base stations for telcos as a denser network of 5G base stations is required to support the bandwidth and delivery speed of 5G. However, the trust still earns more than two-thirds of its revenue from residential connections. **Has management evaluated the risk that consumers will give up their residential fibre connections and switch to using 5G connections at home? In the worst-case scenario, is the trust anticipating that it will lose more customers than new sign-ups, resulting in a net decrease in the number of residential connections as a result of consumers switching to 5G even at home?**

NetLink's Response:

The rollout of 5G networks should provide us with more opportunities to offer our fibre connections to the MNOs rolling out 5G. On the whole, we expect the rollout of 5G to be an income-accretive business for NetLink.

We believe 5G will be complementary to fibre broadband and not a substitute for fibre broadband. Users today already consume internet data via mobile broadband, mostly when they are outside homes or offices, and via fibre broadband when they are at home or in office. The amount of data consumed by users is expected to grow exponentially over time as consumption habits evolve in tandem with greater reliance on technology (e.g. AI, smart homes). Fibre broadband has two main advantages: (i) a much higher data speed is achievable; and (ii) no cap on the amount of data transmitted using fibre broadband connections. Compared to mobile broadband, fibre broadband is widely acknowledged to be more economically efficient and effective in providing unlimited data access to homes and businesses.

2. In the financial year, the trust has had to write-off capitalised project costs to the tune of \$15.4 million in relation to the discontinuation of an IT contract. For comparison, the group's total expenses for FY20 were \$305.9 million and the total distribution for the year was \$196.8 million.

As disclosed in the announcement dated 27 February 2020, the majority of costs incurred under the above-mentioned project were paid and capitalised in prior years.

After taking into account the ability of NLT to continue with the use of certain software licences, capitalised project costs amounting to approximately \$15.4 million as at 31 December 2019 (consisting of capitalised internal staff cost of \$6.1 million and third party costs of \$9.3 million) are expected to be written off. The trust will continue to explore options for the upgrade and/or enhancement of NLT's business support systems and operation support systems.

- (i) **Would management elaborate further on the reasons to terminate the IT development project?**

NetLink's response:

The IT project implementation was not in line with NetLink's expectations. Both the vendor and NetLink had decided to terminate the project rather than to engage in a prolonged legal dispute over the project. As the terms of the agreement to terminate the project are confidential, we regret that we are not able to elaborate further on this subject.

- (ii) **With the benefit of hindsight, what changes will management make to its project management framework? What guidance did the board provide to management in the trust's key operational and strategic projects?**

NetLink's response:

A new Project Governance Committee comprising two Board members and the COO has been established to advise the management on overall IT project strategy and governance. The Committee will also review the adequacy and effectiveness of the project plan and project execution, and advise the Board on the progress of future IT projects.

The Board is responsible for the long-term success of NetLink and its value creation, and exercises close oversight over key areas in corporate governance, strategy and key operational projects. For key operational and strategic projects, the Board sets the direction and goals for the management team, monitors the achievement of these goals and holds management accountable for its performance.

- (iii) **How has the termination of the project affected the group's strategic objectives, including operational efficiency and cost structure?**

NetLink's response:

NetLink's operations are not affected as NetLink's existing system continues to perform reliably and meet current operational needs. In fact, NetLink has improved its service

provisioning performance despite the IT Project not progressing in line with its expectations. The majority of the material costs incurred by NetLink for the discontinued project were capitalised in periods prior to and during the financial year ended 31 March 2019. Hence there has been no impact on the cost structure for the financial year ended 31 March 2020.

(iv) With the termination, what are the trust's plans to upgrade/enhance its business support systems and operation support systems?

NetLink's response:

NetLink is exploring and carefully considering all options for the upgrade and/or enhancement of NetLink's business support systems and operation support systems.

3. At the annual general meeting scheduled to be held on 28 September 2020 at 4.00 p.m., the trust has proposed an extraordinary resolution which relates to the Proposed amendment and restatement of Trust Deed (Extraordinary resolution 4).

In the explanatory notes in the Notice of annual general meeting, it is not exactly clear what the amendments to the trust deeds are although it was stated that the proposed amendments will expand the investment mandate of the trust by broadening the scope of authorised businesses that the trust may engage in under the Trust Deed, without specifying the new business.

From the appendix, it would appear that the trust is proposing to, inter alia, expand the current investment mandate to include "Infrastructure Business" as one of the authorised businesses. The trust has also disclosed the following:

"Infrastructure Business" means the ownership, design, construction, installation, operation and/or maintenance outside of Singapore of any infrastructure networks, systems and/or facilities to support telecommunications service providers and others in their provision of telecommunications services.

The inclusion of the Infrastructure Business within the scope of Authorised Businesses will allow the Trust to own, design, construct, install, operate and/or maintain outside of Singapore any infrastructure networks, systems and/or facilities to support telecommunications service providers and others in their provision of telecommunications services. Examples of such infrastructure networks, systems and/or facilities would be fibre networks to support internet service providers and telecommunications towers to support wireless mobile operators.

Due to the pandemic, the AGM will be convened and held by way of electronic means and unitholders would not be able to attend the AGM in person. In addition, the trust has only made arrangements for unitholders to observe and/or listen to the proceedings at the AGMs via "live" audio-visual webcast or "live" audio-only stream with no ability for unitholders to interact with the board/management.

Proxy votes have to be sent before 26 September. In particular, SRS unitholders have to send in their votes by 16 September 2020. While the trust has stated that it will endeavour to post

the answers to unitholders' queries one day before the Proxy Deadline, this arrangement is sub-optimal for such an important decision.

- (i) **Given that this is a major decision for unitholders that would significantly alter the risk profile of the trust, is there a reason for the board to propose the extraordinary resolution to amend the trust deed under the current circumstances? Would the board consider delaying the resolution until physical meetings are permitted (and held safely under guidelines provided by the relevant authorities)?**

NetLink's response:

Today, the Authorised Businesses under NetLink's Trust Deed essentially allows NetLink to operate its nationwide broadband infrastructure business in Singapore only. In other words, without a change in the definition of Authorised Businesses under the Trust Deed, NetLink is not able to start or acquire a new business overseas.

While we are seeking this change to the Authorised Businesses now, we do not have any immediate plans to start or acquire a business overseas. Nevertheless, NetLink believes that it is in the interests of its stakeholders that NetLink seeks approval for this change in Authorised Businesses now so that it is in a better position to consider such investment when the opportunity presents itself.

NetLink believes that the infrastructure industry may present significant investment opportunities for the future growth and sustainability of the business. The proposed amendments will allow NetLink to act upon and benefit from such appropriate investment opportunities that may arise. An early change to the Authorised Businesses will provide NetLink with greater flexibility and agility.

As the AGM will be conducted via a webcast format, we have decided to publish our response to SIAS' questions on 16 September 2020 so that unitholders will have a chance to consider this matter. We would also be publishing our response to unitholders' questions on 25 September 2020, one day before the cut-off date for the submission of proxy forms. We would also like to thank SIAS for arranging a pre-AGM meeting on 21 September 2020, which will allow management to answer any questions that unitholders attending the session may have.

- (ii) **If the board decides to continue with the proposed agenda, would the board also consider making the AGM interactive and not just a "broadcast" where unitholders have no way to interact with the board and management?**

NetLink's response:

Given all the proxy voting would have already been cast before the AGM, an interactive session may not be useful. We encourage unitholders to post their questions early and we will endeavour to respond to them and give unitholders a chance to review and consider our replies before casting their proxy votes. We understand the impact of the proposed change to the Authorised Businesses and will endeavour to answer all substantial and relevant questions submitted on this topic.

As stated in the appendix, the risk factors associated with the proposed expansion of investment mandate and authorised businesses are:

- Limited/no prior record and operating history in the Infrastructure Business outside Singapore
- The expansion into the Infrastructure Business outside Singapore may be costly and could present unforeseen integration difficulties or costs or may not enhance the Trust Group's business as expected
- The Trust Group is subject to general risks associated with operating businesses outside Singapore
- The Trust Group cannot guarantee the performance of its investments in the infrastructure industry outside Singapore
- The financial and reputational consequences of non-compliance with laws and regulations may be significant

- (iii) **Would the board clarify why it is not seeking a mandate to expand into the infrastructure business in Singapore?** Venturing into a new business in a new geography might be considered a high-risk move by a more conservative board/management.

NetLink's response:

As the appointed Network Company ("NetCo") of the Nationwide Broadband Network ("NBN"), NetLink is already a leading telecommunications infrastructure operator in Singapore and will continue to invest in and expand its network in Singapore. This does not require a change to the Authorised Businesses. Given NetLink's role as the independent passive fibre network infrastructure provider of the NBN in Singapore, providing equal and open access to all other telecommunications operators, NetLink could be conflicted if it wishes to enter into other telecommunications infrastructure businesses in Singapore.

NetLink believes that the infrastructure industry overseas may present significant investment opportunities for the future growth and sustainability of the business. The proposed amendments will allow NetLink to act upon and benefit from such appropriate investment opportunities that may arise, which will in turn bring about portfolio growth and business diversification.

- (iv) **How much of the group's experience and skills are transferable to the new proposed infrastructure business?**

NetLink's response:

NetLink is involved in the operation, maintenance and leasing of its infrastructure assets in Singapore to telecommunications service providers. Management of NetLink therefore has significant experience in the operations, service maintenance and the business of providing infrastructure services to telecommunications service providers. NetLink would leverage on its existing experience and invest in similar infrastructure assets overseas that will support telecommunications service providers in those locations.

- (v) **Has management already identified the potential key markets?**

NetLink's response:

No. At present, NetLink has not identified any opportunities to venture overseas.

- (vi) **As the infrastructure business is highly capital intensive, has the board set a limit to the amount that the group will allocate to this new business?** For instance, an established infrastructure business consisting of telecommunication towers owned by a mobile network operator in a developed economy can cost more than \$2 billion.

NetLink's response:

NetLink is not looking at setting aside a specific amount or a limit for overseas investment. When considering new investment opportunities, we will focus on the quality of the business on a long-term perspective. Factors that will be taken in consideration in evaluating the investments shall include the stability of the relevant market, the long-term prospects of the business or investment, and whether the income of the business or investment is regulated to provide a predictable revenue stream. These new investments would likely be funded by a combination of debt, cash and/or new equity.

NetLink currently has a gross debt/EBITDA of 2.6 times. Other listed infrastructure/utility assets globally are typically levered between 4.0 - 6.0 times net debt/EBITDA. Therefore, NetLink has a comparatively more conservative and stronger balance sheet, which it could utilise to fund Capex in our existing fibre network or overseas investments.

- (vii) **Can the board elaborate further on the trust's ability to value-add to a foreign infrastructure business?** Firstly, incumbent infrastructure operators/owners would have an advantage over a new operator. Secondly, as a foreign owner, the trust is possibly at a disadvantage due to its lack of familiarity in a new jurisdiction, difference in working culture and a new business network.

NetLink's response:

Please refer to our response to Q3 (iv).

NetLink will be disciplined in its investment approach. NetLink only intends to invest and/or otherwise participate in new businesses which are likely to generate a stable cashflow and is income-accretive.