

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 (i) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)) or (ii) located within the United States (“**U.S.**”). The attached information memorandum is being sent at your request and by accepting this 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 U.S. nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. 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 this 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 (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 a 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, and (B) agree to be bound by the limitations and restrictions described therein. 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.

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 NetLink Treasury Pte. Ltd., NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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 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 MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR 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.

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 NetLink Treasury Pte. Ltd., NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust), 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 (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities 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 of securities 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 of securities shall be deemed to be made by the dealers or such affiliate on behalf of NetLink Treasury Pte. Ltd. or NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust) 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 the attached 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 information memorandum, 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 purchase any of the securities described therein.**

Actions that You May Not Take: If you receive the attached information memorandum 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 the attached information memorandum 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.



NETLINK TREASURY PTE. LTD.

(Incorporated in the Republic of Singapore on 29 November 2019)
(UEN/Company Registration No. 201940462E)

S\$1,000,000,000 **Multicurrency Debt Issuance Programme**

Unconditionally and irrevocably guaranteed by
NETLINK NBN MANAGEMENT PTE. LTD.
(in its capacity as trustee-manager of NetLink NBN Trust)

Under the Multicurrency Debt Issuance Programme described in this Information Memorandum (the “**Programme**”), NetLink Treasury Pte. Ltd. (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the “**Notes**”) and perpetual securities (the “**Perpetual Securities**”) and, together with the Notes, the “**Securities**”). The aggregate principal amount of Securities outstanding will not at any time exceed S\$1,000,000,000 (or the equivalent in other currencies), subject to increase as described herein. The payment of all amounts payable in respect of the Securities will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust (“**NNBNT**”)) (the “**Guarantor**” or the “**NNBNT Trustee-Manager**”).

Defined terms used in this Information Memorandum shall have the meanings given to such terms in “Terms and Conditions of the Notes” and “Terms and Conditions of the Perpetual Securities”.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and the listing of and quotation for 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. Admission to the Official List of the SGX-ST and the listing of and quotation for any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (if any), the Programme or such Securities.

Unless otherwise stated in a relevant Pricing Supplement, Tranches of Securities to be issued under the Programme will be unrated.

This Information Memorandum has not been 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 Securities 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 (“**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), 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, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. See “Notice to Investors – Selling Restrictions—Singapore” for further details.

The Securities and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Securities (as defined herein) 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 Bearer Securities, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) unless an exemption from the registration requirement 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 Global Securities are subject to certain restrictions on transfer. See “Subscription, Purchase and Distribution”.

Investing in Securities issued under the Programme involves certain risks. Prospective investors should have regard to the risks described in “Risk Factors” beginning on page 122 of this Information Memorandum.

Arrangers and Dealers



TABLE OF CONTENTS

	<u>Page</u>
NOTICE TO INVESTORS	1
FORWARD-LOOKING STATEMENTS	7
DEFINITIONS	8
SUMMARY OF THE PROGRAMME	21
TERMS AND CONDITIONS OF THE NOTES	35
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES	66
FORM OF PRICING SUPPLEMENT FOR NOTES	101
FORM OF PRICING SUPPLEMENT FOR PERPETUAL SECURITIES	109
SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM ...	117
RISK FACTORS	122
THE ISSUER	146
NETLINK NBN TRUST	147
SUMMARY FINANCIAL INFORMATION OF THE GROUP	186
CAPITALISATION AND INDEBTEDNESS	194
USE OF PROCEEDS	195
CLEARING AND SETTLEMENT	196
TAXATION	198
SUBSCRIPTION, PURCHASE AND DISTRIBUTION	204
APPENDICES	
I: GENERAL AND OTHER INFORMATION	I-1
II: AUDITED FINANCIAL STATEMENTS OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019	II-1
III: AUDITED FINANCIAL STATEMENTS OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020	III-1

NOTICE TO INVESTORS

DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (together, the “**Arrangers**”) have been authorised by NetLink Treasury Pte. Ltd. (the “**Issuer**”) to arrange the S\$1,000,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the “**Notes**”) and perpetual securities (the “**Perpetual Securities**”, and together with the Notes, the “**Securities**”) denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities will be unconditionally and irrevocably guaranteed by NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust (“**NNBNT**”)) (the “**Guarantor**” or the “**NNBNT Trustee-Manager**”).

This Information Memorandum contains information with regard to the Issuer, the Guarantor, NNBNT, the Group (as defined herein), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuer and the Guarantor confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Securities, that the information contained 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 this Information Memorandum and are fairly, reasonably and honestly held by the Issuer and the Guarantor, and there are no other facts the omission of which in the context of the Programme or the issue and offering of the Securities or the giving of the Guarantee would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of interest. Each series may be issued in one or more tranches on the same issue date 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 for 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(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating 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 (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Conditions (as defined herein) of the Notes as amended and/or supplemented by 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 for 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 in whole or in part. The Perpetual Securities may 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 Conditions of the Perpetual Securities as amended and/or supplemented by 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\$1,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms and upon the conditions set out in the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, either of the Arrangers or any of the Dealer(s). 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, the Guarantor, NNBNT, or any of the subsidiaries of NNBNT or associated companies of NNBNT (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 the Securities may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, either of the Arrangers or any of the Dealer(s) to subscribe for or purchase, 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 (or any part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) or into whose possession this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and restrictions and all applicable laws, orders, rules and regulations.

The Securities and the Guarantee 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 the Securities may include Bearer Securities (as defined here) 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 Bearer Securities, delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

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, the Guarantor, either of the Arrangers or any of the Dealer(s) to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material 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 Dealer(s) 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 Securities and Futures Act, Chapter 289 of Singapore (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 Dealer(s) 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 or dissemination 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, the Guarantor, NNBNT or any of the subsidiaries of NNBNT and/or associated companies of NNBNT (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealer(s) have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealer(s) or any of their respective officers, employees or agents is making any representation, warranty or undertaking expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor, NNBNT or the subsidiaries of NNBNT and/or associated companies of NNBNT (if any). Further, neither of the Arrangers nor any of the Dealer(s) makes any representation or warranty and no responsibility or liability is accepted by either of the Arrangers or any of the Dealer(s) as to the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (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, the Guarantor, either of the Arrangers or any of the Dealer(s) 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 shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantor, NNBNT and the subsidiaries of NNBNT and/or associated companies of NNBNT (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, the Guarantor, NNBNT and the subsidiaries of NNBNT and/or associated companies of NNBNT (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of the Dealer(s) or any of their respective officers, employees or agents shall be held responsible 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 or any of the Dealer(s) accept 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 or any of the Dealer(s) or on its behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Securities. Each Arranger and each Dealer 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 series of Securities, one or more Dealers named as stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising 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 Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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 law.

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 annual reports, consolidated audited accounts and/or unaudited financial statements of NNBNT and (2) 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 (as defined herein) 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 published audited consolidated financial statements of NNBNT and all other documents deemed incorporated by reference in this Information Memorandum are available on the website of the SGX-ST at www.sgx.com.

Except as expressly provided in this Information Memorandum, website addresses in this Information Memorandum are included for reference only, and the contents of such websites are not incorporated by reference into, and do not form part of, this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection 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 (as defined herein) 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, the Guarantor, either of the Arrangers or any of the Dealer(s)) 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 in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Guarantor, the Arrangers and the Dealer(s) to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and distribution of this Information Memorandum set out under the section "Subscription, Purchase and Distribution" on pages 204 to 208 of this Information Memorandum.

Any person(s) who is/are 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 or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

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

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

Selling Restrictions—Singapore

This Information Memorandum has not been 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 the Securities 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 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, 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 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, or to any person arising from an offer referred to in Section 275(1A) or 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.

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.

For a description of other restrictions, please refer to "Subscription, Purchase and Distribution".

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) 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).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities may include a legend entitled "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 or superseded, "**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.

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 "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but

otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS If the Pricing Supplement in respect of any Securities includes a legend entitled “Prohibition of Sales to EEA and 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 European Economic Area (“**EEA**”) or the United Kingdom (the “**UK**”). 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 (as amended or superseded, 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 (as amended or superseded, the “**Prospectus Regulation**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the “**PRIIPs Regulation**”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Non-FRS/Non-SFRS(I)/Non-IFRS Financial Measures

EBITDA in this Information Memorandum is a non-SFRS financial measure and represents operating profit before depreciation and amortisation expense, net finance costs and income tax expense. EBITDA and EBITDA margin are supplemental financial measures of the NetLink Group’s performance and liquidity, and are not required by, or presented in accordance with SFRS, IFRS, Singapore Financial Reporting Standards (International), U.S. GAAP or any other generally accepted accounting principles. EBITDA is not a measurement of financial performance or liquidity under FRS, SFRS(I) or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with FRS, SFRS(I) or IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. EBITDA is not a standardised term, and hence may not be comparable to that of other companies that may determine EBITDA differently.

EBITDA has been presented because it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-FRS/non-SFRS(I)/non-IFRS financial measures when reporting their results. EBITDA is also presented as a supplemental measure of the Group’s ability to service debt.

Nevertheless, EBITDA has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the financial condition or results of operations of the Issuer, the Guarantor and the Group as reported under FRS or SFRS(I). Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of the Issuer’s, the Guarantor’s and the Group’s business.

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, the Guarantor, NNBNT and/or the Group (including statements as to the Issuer’s, the Guarantor’s, NNBNT’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including any financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor, NNBNT and/or the Group, expected growth in the Issuer, the Guarantor, NNBNT 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, the Guarantor, NNBNT 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 include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer, the Guarantor, NNBNT and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum under, in particular, but not limited to, the section “Risk Factors”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor, NNBNT 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, the Guarantor, the Arrangers and the Dealer(s) do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor, NNBNT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any 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, the Guarantor, NNBNT, 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, the Guarantor, NNBNT, the Arrangers and the Dealer(s) 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.

DEFINITIONS

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

- “%” or “per cent.”** : Per centum or percentage.
- “Agency Agreement”** : The Agency Agreement dated 29 July 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Deutsche Bank AG, Singapore Branch, as principal paying agent, CDP registrar and CDP transfer agent, (4) Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong, as non-CDP paying agent, non-CDP registrar and non-CDP transfer agent, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Agreement for Additional Space”** : The master framework agreement entered into between the NetLink Group and Singtel on 10 July 2017 for additional space at NLT Central Offices and Singtel Central Offices.
- “Agreement for Ducts and Manholes”** : The master framework agreement entered into between the NetLink Group and Singtel on 22 July 2011, as amended and restated on 1 October 2014, relating to the sale of ducts and manholes owned by Singtel to the NetLink Group.
- “Arrangers”** : DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
- “Bearer Securities”** : Securities in bearer form.
- “Board”** : The board of Directors of the NNBNT Trustee-Manager.
- “Broadcasting Act”** : Broadcasting Act, Chapter 28 of Singapore.
- “broadcasting licensee”** : Any holder of a licence granted under the Broadcasting Act but excludes class licensees.
- “BSS”** : Business Support Systems used by a telecommunications operator to run its business operations towards customers.
- “Building”** : A building or development which has an assigned six digit postal code by Singapore Post Limited.
- “Business Trusts Act” or “BTA”** : Business Trusts Act, Chapter 31A of Singapore.
- “business trust”** : A business trust within the meaning of the BTA.
- “business day”** : In respect of each Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) 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 (c) (if a payment is to be made on that day) (i) (in the case of 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, (ii) (in the case of 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 (iii) (in the case of 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 the principal financial centre for that currency.

- “CAPM”** : Capital Asset Pricing Model.
- “CBD”** : Central business district.
- “CDP Registrar”** : Deutsche Bank AG, Singapore Branch.
- “CDP” or the “Depository”** : The Central Depository (Pte) Limited.
- “Central Office” or “CO”** : A location or building where the Licensee provides access to the passive infrastructure and co-location facilities.
- “CEO”** : Chief executive officer.
- “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 to the Trust Deed or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities comprising the entire holding by a holder of Registered Securities of that Series.
- “CFO”** : Chief financial officer.
- “Chief Executive Officer”** : The chief executive officer of the NetLink Group.
- “Chief Financial Officer”** : The chief financial officer of the NetLink Group.
- “Chief Operating Officer”** : The chief operating officer of the NetLink Group.
- “CityNet”** : CityNet Infrastructure Management Pte. Ltd., the trustee-manager of NLT, until 13 April 2017.
- “Clearstream, Luxembourg”** : Clearstream Banking, S.A., and includes a reference to its successors and assignors.
- “Committed Space”** : The specified amount of additional space Singtel will make available to the NetLink Group, under the terms and conditions of the Agreement for Additional Space.
- “Common Depository”** : In relation to a Series of Securities, a depository common to Euroclear and Clearstream, Luxembourg.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Conditions”** : (a) 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

- (b) 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.

“Controlled Entity”	: The entity under the Effective Control of a Controlling Entity.
“Controlling Entity”	: The entity or entities having the ability to exercise Effective Control over a Controlled Entity.
“COO”	: Chief operating officer.
“Couponholders”	: The holders of the Coupons.
“Coupons”	: The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“Customised Agreement”	: An agreement for the provision of Mandated Services on prices, terms and conditions that differ from the prices, terms and/or conditions of the ICO.
“DBS Bank”	: DBS Bank Ltd..
“Dealers”	: Persons appointed as dealers under the Programme.
“Definitive Security”	: A definitive Bearer Security, being substantially in the form set out in (in the case of Notes) Part I of Schedule 1 and (in the case of Perpetual Securities) Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
“Depositors”	: Persons holding the Securities in securities accounts with CDP.
“Depository Agents”	: Certain corporate depositors approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the securities in such securities sub-accounts for themselves and their clients.

“Directors”	: The directors (including alternate directors, if any) of the Issuer or, as the case may be, the Guarantor as at the date of this Information Memorandum.
“Dominant Licensees”	: A Licensee that IMDA has classified as dominant under sub-section 2.2.1 of the Telecom Competition Code.
“duct”	: Conduits of various sizes connecting or leading from manholes and through which cables may be installed, including lead-in ducts.
“EBITDA”	: Profit before tax, interest, depreciation and amortisation on property and equipment and intangible assets.
“EBITDA margin”	: The ratio of EBITDA to revenue.
“Effective Control”	: The ability of a Controlling Entity to cause a Controlled Entity to take, or prevent the Controlled Entity from taking, a decision regarding the management and major operating decisions of the Controlled Entity, and without limitation, includes the situation where such ability – <ul style="list-style-type: none"> (i) is exercisable by the Controlling Entity through direct or indirect voting power in the Controlled Entity; or (ii) is exercisable on the basis of rights acquired via contracts, agreements or any other arrangements entered into between the Controlling Entity and the Controlled Entity.
“End User”	: A business or residential subscriber of any retail telecommunication service in Singapore.
“EURIBOR”	: Euro Interbank Offered Rate.
“Euro”	: 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.
“Euroclear”	: Euroclear Bank SA/NV, and includes a reference to its successors and assignors.
“Executive Officers”	: The executive officers of the NNBNT Trustee-Manager.
“Extraordinary Resolution”	: A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
“FBO”	: Facilities-based Operations.
“FBO Licence”	: The Licence to Provide Facilities-Based Operations granted by IMDA to CityNet (in its capacity as the then trustee-manager of NLT) on 22 September 2011, as amended on 1 October 2014, and further amended and transferred to the NLT Trustee on 13 April 2017, and as further amended and transferred jointly and severally to the NNBNT Trustee-Manager and the NLT Trustee on 19 July 2017, and as further amended on 21 January 2019, and as may be further amended from time to time (a copy of which is available at https://www.imda.gov.sg/-/media/Imda/Files/Regulation-Licensing-and-Consultations/Licensing/Licensees/FBO/NetLink-NBN.pdf).

“FY”	: Financial year ended or ending 31 March.
“Gbps”	: Gigabit(s) per second.
“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 (a) the Common Depository, (b) the Depository and/or (c) 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 Talons.
“Government Technology Agency” or “GovTech”	: The Government Technology Agency, established under the Government Technology Agency Act 2016 (No. 23 of 2016) of Singapore, or its successor-in-title.
“Guarantor” or the “NNBNT Trustee-Manager”	: NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NNBNT).
“HDB”	: The Housing and Development Board established and incorporated under the Housing and Development Act, Chapter 129 of Singapore, or its successor-in-title.
“High-Rise Residential Building”	: A residential building, including HDBs, other than a landed Residential Premises.
“IMDA”	: The Info-communications Media Development Authority, established under the Info-communications Media Development Authority Act (No. 22 of 2016) of Singapore, or its successor-in- title, and including its predecessor the Info-communications Development Authority of Singapore, or “IDA” .
“iN2015”	: Intelligent Nation 2015 Masterplan.
“Independent Directors”	: Directors of the NNBNT Trustee-Manager who are independent for the purposes of the BTA.
“Interconnection Offer” or “ICO”	: The standard interconnection offer submitted by the Licensee and approved by the IMDA.
“IPO Prospectus”	: The final prospectus dated 10 July 2017 issued in relation to the listing of NetLink NBN Trust.
“IRAS”	: The Inland Revenue Authority of Singapore.
“Issuer”	: NetLink Treasury Pte. Ltd..
“IT”	: Information technology.
“IT Project”	: The project to replace NLT’s existing BSS and OSS.
“ITA”	: Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.

- “Key Sub-Contractor”** : NetContractor Pte. Ltd. and the fixed assets, fibre and its associated inventories, and related vendor/supplier agreements relating to the installation, operation and maintenance of the fibre network, acquired by NLT from Singtel on 1 October 2014.
- “Land Transport Authority” or “LTA”** : The Land Transport Authority of Singapore, established and incorporated under the Land Transport Authority of Singapore Act Chapter 158A of Singapore, or its successor-in-title.
- “Latest Practicable Date”** : 15 July 2020.
- “LIBOR”** : London Interbank Offered Rate.
- “Licensee”** : The licensee for the time being under the FBO Licence granted to the NNBNT Trustee-Manager and the NLT Trustee, on a joint and several basis.
- “Listing Manual”** : The Listing Manual of the SGX-ST, as amended or modified from time to time.
- “Main Board”** : The Main Board of the SGX-ST.
- “Mandated Services”** : Certain services as set out in Schedule C of the Licensee’s FBO licence comprising:
- (a) Basic Mandated Services, being:
 - (i) Layer 1 Services (services provided by the Licensee for the use of passive fibre cable):
 - (A) Between various connectivity points within the Next Gen NBN, such as:
 1. from a main distribution frame in a Central Office to the first termination point of a residential premises or non-residential premises;
 2. from a main distribution frame in a Central Office to a non-building address point termination point;
 3. from a main distribution frame in a Central Office to a main distribution frame in a main distribution frame room; and
 4. from a main distribution frame in a main distribution frame room to the first termination point of a residential premises or non-residential premises; and
 - (B) on such other basis as may be approved by IMDA; and
 - (ii) any other services that IMDA may determine to be Basic Mandated Services;
 - (b) Ancillary Mandated Services, being the services ancillary to and reasonably required for the provision of any service (including without limitation any Basic

Mandated Service) that is provided using the Next Gen NBN, including without limitation:

- (i) co-location services;
- (ii) patching services;
- (iii) Layer 1 Redundancy (as such term is defined in Schedule C of the Licensee's FBO licence);
- (iv) OSS/BSS Connection Services (as such term is defined in Schedule C of the Licensee's FBO licence);
- (v) Any other services that IMDA may determine to be Ancillary Mandated Services; and
- (vi) such other services that IMDA may specify.

"manhole"	: Underground utility vaults with openings, usually covered, on the surface through which relevant qualified personnel may obtain access, including for the purposes of installation, operation and maintenance of cables, including lead-in manholes.
"MAS" or "Authority"	: The Monetary Authority of Singapore.
"Mbps"	: Megabit(s) per second.
"Main Distribution Frame" or "MDF"	: A frame which is used as the main distribution point for all Wirelines within a Building or building development on which incoming main Wirelines and the local distribution Wirelines are terminated and cross-connected.
"Main Distribution Frame Room" or "MDF Room"	: The room in a Building or building development which is used to house the Main Distribution Frame and associated Plant, or its equivalent.
"MPA"	: Maritime and Port Authority of Singapore.
"NetCo"	: The entity responsible for the design, building, ownership and operation of the passive infrastructure portion of the Next Gen NBN, which is the NetLink Group.
"NetCo Interconnection Code"	: Code of Practice for Next Generation Nationwide Broadband Network NetCo Interconnection.
"NetLink Group" or "Group"	: NetLink NBN Trust and its subsidiaries.
"NetLink NBN Trust Property"	: The property being held on trust by NetLink NBN Trust.
"Network Company"	: The NetLink Group.
"Next Gen NBN"	: Next Generation Nationwide Broadband Network.
"NLT"	: NetLink Trust.
"NLT Central Offices"	: Central Offices owned by NLT.
"NLT Trust Deed"	: The trust deed dated 22 July 2011 constituting NetLink Trust, as amended and restated on 13 April 2017 and

19 July 2019, and as may be further amended and restated from time to time.

“NNBNT”	: NetLink NBN Trust.
“NNBNT Trust Deed” or “NetLink NBN Trust Deed”	: The deed dated 19 June 2017 constituting NetLink NBN Trust, as amended, supplemented and/or varied by the First Amending and Restating Deed dated 25 July 2018, and as further amended, supplemented and/or varied from time to time.
“Non-Building Address Point” or “NBAP”	: A location in mainland Singapore or connected islands other than a Physical Address.
“Non-CDP Paying Agent”	: Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong.
“Non-CDP Registrar”	: Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong.
“Non-Residential End-User”	: A user of telecommunication services other than a residential end-user.
“Non-Residential Premises”	: Any premise other than a Residential Premise.
“Noteholders”	: The holders of the Notes.
“Notes”	: The notes issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“OpCo”	: Operating company.
“OpenNet”	: OpenNet Pte. Ltd..
“OSS”	: Operations Support Systems used by a telecommunications operator to deal with the telecommunications network itself, supporting processes such as maintaining network inventory, provisioning services, configuring network components, and managing faults.
“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, being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 7 to the Trust Deed.
“Perpetual Securities”	: The perpetual securities issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“Perpetual Securityholders”	: The holders of the Perpetual Securities.

“Plant”	: Any installation, facility or system used or intended for use in connection with telecommunications, including machinery, equipment, ducts, pipes and Wirelines.
“Prevailing Market Rent”	: The prevailing market rent of the relevant premises as at the commencement date of the applicable option term.
“Pricing Supplement”	: In relation to a Tranche or Series, a pricing supplement, supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
“Principal Paying Agent”	: Deutsche Bank AG, Singapore Branch.
“Programme”	: The S\$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer.
“Programme Agreement”	: The Programme Agreement dated 29 July 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Arrangers, as arrangers, and (4) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers, as amended, varied or supplemented from time to time.
“QoS Installation Standards”	: Quality of Service Standards on Installation-Related Service Levels for Residential/Non-Residential End-User Connections issued by IMDA.
“QoS Timeframe Standards”	: Quality of Service Standards on Service Provisioning Timeframe for Residential/Non-Residential End-User Connections issued by IMDA.
“Qualifying Persons”	: Any person licensed by IMDA to provide facilities-based operations and/or any person licensed by IMDA to provide facilities-based operations or service-based operations or any Broadcasting Licensee who intends to acquire or has acquired the provision of any service (including without limitation any Basic Mandated Service (as described in the FBO Licence) that is provided using the Next Gen NBN.
“Quality of Service Standards” or “QoS Standards”	: Quality of service standards imposed by IMDA on the NetLink Group from time to time.
“RAB”	: Regulated Asset Base.
“Registered Business Trust”	: A business trust registered under BTA.
“Registered Securities”	: Securities in registered form.
“Rental Cap”	: 102% of the fixed component of the quarterly rent payable by Singtel in respect of each quarterly period of the term immediately preceding that option term.
“Requesting Licensee”	: An entity that the NetLink Group must offer certain Mandated Services to upon request under the terms set out in the Interconnection Offer.
“Residential End-User”	: A user of telecommunication services who is not engaged in commercial activity at a Residential Premises.

“residential home passed”	: Residential premises for which the NetLink Group’s network has been deployed up to the distribution point of each floor (for a building containing two or more residential premises) or to the gatepost, where applicable, or if not, to the nearest manhole for a building containing one residential premise.
“Residential Premises”	: A premise designed or adapted or used for human habitation of a residential nature. In the event of any doubt as to whether a premise is of residential nature, the classification which the Inland Revenue Authority of Singapore applies to that premise for tax purposes shall be final and conclusive.
“Retail Service Provider” or “RSP”	: A provider of retail services over the Next Gen NBN to end-users, including businesses and consumers.
“Scheduled Request”	: A request submitted to Singtel from the NetLink Group for Committed Space, with a projected schedule.
“Securities”	: The Notes and the Perpetual Securities.
“Securities Account”	: Securities account maintained by a Depositor (as defined in section 81SF of the SFA) with CDP.
“Securities Act”	: The Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securities and Futures Act” or “SFA”	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“Securityholders”	: The Noteholders and the Perpetual Securityholders.
“Senior Guarantee”	: The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis.
“Senior Perpetual Securities”	: Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
“Series”	: A Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes) interest or (in the case of Perpetual Securities) distribution.
“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Share Trustee”	: DBS Trustee Limited.
“Singapore”	: The Republic of Singapore.
“SIBOR”	: Singapore Interbank Offered Rate.
“Singtel”	: Singapore Telecommunications Limited.

- “Singtel Central Offices”** : The Central Offices of Singtel located at the following addresses:
- (1) 31/31-A Exeter Road Singapore 239732;
 - (2) 9 Tuas Avenue 3 Singapore 639408; and
 - (3) 11 Compassvale Bow Singapore 544996.
- “Smart Nation”** : The Smart Nation initiative launched by the Singapore government in 2014.
- “SME”** : Small and medium sized enterprises.
- “Subordinated Guarantee”** : The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis.
- “Subordinated Perpetual Securities”** : Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
- “subsidiary”** : Any corporation which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act) and, in relation to NNBNT or NLT (as the case may be), means any company, corporation, trust, fund, or other entity (whether or not a body corporate):
- (a) which is controlled, directly or indirectly, by NNBNT or NLT (as the case may be); or
 - (b) more than half the voting power of which is controlled, directly or indirectly, by NNBNT or NLT (as the case may be); or
 - (c) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or (b) of this definition 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 NNBNT or NLT (as the case may be) if NNBNT or NLT (as the case may be) (whether through its trustee-manager or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
- “Talons”** : Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
- “TARGET System”** : 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.
- “Telecom Competition Code”** : Code of Practice for Competition in the Provision of Telecommunication Services 2012, as may be amended from time to time (a copy of which is available at <https://www.imda.gov.sg/-/media/Imda/Files/Regulation-Licensing-and-Consultations/Frameworks-and-Policies/Competition-Management/Telecom-Competition-Code/02-2012TCCwef2July2014.pdf>).

“Telecommunications Act”	: Telecommunications Act, Chapter 323 of Singapore.
“Telecommunications Equipment Room” or “TER”	: The room within a Building or building development that is used to house Plant for the provision of telecommunication services.
“telecommunication licensee”	: Any holder of a licence granted under the Telecommunications Act for the provision of facilities-based operations and/or services-based operations.
“Termination Point” or “TP”, also referred to as “Fibre Termination Point” or “FTP”	: A network point that is installed within the residential home or in the vertical telecommunication riser of the same level where the non-residential home is located.
“Temporary Global Security”	: A 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 or, as the case may be, Schedule 6 to the Trust Deed.
“TM Shares”	: Ordinary shares in the capital of the NNBNT Trustee-Manager.
“TM Shares Trust”	: Singapore NBN Trust, the trust constituted by the TM Shares Trust Deed.
“TM Shares Trust Deed”	: The trust deed dated 21 February 2017 constituting the TM Shares Trust, as may be amended from time to time.
“Tranche”	: Securities which are identical in all respects (including as to listing).
“Trust Deed”	: The Trust Deed dated 29 July 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time.
“Trustee”	: DB International Trust (Singapore) Limited.
“TV”	: Television.
“Unit”	: An undivided interest in NetLink NBN Trust.
“United States” or “U.S.”	: United States of America.
“Unitholders”	: The registered holder for the time being of a Unit including persons so registered as joint holders, except that where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the depositor whose Securities Account with CDP is credited with Units.
“Universal Service Obligation” or “USO”	: The obligation under the Licensee’s FBO Licence to, <i>inter alia</i> , provide the Mandated Services to any Qualifying Person in Singapore who requests the provision of such services to any Residential Premises, Non-Residential Premises or any other location as may be reasonably requested, in mainland Singapore and its connected islands, on and from 1 January 2013.
“S\$” or “\$” and “cents” or “Singapore dollars and cents”	: Singapore dollars and cents respectively, the lawful currency of Singapore.

- “US\$” or “US dollars”** : United States dollars, the lawful currency of the United States of America.
- “VoIP”** : Voice-over-internet protocol.
- “WACC”** : Weighted average cost of capital.
- “Wireline”** : The physical media used to transmit digital or analogue signals, e.g. optical fibre.

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. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being 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.

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 Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	: NetLink Treasury Pte. Ltd.
Guarantor	: NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NNBNT).
Arrangers	: DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
Dealers	: DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	: DB International Trust (Singapore) Limited.
Principal Paying Agent and CDP Registrar	: Deutsche Bank AG, Singapore Branch.
Non-CDP Paying Agent and Non-CDP Registrar	: Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong.
Description	: S\$1,000,000,000 Multicurrency Debt Issuance Programme.
Programme Size	: The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$1,000,000,000 (or its equivalent in other currencies) or such higher amount as may be determined in accordance with the terms of the Programme Agreement.
Purpose	: The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for the Group's general corporate purposes, including refinancing of existing borrowings and financing of investments, acquisitions, general working capital and/or capital expenditure of the Group or such other purposes 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 or any other currency agreed between the Issuer and the relevant Dealer(s).
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 minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). 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 the Securities	: The Securities will be issued in bearer form or 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, the Common Depository 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 Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depository 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 relevant Conditions, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.

- Custody of the Securities : 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 to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
- Taxation : All payments in respect of the Securities and the Coupons by the Issuer or, as the case may be, the Guarantor 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 deduction or withholding is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the 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 "Taxation – Singapore Taxation" herein.
- 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, such Securities will be traded on the SGX-ST in a minimum board lot size of not less than S\$200,000 (or its equivalent in foreign currencies) for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require.

- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, see the section on “Subscription, Purchase and Distribution” herein. Further restrictions may apply in connection with any particular Series or Tranche of Securities.
- 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).
- 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.
- Interest Basis : Notes may bear interest at fixed, floating or hybrid rates 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 at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (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 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).
- 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 arrear 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 by reference to S\$ SIBOR or S\$ Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin, 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 and the Guarantee : The Notes and Coupons relating thereto of all Series will 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.
- The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
- Optional Redemption and Purchase : If so provided on the face of the Note, the 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 for Taxation Reasons : If so provided on the face of the Note, 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 defined in Condition 6(h) of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) 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 becomes effective on or after any other date on which agreement is reached to issue the Notes, and (ii) such obligations cannot be avoided by the Issuer, or as the case may be, the Guarantor, 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, or as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
- Redemption upon Termination of NNBNT : In the event that NNBNT is or is to be terminated in accordance with the provisions of the NNBNT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to (but excluding) 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 NNBNT.

Redemption in the case of Minimal Outstanding Amount : 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 thereon, 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 20 per cent. of the aggregate principal amount originally issued.

Negative Pledge : (i) The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding, the Issuer will not, and will ensure that none of the subsidiaries of the Issuer will, create, or permit to subsist, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as either (a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (b) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(ii) The Issuer and the Guarantor have further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding, the Guarantor will not, and will ensure that none of NLT or the subsidiaries of NLT will, create, or permit to subsist, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as either (a) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (b) shall be approved by an Extraordinary Resolution of the Noteholders. Nothing in Condition 4(b) of the Notes shall:

(1) apply to prohibit any mortgage, charge, lien, pledge or other security interest created by a Non-Recourse Subsidiary to secure Non-Recourse Indebtedness;

- (2) extend to any mortgage, charge, lien, pledge or other security interest existing on any property or asset of, or any interests in, any entity at the time the Guarantor, NLT or any subsidiary of NLT acquires such entity after the Issue Date provided that such mortgage, charge, lien, pledge or other security interest was not created in anticipation of such entity being acquired by the Guarantor, NLT or the relevant subsidiary of NLT (as the case may be); or
- (3) extend to any mortgage, charge, lien, pledge or other security interest securing indebtedness for the purpose of refinancing indebtedness secured by any mortgage, charge, lien, pledge or other security interest referred to in (2) above; provided that the principal amount of such indebtedness is not increased, the maturity of such indebtedness is not extended beyond the original maturity of the indebtedness so secured and the mortgage, charge, lien, pledge or other security interest is limited to the property or asset originally subject thereto and any improvements thereon.

For the purposes of the above:

“Non-Recourse Indebtedness” means indebtedness to finance or refinance the ownership, acquisition, construction, creation, development (including redevelopment and refurbishment) and/or operation of property (the **“Relevant Property”**) to be used by a Non-Recourse Subsidiary and incurred by such Non-Recourse Subsidiary within 90 days after its purchase of such Relevant Property; provided, that such indebtedness has no recourse whatsoever to the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of the Issuer or NLT for the repayment of or payment of all or any portion of such indebtedness, and has no recourse whatsoever other than:

- (aa) recourse to such Non-Recourse Subsidiary limited to the Relevant Property and/or the income, cash flow or other property derived from the Relevant Property; or
- (bb) recourse to another person (other than the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of the Issuer or NLT) who has guaranteed or provided other security in respect of such indebtedness.

“Non-Recourse Subsidiary” means a subsidiary of NLT that (aa) has not acquired or received any cash, property or other assets from the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of NNBNT, other than Permitted Company Contributions and (bb) has no indebtedness other than Non-Recourse Indebtedness and Permitted Company Contributions.

“Permitted Company Contributions” means funding (in the form of cash, equity, debt or a combination of each), which together with all other Permitted Company Contributions made from time to time by NNBNT and the subsidiaries of

NNBNT to its Non-Recourse Subsidiaries, does not exceed in the aggregate 15% of NNBNT's total consolidated net assets calculated by reference to the then latest audited consolidated accounts of NNBNT.

"Relevant Indebtedness" means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market having an original maturity of more than 365 days from their date of issue (which, for the avoidance of doubt, shall not include bilateral and syndicated loans arranged or granted by a bank or other financial institution).

Events of Default : See Condition 10 of the Notes.

PERPETUAL SECURITIES

No Fixed Maturity : 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 receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive 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 reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ Swap Rate (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 receive 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 : If so provided on the face of the Perpetual Security, 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 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) prior to a scheduled Distribution Payment Date.

If Dividend Pusher is set out thereon, the Issuer may not elect to defer any distribution if during the “Reference Period” (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred:

- (a) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor’s Junior Obligations, or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations (as defined in the Conditions of the Perpetual Securities) or any of the Guarantor’s Specified Parity Obligations; or
- (b) any of the Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations or the Guarantor’s Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

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, (2) as a result of the exchange or conversion of Specified Parity Obligations of the Guarantor or, as the case may be, the Issuer for Junior Obligations of the Guarantor or, as the case may be, Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, the payment of management fees to the Guarantor (in its capacity as trustee-manager of NNBNT) in the form of Units in NNBNT, cash or any other form of consideration shall not restrict the ability of the Issuer to 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 in accordance with Condition 4(IV)(a) of the Perpetual Securities.

Non-Cumulative Deferral and Cumulative Deferral

- : If Non-Cumulative Deferral is so provided on the face of the Perpetual Security, 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 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.

If Cumulative Deferral is so provided on the face of the Perpetual Security, 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 notice requirement in Condition 4(IV)(e) of the Perpetual Securities 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 so provided on the face of the Perpetual Security, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Rate of Distribution 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 Rate of Distribution to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the 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.

Restrictions in the case of
Non-Payment

: If Dividend Stopper is so provided on the face of the Perpetual Security and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of the Issuer or NNBNT shall:

- (a) 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 or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Specified Parity Obligations; or
- (b) 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 or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Specified Parity Obligations,

in each case other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group, (ii) as

a result of the exchange or conversion of Specified Parity Obligations of the Guarantor or the Issuer for Junior Obligations of the Guarantor or the Issuer and/or (iii) as otherwise specified in the applicable Pricing Supplement, 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 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 or, as the case may be, the Guarantor is permitted to do so (or, in the case of the Guarantor, to procure or permit the subsidiaries of NNBNT to do so) by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in Condition 4(IV)(d) of the Perpetual Securities shall restrict the payment of management fees to the Guarantor (in its capacity as trustee-manager of NNBNT) in the form of Units in NNBNT, 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.

The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them) constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities

: The Subordinated Perpetual Securities and Coupons relating to them will 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 (as defined in the Conditions of the Perpetual Securities) of the Issuer.

The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in Condition 3(b) of the Perpetual Securities.

- Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, 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 distributions accrued (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) to (but excluding) the date fixed for redemption.
- Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security, 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 thereof, 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 Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Sections 13(16) and 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or (2) the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or (ii) (1) the Issuer (or, if the Guarantee was called, the Guarantor) 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 becomes effective on or after the date on which agreement is reached to issue the Perpetual Securities and (2) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor 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 or, as the case may be, the Guarantor 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, 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 thereof, 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 Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or at any time prior to or 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 the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security, 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 relevant Perpetual Security, 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 Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption):

(a) 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 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 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,

the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as

sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) would not be regarded as such sums; or

- (b) if the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Redemption in the case of Minimal Outstanding Amount : If so specified on the face of the Perpetual Security, 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 relevant Perpetual Security, 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 Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) 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 20 per cent. of the aggregate principal amount originally issued.

Redemption upon Cessation or Suspension of Trading of Units : If so specified on the face of the Perpetual Security, in the event that (i) the units of NNBNT cease to be listed and/or traded on the SGX-ST or (ii) trading in the Units of NNBNT on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days, 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 earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) accrued to (but excluding) the date fixed for redemption).

For the purposes of this paragraph:

- (1) “**Effective Date**” means (in the case of (i) above) the date of cessation of listing and/or trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days;
- (2) “**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 the bankruptcy, termination, winding-up, liquidation, receivership, judicial management, administration or similar proceedings (the “**Winding-Up**”) in respect of the Issuer, the Guarantor and/or

NNBNT 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) of the Perpetual Securities.

Proceedings for Winding-Up

- : If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Issuer and/or NNBNT or (ii) the Issuer or the Guarantor does not pay any principal payable by it under any of the Perpetual Securities when due and such default continues for more than five days or any interest or other amounts (other than principal) payable by it under any of the Perpetual Securities when due and such default continues for ten days after the due date, the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities and provided such Enforcement Event has not been waived, institute proceedings for the Winding-Up of the Issuer, the Guarantor and/or NNBNT, prove in the Winding-Up of the Issuer, the Guarantor and/or NNBNT and/or claim in the liquidation of the Issuer, the Guarantor and/or NNBNT for such payment.

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 (if any) 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 relevant 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. Unless otherwise stated, 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, and not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 29 July 2020 made between (1) NetLink Treasury Pte. Ltd. (the “**Issuer**”), as issuer, (2) NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust (“**NNBNT**”)) (the “**Guarantor**”), as guarantor, and (3) 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 and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 29 July 2020 (as amended and supplemented from time to time, the “**Deed of Covenant**”), relating to CDP Notes (as defined in the Trust Deed) executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 29 July 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the “**Principal Paying Agent**”) and CDP registrar and transfer agent (in such capacity, the “**CDP Registrar**”), (4) Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong, as non-CDP paying agent (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 non-CDP registrar and transfer agent (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar and any other transfer agents that may be appointed, the “**Transfer Agents**”), and (5) the Trustee, as trustee. 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, with respect to Non-CDP Notes (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly and (b) the Registrar means (in the case of CDP Notes) the CDP Registrar or (in the case of Non-CDP Notes) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and 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 specified office of the Principal Paying Agent 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 (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown in the relevant Pricing Supplement. 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 Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown in the relevant Pricing Supplement).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest 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) 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, trust, interest therein 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 a common depository for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system 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 Guarantor, the Principal Paying Agent, the Calculation Agent, the Registrar and 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, distribution, redemption, purchase and/or any other amounts in respect of the Notes, 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 Guarantor, the Principal Paying Agent, the Calculation Agent, the Registrar and 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 shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.
- (iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing such Series, "**Global Certificate**" means the relevant Global Certificate representing such Series

that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository 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 Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) 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 “**Tranche**” means Notes 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 Notes and Transfers 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 only 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 scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer or, failing whom, the Guarantor, to any Noteholder upon request. For the avoidance of doubt, a Registered Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Note will be valid unless and until entered on the Register.

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

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption 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 surrender of the existing Certificates to the Registrar or any other 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 seven business days of receipt of the form of transfer or Exercise Notice (as defined 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 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 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) only, “**business day**” means a day (other than a Saturday, 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 Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or any other Transfer Agents, but upon payment of any tax or other 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 such 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 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status and Guarantee

(a) Status

The Notes and Coupons of all Series 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) Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge

(a) The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding, the Issuer will not, and will ensure that none of the subsidiaries (as defined in the Trust Deed) of the Issuer will, create, or permit to subsist, any mortgage, charge, lien, pledge or other security interest, upon the whole or any

part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) The Issuer and the Guarantor have further covenanted with the Trustee in the Trust Deed that so long as any of the Notes or Coupons remain outstanding, the Guarantor will not, and will ensure that none of NetLink Trust (“NLT”) or the subsidiaries of NLT will, create, or permit to subsist, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or (ii) shall be approved by an Extraordinary Resolution of the Noteholders. Nothing in this Condition 4(b) shall:

- (1) apply to prohibit any mortgage, charge, lien, pledge or other security interest created by a Non-Recourse Subsidiary to secure Non-Recourse Indebtedness;
- (2) extend to any mortgage, charge, lien, pledge or other security interest existing on any property or asset of, or any interests in, any entity at the time the Guarantor, NLT or any subsidiary of NLT acquires such entity after the Issue Date provided that such mortgage, charge, lien, pledge or other security interest was not created in anticipation of such entity being acquired by the Guarantor, NLT or the relevant subsidiary of NLT (as the case may be); or
- (3) extend to any mortgage, charge, lien, pledge or other security interest securing indebtedness for the purpose of refinancing indebtedness secured by any mortgage, charge, lien, pledge or other security interest referred to in (2) above; provided that the principal amount of such indebtedness is not increased, the maturity of such indebtedness is not extended beyond the original maturity of the indebtedness so secured and the mortgage, charge, lien, pledge or other security interest is limited to the property or asset originally subject thereto and any improvements thereon.

(c) For the purposes of this Condition 4:

“**Non-Recourse Indebtedness**” means indebtedness to finance or refinance the ownership, acquisition, construction, creation, development (including redevelopment and refurbishment) and/or operation of property (the “**Relevant Property**”) to be used by a Non-Recourse Subsidiary and incurred by such Non-Recourse Subsidiary within 90 days after its purchase of such Relevant Property; provided, that such indebtedness has no recourse whatsoever to the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of the Issuer or NLT for the repayment of or payment of all or any portion of such indebtedness, and has no recourse whatsoever other than:

- (i) recourse to such Non-Recourse Subsidiary limited to the Relevant Property and/or the income, cash flow or other property derived from the Relevant Property; or
- (ii) recourse to another person (other than the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of the Issuer or NLT) who has guaranteed or provided other security in respect of such indebtedness;

“**Non-Recourse Subsidiary**” means a subsidiary of NLT that (aa) has not acquired or received any cash, property or other assets from the Issuer, the Guarantor, NNBNT, NLT or any subsidiary of NNBNT, other than Permitted Company Contributions and (bb) has no indebtedness other than Non-Recourse Indebtedness and Permitted Company Contributions;

“Permitted Company Contributions” means funding (in the form of cash, equity, debt or a combination of each), which together with all other Permitted Company Contributions made from time to time by NNBNT and the subsidiaries of NNBNT to its Non-Recourse Subsidiaries, does not exceed in the aggregate 15% of NNBNT’s total consolidated net assets calculated by reference to the then latest audited consolidated accounts of NNBNT; and

“Relevant Indebtedness” means any present or future indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or over-the-counter or other securities market having an original maturity of more than 365 days from their date of issue (which, for the avoidance of doubt, shall not include bilateral and syndicated loans arranged or granted by a bank or other financial institution).

5. (I) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date (as defined in Condition 5(VII)) in respect thereof and as shown in the relevant Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest shown in the relevant Pricing Supplement payable in arrear on each interest payment date (**“Interest Payment Date”**) or Interest Payment Dates shown in the relevant Pricing Supplement in each year and on the Maturity Date shown in the relevant Pricing Supplement 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 in the relevant Pricing Supplement), 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 in the relevant Pricing Supplement.

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(VII)) shown in the relevant Pricing Supplement.

(II) Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement, and such interest will be payable in arrear on each 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) in the relevant Pricing Supplement 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).

(b) Business Day Convention

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:

- (i) 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 (1) such date shall be brought forward to the immediately preceding business day and (2) 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;

- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) 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
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) 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 in the relevant Pricing Supplement, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate 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 in the relevant Pricing Supplement.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated in the relevant Pricing Supplement. The “**Spread**” is the percentage rate per annum specified in the relevant Pricing Supplement 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.

- (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 may be agreed between the Calculation Agent and the Issuer; and
 - (C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(A) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (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); and

- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate 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 Notes 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 Notes 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) 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.
- (iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(III) Interest on Hybrid Notes

(a) Rate of Interest and Accrual

Each Hybrid Note bears interest on its principal amount outstanding from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement.

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown in the relevant Pricing Supplement, 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 Rate of Interest shown in the relevant Pricing Supplement payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the relevant Pricing Supplement 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 in the relevant Pricing Supplement), 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 in the relevant Pricing Supplement.
- (iii) 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 in the relevant Pricing Supplement during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown in the relevant Pricing Supplement, 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. 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 in the relevant Pricing Supplement 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).
- (ii) The provisions of Condition 5(II)(c) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(d) Business Day Convention

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:

- (i) 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 (1) such date shall be brought forward to the immediately preceding business day and (2) 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;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) 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
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(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(h)). 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(h)).

(V) Calculations

(a) Determination of Rate of Interest, Calculation of Interest Amounts etc

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Period, calculate the Redemption Amount or Early Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be. The amount of interest payable per Calculation Amount in respect of any 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) Accrual of Interest

Interest will cease to accrue on each 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 in the relevant Pricing Supplement is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Rate of Interest and in the manner provided in this Condition 5 to (but excluding) the Relevant Date (as defined in Condition 8).

(c) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or the Early Redemption Amount to be notified to the Principal Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, 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 possible 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 Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the 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.

(d) 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, any Interest Amount or any Redemption Amount or Early Redemption 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.

(e) Calculation Agent and Reference Banks

Each of the Issuer and the Guarantor will procure that, so long as any Floating 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, if provision is made for them hereon and so long as any 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 or Redemption Amount or Early Redemption Amount, the Issuer and the Guarantor 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.

(VI) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate 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 commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)). An Independent Adviser appointed pursuant to this Condition 5(VI) 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 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(VI).

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 a Successor Rate or an Alternative Rate prior to the relevant Interest Determination Date or Interest Payment Date (as the case may be), the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(VI)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 5(VI)(c)) and any Benchmark Amendments (in accordance with Condition 5(VI)(d)).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(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(VI)(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(VI));
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(VI)(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(VI)).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(VI)(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 Adjustments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(VI) and the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(VI)(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(VI)(e), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or 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 and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent of a certificate in English signed by two directors or a director and a duly authorised signatory of the Issuer pursuant to Condition 5(VI)(e), the Trustee and the Principal Paying 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 or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that neither the Trustee nor the Principal Paying Agent shall be obliged so to concur if in its 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 it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

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

In connection with any such variation in accordance with Condition 5(VI)(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, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(VI) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents 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 and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent a certificate in English addressed to the Trustee and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and signed by two directors or a director and a duly authorised signatory of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate 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(VI); and

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

The Trustee and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or 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 or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, 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(VI)(a), 5(VI)(b), 5(VI)(c) and 5(VI)(d), the Original Reference Rate and the fallback provisions provided for in Condition 5 will continue to apply unless and until the Calculation Agent has 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(VI)(e).

(g) Definitions

As used in this Condition 5(VI):

"Adjustment Spread" means either a spread (which may be positive or negative), 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(VI)(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) 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) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate); or
- (2) the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5(VI)(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); or
- (3) if 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(VI)(a)) (as the case may be) determines to be appropriate;

"Alternative Rate" means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 5(VI)(a)) (as the case may be) determines in accordance with Condition 5(VI)(b) has replaced the Original Reference Rate in customary market usage in the international 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(VI)(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 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 means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case 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 Noteholder using the Original Reference Rate;

“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(VI)(a);

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“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(VI)(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.

(VII) 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, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and/or the Depository, as applicable, are operating, (b) 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 (c) (if a payment is to be made on that day) (i) (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, (ii) (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 (iii) (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 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 (or such other calculation agent as may be appointed from time to time);

"Calculation Amount" means the amount specified as such in the relevant Pricing Supplement, or if no such amount is so specified, the Denomination Amount of such Note as shown in the relevant Pricing Supplement;

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

- (a) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360;
- (c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; and
- (d) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"D1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

“**Euro**” 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 Amount**” means, in respect of an Interest Period, the amount of interest payable per Calculation Amount for that Interest Period;

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

“**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;

“**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;

“**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;

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“**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 consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

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

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating 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.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown in the relevant Pricing Supplement (if this Note is shown in the relevant Pricing Supplement 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 in the relevant Pricing Supplement (if this Note is shown in the relevant Pricing Supplement to be a Floating Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) 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 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 in the relevant Pricing Supplement. Such Notes may be held, resold or surrendered to the Principal Paying Agent or, as the case may be, the Registrar 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 (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of Notes.

(c) Purchase at the Option of Noteholders

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 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 or any other Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown in the relevant Pricing Supplement. 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.

(d) 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 in the relevant Pricing Supplement, 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.

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 notice of redemption of such Notes.

(e) 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 ("**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 Noteholders' Redemption Option Period shown in the relevant Pricing Supplement. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(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 defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) 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 becomes effective on or after the date on which agreement is reached to issue the Notes, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor 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 or, as the case may be, the Guarantor 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 Trustee a certificate signed by two directors or a director and a duly authorised signatory of the Issuer or, as the case may be, the Guarantor 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 any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor 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 certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

(g) Purchases

The Issuer, the Guarantor and/or any of the related corporations of NNBNT 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, the Guarantor and/or any of the related corporations of NNBNT 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, the Guarantor and/or any of the related corporations of NNBNT 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 Issuer, the Guarantor or, as the case may be, the relevant related corporation 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.

(h) 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 sub-paragraph (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 sub-paragraph (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 sub-paragraph 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.

(i) Redemption upon Termination of NNBNT

In the event that NNBNT is or is to be terminated in accordance with the provisions of the NNBNT 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 (but excluding) 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 NNBNT.

The Issuer shall forthwith notify the Trustee, Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Noteholders of the termination of NNBNT and the proposed date of redemption of the Notes.

(j) 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 20 per cent. of the aggregate principal amount originally issued.

(k) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor and/or any of the related corporations of NNBNT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all 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 and the obligations of the Issuer and/or the Guarantor in respect of any such Notes shall be discharged.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or, as the case may be, Coupons at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder 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 the Registrar or any other Transfer Agent 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 as the holder thereof 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 and mailed to the holder (or to the first named of 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 for that currency.

(c) Payments subject to law etc.

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, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an

intergovernmental approach thereto, but without prejudice to the provisions of Condition 8. 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 the Guarantor and their respective specified offices are listed below. The Issuer and the Guarantor reserve 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 Calculation Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents or transfer agents, provided that they will at all times maintain (i) a 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 in appointment or any change of any specified office will be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, 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 Guarantor, 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 does not, in the opinion of the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons. Any such amendment shall be binding on the Noteholders and the 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 unexpired 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 unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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 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 Notes comprising a Floating Rate Note or Hybrid Note, unexpired 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 a Floating Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, 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 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 (as well after as before judgment) at a rate per annum determined by the Principal Paying Agent to be equal to two per cent. per annum above (in the case of Notes other than Zero Coupon Notes) 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

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor 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 such event, the Issuer or, as the case may be, the Guarantor 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:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore, 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (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, none of the Issuer, the Guarantor or any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

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 relative Certificate) or Coupon being made in accordance with the 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

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs (which has not been waived), the Trustee at its discretion may (but is not obliged to), and if so requested in writing by 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 and the Guarantor 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 the date of payment shall become immediately due and payable:

- (a) the Issuer or the Guarantor does not pay (i) any principal payable by it under any of the Notes when due and such default continues for more than seven days or (ii) any interest or other amounts (other than principal) payable by it under any of the Notes when due and such default continues for more than 14 days after the due date;
- (b) the Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer or the Guarantor referred to in paragraph (a) above) under the Trust Deed or any of the Notes and if that default is capable of remedy it is not remedied within 60 business days after notice of such default shall have been given by the Trustee to the Issuer or, as the case may be, the Guarantor;
- (c) (i) any other indebtedness of the Issuer, the Guarantor, NNBNT, NLT or any of the subsidiaries of the Issuer or NLT in respect of borrowed moneys becomes due and payable prior to its stated maturity by reason of any default, event of default or any analogous event (however described) or is not paid when due or, as the case may be, within any applicable grace period; or
(ii) the Issuer, the Guarantor, NNBNT, NLT or any of the subsidiaries of the Issuer or NLT fails to pay when due, or, as the case may be, within any applicable grace period any amount payable by it under any guarantee for, or indemnity in respect of, any moneys borrowed or raised,

PROVIDED ALWAYS THAT no Event of Default will occur under this Condition 10(c) unless and until the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred exceeds S\$75,000,000 (or its equivalent in any other currency or currencies);

- (d) the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo (as defined in the Trust Deed) or any of the subsidiaries of the Issuer is (or is deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness, begins negotiations or takes any proceeding for the deferral, rescheduling or other readjustment of all or any material part of its indebtedness which it will otherwise be unable to pay when due (which, for the avoidance of doubt, shall not include any negotiations or other proceedings taken in respect of a refinancing by the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer of any of its indebtedness), applies for a moratorium in respect of or affecting all or any material part of its indebtedness, proposes or makes a general assignment or an arrangement or composition with or for the benefit of creditors or a moratorium is agreed, effected or declared or otherwise arises by operation of law in respect of or affecting all or any material part of the indebtedness or (pursuant to an order of court that is issued in connection with a compromise or an arrangement proposed or intended to be proposed between the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer and their respective creditors) property of the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer;
- (e) a distress, attachment, execution, sequestration or other legal process is levied, enforced upon or sued out or put into force against all or a substantial part of the assets of the Issuer, the Guarantor, NNBNT, NLT or any of the subsidiaries of the Issuer or NLT and is not discharged or stayed within 60 days;
- (f) any security on or over the whole or a substantial part of the assets of the Issuer, the Guarantor, NNBNT, NLT or any of the subsidiaries of the Issuer or NLT is enforced upon and such enforcement is not discharged or stayed within 60 days;
- (g) (i) any petition or originating summons is presented, an order is made, a resolution is passed or, as the case may be, any application or petition is made by the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer or any other procedure or proceeding is taken for the winding-up, dissolution or judicial management of the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer (except for the purpose of a winding-up, dissolution, judicial management, reconstruction, amalgamation, merger, consolidation or reorganisation (each, a “**Corporate Action**”) (1)(A) which is made on solvent terms, (B)(aa) (in the case where the Issuer or the Guarantor is a party to, or subject of, the Corporate Action) where the Issuer or, as the case may be, the Guarantor is the surviving entity, or (bb) (in the case where NLT is a party to, or a subject of, the Corporate Action (other than with the Issuer or the Guarantor)) where NLT is the surviving entity and (C) which is not reasonably likely to have a material adverse effect on the ability of the Issuer or the Guarantor to perform or comply with its payment obligations under any of the Issue Documents (as defined in the Trust Deed) or the Securities (as defined in the Trust Deed) or (2) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders before that event occurs) or (ii) any step, corporate action or legal proceeding is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer (in each case, including any provisional, interim or temporary officer or appointee) of the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer or over the whole or any part of the assets of the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer (except for the purpose of a Corporate Action (1)(a) which is made on solvent terms, (b)(A) (in the case where the Issuer or the Guarantor is a party to, or subject of, the Corporate Action) where the Issuer or, as the case may be, the Guarantor is the surviving entity, or (B) (in the case where NLT is a party to, or a subject of, the Corporate Action (other than with the Issuer or the Guarantor)) where NLT is the surviving entity and (c) which is not reasonably likely to have a material adverse effect on the ability of the Issuer or the Guarantor to perform or comply with its payment obligations under any of the Issue Documents or the Securities or

- (2) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders before that event occurs), which, in each case, is not discharged or stayed within 60 days of its commencement;
- (h) the Issuer, the Guarantor, NNBNT, NLT, NLT OpCo or any of the subsidiaries of the Issuer ceases or through an official action or a resolution of its board of directors threatens to cease to carry on all or any material part of its business or operations (except for any cessation or proposed cessation pursuant to a Corporate Action, in each case, (i) which is made on solvent terms, (ii)(1) (in the case where the Issuer or the Guarantor is a party to, or subject of, the Corporate Action) where the Issuer or, as the case may be, the Guarantor is the surviving entity, or (2) (in the case where NLT is a party to, or a subject of, the Corporate Action (other than with the Issuer or the Guarantor)) where NLT is the surviving entity and (iii) which is not reasonably likely to have a material adverse effect on the ability of the Issuer or the Guarantor to perform or comply with its payment obligations under any of the Issue Documents or the Securities);
 - (i) any legal step is taken by any government authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, the Guarantor, NNBNT, NLT or any of the subsidiaries of the Issuer or NLT and such event is likely to have a material adverse effect on the ability of the Issuer or the Guarantor to perform or comply with its payment obligations under any of the Issue Documents or the Securities;
 - (j) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or the Guarantor to lawfully enter into, exercise its rights or perform or comply with its obligations under the Notes and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable or (iii) to make the Notes admissible in the courts of Singapore, is not taken, fulfilled or done;
 - (k) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its payment or other material obligations under the Trust Deed or any of the Notes;
 - (l) the Trust Deed or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;
 - (m) (i) the Trustee-Manager (as defined in the Trust Deed) resigns, retires, ceases to be or is removed or is unable to continue to act as trustee-manager of NNBNT; or (ii) the ability of the Issuer or the Guarantor to perform its obligations under the Issue Documents 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 in each case, the replacement or substitute trustee-manager is not appointed in accordance with the terms of the NNBNT Trust Deed and/or in accordance with the applicable law;
 - (n) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
 - (o) for any reason the Guarantor ceases to own (directly or indirectly) the whole of the issued share capital for the time being of the Issuer;
 - (p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (d), (e), (f), (g) or (i); and
 - (q) the Guarantor loses its right to be indemnified out of the assets of NNBNT in respect of all liabilities, claims, demands and actions under or in connection with any of the Notes or the Issue Documents.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice to the Issuer or the Guarantor, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding 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 or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be 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, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 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, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) 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 Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (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, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, 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 or any of the other Issue Documents 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, Clearstream, Luxembourg and/or the Depository 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 or any of the other Issue 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 Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees in writing, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

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.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements 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 Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith 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 either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer and the Guarantor may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, with the consent of the Trustee be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee and/or any corporation related to it to enter into business transactions with the Issuer, the Guarantor or any of the related corporations of NNBNT without accounting to the Noteholders or Couponholders for any profit resulting from such transactions. Each Noteholder 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, the Guarantor or NNBNT, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of 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.

In the case where the Issuer is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notices to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

In the case where notices to holders of Notes are made by more than one of the prescribed methods above, notice would be deemed to have been given on the date on which the first of such notices was validly given in accordance with the paragraphs above.

So long as the Notes 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, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the listing manual of the SGX-ST so requires, notice will in any event be published in accordance with the first paragraph. 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, the Depository and/or such other clearing system.

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, the Depository and/or such other clearing system in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where 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 will be deemed to have been given when received at such addresses.

17. Contracts (Rights of Third Parties) Act

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

18. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Notes or the Coupons, it is hereby agreed and acknowledged that NetLink NBN Management Pte. Ltd. (“**NNBNMPL**”) has entered into the Trust Deed solely in its capacity as trustee-manager of NNBNT and not in its personal capacity and all references to the Guarantor in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, NNBNMPL has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee-manager of NNBNT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Guarantor, and all obligations assumed by the Guarantor, under the Trust Deed, the Notes and the Coupons is given and assumed by the Guarantor in its capacity as trustee-manager of NNBNT 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 shall be limited to the assets of NNBNT and shall not extend to any personal assets of the Guarantor or any assets held by the Guarantor as trustee-manager for any trust (other than NNBNT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Guarantor under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to NNBNT (and shall not extend to the obligations of

the Guarantor in respect of any other trust of which it is a trustee or business trust of which it is a trustee-manager). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and/or the Couponholders under law or equity in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Notes or the Coupons, it is hereby agreed that the obligations of the Guarantor under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Guarantor and there shall be no recourse against the shareholders, directors, officers or employees of the Guarantor 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 and the 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 in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes or the Coupons shall be brought against the Guarantor in its capacity as trustee-manager of NNBNT 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 in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

19. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes and the Coupons 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, the Talons and the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons, Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Trustee, the Noteholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No Immunity

Each of the Issuer and the Guarantor irrevocably agrees that, should the Trustee, the Noteholders or Couponholders take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived.

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 Aktiengesellschaft, acting through its branch in Hong Kong
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 (if any) 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 relevant 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. Unless otherwise stated, 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, and not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 29 July 2020 made between (1) NetLink Treasury Pte. Ltd. (the “**Issuer**”), as issuer, (2) NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust (“**NNBNT**”)) (the “**Guarantor**”), as guarantor, and (3) 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 and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 29 July 2020 (as amended and supplemented from time to time, the “**Deed of Covenant**”), relating to CDP Perpetual Securities (as defined in the Trust Deed) executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer and the Guarantor have entered into an agency agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 29 July 2020 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the “**Principal Paying Agent**”) and CDP registrar and transfer agent (in such capacity, the “**CDP Registrar**”), (4) Deutsche Bank Aktiengesellschaft, acting through its branch in Hong Kong, as non-CDP paying agent (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 non-CDP registrar and transfer agent (in such capacity, the “**Non-CDP Registrar**” and, together with the CDP Registrar and any other transfer agents that may be appointed, the “**Transfer Agents**”), and (5) the Trustee, as trustee. The Perpetual Securityholders and the holders (the “**Couponholders**”) of the 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, with respect to Non-CDP Perpetual Securities (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly and (b) the Registrar means (in the case of CDP Perpetual Securities) the CDP Registrar or (in the case of Non-CDP Perpetual Securities) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and 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 specified office of the Principal Paying Agent 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 (“**Bearer Perpetual**

Securities) or in registered form (**Registered Perpetual Securities**), in each case in the Denomination Amount shown in the relevant Pricing Supplement. 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 in the relevant Pricing Supplement).
- (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) 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, trust, interest therein 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 a common depository for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**), The Central Depository (Pte) Limited (the **Depository**) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system 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 Guarantor, the Principal Paying Agent, the Calculation Agent, the Registrar and 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, interest, distribution, redemption, purchase and/or 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 Guarantor, the Principal Paying Agent, the Calculation Agent, the Registrar 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 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 Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.
- (iv) In these Conditions, **Global Security** means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing such

Series, “**Global Certificate**” means the relevant Global Certificate representing such Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository 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 (A) expressed to be consolidated and forming a single series and (B) 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 Transfers 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 only 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 scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer or, failing whom, the Guarantor, to any Perpetual Securityholder upon request. For the avoidance of doubt, a Registered Perpetual Security may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Perpetual Security will be valid unless and until entered on the Register.

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

In the case of an exercise of the Issuer’s option in respect of, or a partial redemption 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 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 seven 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) only, “**business day**” means a day (other than a Saturday, 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 Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or any other Transfer Agents, but upon payment of any tax or other 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 such 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 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(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status and Guarantee

(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).

(i) Status of 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.

(ii) Guarantee of Senior Perpetual Securities

The payment of all sums expressed to be payable by the Issuer under the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them), the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment

obligations of the Guarantor under the Senior Guarantee and the Trust Deed (save in respect of the Subordinated Perpetual Securities and the Coupons relating to them) constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

(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:

- (1) in relation to the Issuer, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (B) 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; and
- (2) in relation to the Guarantor, any instrument or security (including without limitation any preference units in NNBNT) issued, entered into or guaranteed by the Guarantor (A) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Guarantee (as defined in the Trust Deed) and (B) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Guarantor and/or, in the case of an instrument or security guaranteed by the Guarantor, the issuer thereof.

(ii) Ranking of claims on Winding-Up – Issuer

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9(a)) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) No set-off—Issuer

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 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 or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder

of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up, the liquidator or, as appropriate, administrator of the Issuer) 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 the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(iv) Guarantee of Subordinated Perpetual Securities

The payment of all sums expressed to be payable by the Issuer under the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

(v) Ranking of claims on Winding-Up – NNBNT

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of NNBNT, there shall be payable by the Guarantor under and in accordance with the terms of the Subordinated Guarantee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Guarantor), 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 NNBNT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of NNBNT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**NNBNT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of NNBNT 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 NNBNT, and so ranking ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) of the Guarantor but junior to the claims of all other present and future creditors of the Guarantor (other than Parity Obligations of the Guarantor), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each NNBNT Notional Preferred Unit on a return of assets in such Winding-Up of NNBNT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated 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.

(vi) No set-off—Guarantor

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 or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee, 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 or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them

shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of NNBNT's Winding-Up, the liquidator or, as appropriate, administrator of NNBNT) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of NNBNT) and accordingly any such discharge shall be deemed not to have taken place.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Payment Dates

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

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 (as defined in Condition 4(V)) shown in the relevant Pricing Supplement.

(b) Rate of Distribution

The Rate of Distribution 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 in the relevant Pricing Supplement; 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 in the relevant Pricing Supplement and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown in the relevant Pricing Supplement 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 in the relevant Pricing Supplement and (2) for the period from, and including, the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Rate of Distribution,

Provided always that if a Cessation or Suspension of Trading Event (as defined in Condition 5(g)) is specified in the relevant Pricing Supplement and a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Cessation or Suspension of Trading Event has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Rate of Distribution shall be increased by the Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which a Cessation or Suspension of Trading Event occurred (or, if a Cessation or Suspension of Trading Event occurs

on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Rate of Distribution” 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) plus the Cessation or Suspension of Trading Event Margin (if applicable, as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(l)(b) above; 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 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) 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, no rate is 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, 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 as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(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 in the relevant Pricing Supplement, and such distribution will be payable in arrear on each 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) in the relevant Pricing Supplement 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).

(b) Business Day Convention

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:

- (i) 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 (1) such date shall be brought forward to the immediately preceding business day and (2) 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;
- (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day;
- (iii) 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
- (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(c) 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 in the relevant Pricing Supplement, 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) or Swap Rate (in which case such Perpetual Security will be a Swap Rate 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 in the relevant Pricing Supplement.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) and the Step-Up Spread (if any) stated in the relevant Pricing Supplement. The “Spread” and the

“Step-Up Spread” are the percentage rate per annum specified in the relevant Pricing Supplement 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.

(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) and the Step-Up Spread (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 Spread (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 Spread (if any); and

(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 11:00hrs 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 Spread (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 may be agreed between the Calculation Agent and the Issuer; and
 - (C) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(A) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (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 Spread (if any); and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate 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 Perpetual Securities 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 Spread (if any);
 - (B) if the Primary Source for the Floating Rate Perpetual Securities 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 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 Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.

(iii) 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.

(iv) For the avoidance of doubt, in the event that the Rate of Distribution as determined in accordance with the foregoing in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(III) Calculations

(a) Determination of Rate of Distribution, Reset Rate of Distribution, Calculation of Distribution Amounts etc

The Calculation Agent shall, as soon as practicable on each Distribution Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Distribution Amounts (as defined in Condition 4(V)) for the relevant Distribution Period, calculate the Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be. 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 or, as the case may be, the Reset 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) Accrual of Distribution

Distribution will cease to accrue on each 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 in the relevant Pricing Supplement is improperly withheld or refused, in which event distribution will continue to accrue (as well after as before judgment) at the Rate of Distribution and in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7).

(c) Notification

The Calculation Agent will cause the Rate of Distribution or, as the case may be, the Reset Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date and, if required to be calculated, the Redemption Amount to be notified to the Principal Paying Agent, the Trustee, the Registrar and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. The Principal Paying Agent will also cause the Rate of Distribution or, as the case may be, the Reset 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 possible 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 occurs in relation to the Perpetual Securities, the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts payable in respect of the Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution, the Reset Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(d) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution or, as the case may be, Reset Rate of Distribution for a Distribution Period or any Distribution Amount or Redemption 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.

(e) Calculation Agent and Reference Banks

Each of the Issuer and the Guarantor 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, if provision is made for them hereon and so long as any 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 or, as the case may be, Reset Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts or Redemption Amount, the Issuer and the Guarantor 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

If Optional Payment is set out hereon, 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 in the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of the Issuer’s Junior Obligations or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations or any of the Guarantor’s Specified Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations or any of the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer’s Specified Parity Obligations or any of the Guarantor’s Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

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 Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for Junior Obligations of the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, the payment of management fees to the Guarantor (in its capacity as trustee-manager of NNBNT) in the form of Units in NNBNT, cash or any other form of consideration shall not restrict the ability of the Issuer to 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 in accordance with this Condition.

In these Conditions:

(A) “**Junior Obligation**” means:

- (aa) in relation to the Issuer, any of its ordinary shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer that ranks or is expressed to rank, by its terms or by operation of law, junior to the Perpetual Securities; and
- (bb) in relation to the Guarantor, any class of equity capital in NNBNT and any other instruments or securities (including without limitation any preference units in NNBNT or subordinated perpetual securities) issued, entered into or guaranteed by the Guarantor that ranks or is expressed to rank, by its terms or by operation of law, junior to the Guarantee (as defined in the Trust Deed); and

(B) “**Specified Parity Obligations**” means:

- (aa) in relation to the Issuer, any instrument or security (including without limitation any preference shares or preferred units) issued, entered into or guaranteed by the Issuer (I) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (II) 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; and
- (bb) in relation to the Guarantor, any instrument or security (including without limitation any preference units in NNBNT) issued, entered into or guaranteed by the Guarantor (I) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Guarantee and (II) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Guarantor and/or, in the case of an instrument or security guaranteed by the Guarantor, the issuer thereof.

If Dividend Pusher is set out hereon, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Principal Paying Agent, by a certificate signed by two directors or a director and a duly authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Principal Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out in the relevant Pricing Supplement and subject to Condition 4(IV)(c) and Condition 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 in the relevant Pricing Supplement, 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 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 in the relevant Pricing Supplement, 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 in 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 Rate of Distribution 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 Rate of Distribution 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 in the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer and the Guarantor shall not and shall procure that none of the subsidiaries of the Issuer or NNBNT 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 or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Specified 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 or the Guarantor’s Junior Obligations or (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Specified 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 Specified Parity Obligations of the Issuer or, as the case may be, the Guarantor for the Junior Obligations of the Issuer or, as the case may be, the Guarantor and/or (3) as otherwise specified in the applicable Pricing Supplement, 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 or, as the case may be, the Guarantor is permitted to do so (or, in the case of the Guarantor, to procure or permit the subsidiaries of NNBNT to do so) by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement. For the avoidance of doubt, nothing in this Condition shall restrict the payment of management fees to the Guarantor (in its capacity as trustee-manager of NNBNT) in the form of Units in NNBNT, cash or any other form of consideration.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, 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 in the relevant Pricing Supplement) 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:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) following the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a Winding-Up of the Issuer or NNBNT.

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.

(V) Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 4, if a Benchmark Event occurs in relation to an Original Reference Rate 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 commercially reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition

4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)). An Independent Adviser appointed pursuant to this Condition 4(V) 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 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(V).

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 a Successor Rate or an Alternative Rate prior to the relevant Distribution Determination Date or Distribution Payment Date (as the case may be), the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(V)(b)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(V)(c)) and any Benchmark Amendments (in accordance with Condition 4(V)(d)).

(b) Successor Rate or Alternative Rate

If the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(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(V)(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(V)); 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(V)(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(V)).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(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 Adjustments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(V) and the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 4(V)(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(V)(e), without any requirement for the consent or approval of Perpetual Securityholders, vary these Conditions and/or 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 and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent of a certificate in English signed by two directors or a director and a duly authorised signatory of the Issuer pursuant to Condition 4(V)(e), the Trustee and the Principal Paying 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 or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that neither the Trustee nor the Principal Paying Agent shall be obliged so to concur if in its 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 it in these Conditions, the Trust Deed or the Agency Agreement (including, for the avoidance of doubt, any supplemental trust deed) in any way.

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

In connection with any such variation in accordance with Condition 4(V)(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, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(V) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, 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 and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent a certificate in English addressed to the Trustee and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent and signed by two directors or a director and a duly authorised signatory of the Issuer:

- (i) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate 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(V); and
- (ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Trustee and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or 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 or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Trustee's and (if the Benchmark Amendments affect the Principal Paying Agent) the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, 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(V)(a), 4(V)(b), 4(V)(c) and 4(V)(d), the Original Reference Rate and the fallback provisions provided for in Condition 4 will continue to apply unless and until the Calculation Agent has 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(V)(e).

(g) Definitions

As used in this Condition 4(V):

“Adjustment Spread” means either a spread (which may be positive or negative), 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(V)(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) 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) and is the spread, formula or methodology which:

- (1) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (2) in the case of a Successor Rate for which no such recommendation 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(V)(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); or
- (3) if 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(V)(a)) (as the case may be) determines to be appropriate;

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (in the circumstances set out in Condition 4(V)(a)) (as the case may be) determines in accordance with Condition 4(V)(b) has replaced the Original Reference Rate in customary market usage in the international 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(V)(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 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 means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case 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;

“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(V)(a);

“Original Reference Rate” means 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;

“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(V)(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.

(VI) 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, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) 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 (c) (if a payment is to be made on that day):

- (i) (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;
- (ii) (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
- (iii) (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 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 (or such other calculation agent as may be appointed from time to time);

“Calculation Amount” means the amount specified as such in the relevant Pricing Supplement or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown in the relevant Pricing Supplement;

“Day Count Fraction” means, in respect of the calculation of an amount of distribution in accordance with Condition 5:

- (a) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period divided by 365 (or, if any portion of that Distribution Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Distribution Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Distribution Period falling in a non-leap year divided by 365);
- (b) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 360;
- (c) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Distribution Period in respect of which payment is being made divided by 365; and
- (d) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the Distribution Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Distribution Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Distribution Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Distribution Period falls;

“D1” is the first calendar day, expressed as a number, of the Distribution Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Distribution Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

“Distribution Amount” means, in respect of a Distribution Period, the amount of distribution payable per Calculation Amount for that Distribution Period;

“Distribution Commencement Date” means the Issue Date or such other date as may be specified as the Distribution Commencement Date in the relevant Pricing Supplement;

“Distribution Determination Date” means, (i) in the case of Fixed Rate Perpetual Securities, the date falling two business days prior to each Step-Up Date, each Reset Date or (if a Cessation or Suspension of Trading Event has occurred) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event occurred (or if the Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date) and (ii) in the case of Floating Rate Perpetual Securities, in respect of any Distribution Period, the date falling 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;

“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;

“**Euro**” means the lawful 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;

“**Rate of Distribution**” means the rate of distribution payable from time to time in respect of this Perpetual Security and that is either specified or calculated in accordance with the provisions hereon;

“**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 consultation with the Issuer 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.

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 the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer’s Redemption Option Period shown in the relevant Pricing Supplement, 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 distributions accrued (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) 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.

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, 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 notice of redemption of such 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 distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption), if:

- (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Sections 13(16) and 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or
 - (2) the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or
- (ii) (1) the Issuer (or, if the Guarantee was called, the Guarantor) 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 becomes effective on or after the date on which agreement is reached to issue the Perpetual Securities, and (2) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor 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 or, as the case may be, the Guarantor 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 Condition 5(c), the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors or a director and a duly authorised signatory of the Issuer or, as the case may be, the Guarantor 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) in the case of a notice of redemption pursuant to Condition 5(c)(i), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(c)(i) or, in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment,

and the Trustee shall be entitled to accept such certificate, and opinion or ruling (as the case may be) as sufficient evidence of 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(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(c).

(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 distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) accrued to (but excluding) the date fixed for redemption) if, on such Distribution Payment Date or at any time prior to or 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 the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee:

- (i) a certificate, signed by two directors or a director and a duly authorised signatory 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,

and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and shall not be responsible for determining or verifying the circumstances set out in such certificate, 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 distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) (if any) accrued to (but excluding) the date fixed for redemption):

- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) 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 on or after the Issue Date;

- (2) 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 on or after the Issue Date; or
- (3) 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,

the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) would not be regarded as such sums; or

- (ii) if the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate, signed by two directors or a director and a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) in the case of a notice of redemption pursuant to Condition 5(e)(i), an opinion of the Issuer’s independent legal, tax or any other professional adviser of recognised standing stating the circumstances referred to above prevail and the date on which the relevant change, amendment, interpretation or pronouncement has taken place or is due to take effect or, in the case of a notice of redemption pursuant to Condition 5(e)(ii), a copy of the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(e)(ii),

and the Trustee shall be entitled to accept such certificate, and opinion or ruling (as the case may be) as sufficient evidence of the satisfaction of the conditions precedent set out above and shall not be responsible for determining or verifying the circumstances set out in such certificate, 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(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(e).

(f) 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 in 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 Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) 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 20 per cent. of the aggregate principal amount originally issued.

Upon expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon Cessation or Suspension of Trading of Listed Units

If so provided hereon, in the event that (i) the units of NNBNT cease to be listed and/or traded on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) or (ii) trading in the units of NNBNT on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a “**Cessation or Suspension of Trading Event**”), 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 earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) accrued to (but excluding) the date fixed for redemption). The Issuer shall forthwith notify the Trustee, the Principal Paying Agent and the Perpetual Securityholders of the occurrence of the event specified in this Condition 5(g), if the Issuer will be exercising its option to redeem the Perpetual Securities and (if applicable) the proposed date of redemption of the Perpetual Securities.

Upon 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).

For the purposes of this Condition 5(g):

- (a) “**Effective Date**” means (in the case of (i) above) the date of cessation of listing and/or trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and
- (b) “**market day**” means a day on which the SGX-ST is open for securities trading.

(h) Purchases

The Issuer, the Guarantor and/or any of the related corporations of NNBNT 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, the Guarantor and/or any of the related corporations of NNBNT 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, the Guarantor and/or any of the related corporations of NNBNT 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, the Guarantor or, as the case may be, the relevant related corporation 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) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer, the Guarantor and/or any of the related corporations of NNBNT 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 and the obligations of the Issuer and/or the Guarantor in respect of any such Perpetual Securities shall be discharged.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or, as the case may be, Coupons at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the holder 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 Registrar or any other Transfer Agent and in the manner provided in Condition 6(b)(ii).
- (ii) Payments of distribution on Registered Perpetual Securities shall be made to the person shown on the Register as the holder thereof 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 and mailed to the holder (or to the first named of 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 for that currency.

(c) Payments subject to law etc.

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, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, but without prejudice to the provisions of Condition 7. 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 the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuer and the Guarantor reserve 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 Calculation Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents or transfer agents, provided that they will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Registrar in relation to Registered Perpetual Securities and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change in appointment or any change of any specified office will be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Guarantor the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, 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 Guarantor, 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 does not, in the opinion of the Issuer, the Guarantor, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons. Any such amendment shall be binding on the Perpetual Securityholders and the 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 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 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 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

All payments in respect of the Perpetual Securities and the Coupons by the Issuer or, as the case may be, the Guarantor 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 such event, the Issuer or, as the case may be, the Guarantor 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, duties, assessments or governmental charges by reason of his being connected with Singapore, 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (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, none of the Issuer, the Guarantor or any other person shall be required to pay any additional amounts or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, regulation or directive implementing such an intergovernmental agreement).

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 relative Certificate) or Coupon being made in accordance with the 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

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, judicial management, administration or similar proceedings (the “**Winding-Up**”) in respect of the Issuer, the Guarantor and/or NNBNT 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 and/or the Guarantor in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the Winding-Up of the Issuer and/or NNBNT or (ii) the Issuer or the Guarantor does not pay any principal payable by it under any of the Perpetual Securities when due and such default continues for more than five days or any distribution or other amounts (other than principal) payable by it under any of the Perpetual Securities when due and such default continues for more than 10 days after the due date (together, the “**Enforcement Events**”), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) and provided such Enforcement Event has not been waived, institute proceedings for the Winding-Up of the Issuer, the Guarantor and/or NNBNT, prove in the Winding-Up of the Issuer, the Guarantor and/or NNBNT and/or claim in the liquidation of the Issuer, the Guarantor and/or NNBNT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may, at its discretion and without further notice to the Issuer or the Guarantor, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer or the Guarantor, 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.

(d) 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 and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee 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.

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the Winding-Up or claim in the liquidation of the Issuer, the Guarantor or NNBNT 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 and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer or the Guarantor, 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 or the Perpetual Securities (as applicable) or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed, or the Perpetual Securities (as applicable).

(g) Damages subject to Subordination

If any court awards money, damages or other restitution for any default with respect to the performance by the Issuer or, as the case may be, the Guarantor of its obligation contained in the Trust Deed and the Perpetual Securities, the payment of such money, damages or other restitution shall be subject to the subordination provisions set out in these Conditions and in 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, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 10 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, 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 amend the subordination provisions of the Perpetual Securities, (g) 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, (h) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (i) to modify or cancel the Guarantee, 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 or any of the other Issue Documents 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, Clearstream, Luxembourg and/or the Depository 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 or any of the other Issue 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 Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, unless the Trustee agrees in writing, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

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.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements 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 Transfer Agent, as the case may be, 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 14, on payment by the claimant of the fees and costs incurred in connection therewith 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 either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer and the Guarantor may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, with the consent of the Trustee, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee and/or any corporation related to it to enter into business transactions with the Issuer, the Guarantee or any of the related corporations of NNBNT without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions. Each Perpetual Securityholder 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, the Guarantor or NNBNT, and the Trustee shall not at any time have any responsibility for the same and each Perpetual Securityholder shall not rely on the Trustee in respect thereof.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of 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.

In the case where the Issuer is listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notices to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the date on which the said notice was uploaded as an announcement on the SGX-ST.

In the case where notices to holders of Perpetual Securities are made by more than one of the prescribed methods above, notice would be deemed to have been given on the date on which the first of such notices was validly given in accordance with the paragraphs above.

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, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system 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, notice will in any event be published in accordance with the first paragraph. 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, the Depository and/or such other clearing system.

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, the Depository and/or such other clearing system in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where 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 will be deemed to have been given when received at such addresses.

15. 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.

16. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities or the Coupons, it is hereby agreed and acknowledged that NetLink NBN Management Pte. Ltd. (“NNBNMPL”) has entered into the Trust Deed solely in its capacity as trustee-manager of NNBNT and not in its personal capacity and all references to the Guarantor in the Trust Deed, the Perpetual Securities and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, NNBNMPL has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons in its capacity as trustee-manager of NNBNT and not in its personal capacity

and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Guarantor, and all obligations assumed by the Guarantor, under the Trust Deed, the Perpetual Securities and the Coupons is given and assumed by the Guarantor in its capacity as trustee-manager of NNBNT 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 shall be limited to the assets of NNBNT and shall not extend to any personal assets of the Guarantor or any assets held by the Guarantor as trustee-manager for any trust (other than NNBNT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by the Guarantor under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to NNBNT (and shall not extend to the obligations of the Guarantor in respect of any other trust of which it is a trustee or business trust of which it is a trustee-manager). 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 in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities or the Coupons, it is hereby agreed that the obligations of the Guarantor under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of the Guarantor and there shall be no recourse against the shareholders, directors, officers or employees of the Guarantor 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 and the 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 in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

(c) Legal Action or Proceedings

For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities or the Coupons shall be brought against the Guarantor in its capacity as trustee-manager of NNBNT 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 in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

17. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities and the Coupons 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 Perpetual Securities, the Coupons, the Talons and the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Perpetual Securities, Coupons, Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Trustee, the Perpetual Securityholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) No Immunity

Each of the Issuer and the Guarantor irrevocably agrees that, should the Trustee, the Perpetual Securityholders or Couponholders take any Proceedings anywhere (whether for an injunction,

specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived.

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 Aktiengesellschaft, acting through its branch in Hong Kong
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

FORM OF PRICING SUPPLEMENT FOR NOTES

Pricing Supplement

[LOGO, if document is printed]

NETLINK TREASURY PTE. LTD.

(Incorporated with limited liability in Singapore)

S\$1,000,000,000

Multicurrency Debt Issuance Programme

unconditionally and irrevocably guaranteed by

NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust)

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of Notes]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

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 Aktiengesellschaft, acting through its branch in Hong Kong
Level 52, International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the “Notes”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 29 July 2020 (the “**Information Memorandum**”) issued in relation to the S\$1,000,000,000 Multicurrency Debt Issuance Programme of NetLink Treasury Pte. Ltd. (the “**Issuer**”) and unconditionally and irrevocably guaranteed by NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust) (the “**Guarantor**”). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information that is material in the context of the issue and offering of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) shall not apply if such person acquires such Notes using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[[Except as disclosed in this Pricing Supplement, there/There] has been no material adverse change, or any development that would result in a material adverse change, in the financial condition, business or assets of the Guarantor, NNBNT or the Group, taken as a whole since [date of last published audited consolidated accounts or, as the case may be, unaudited consolidated accounts.]]*

[Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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 / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION - PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes 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**”) or the United Kingdom (the “**UK**”). 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 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 Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by

Regulation (EU) No 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

NetLink Treasury Pte. Ltd.

Signed: _____
Director/Authorised Signatory

Signed: _____
Director

NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust)

Signed: _____
Director/Authorised Signatory

Signed: _____
Director

* **N.B.** If any such change is disclosed in the Pricing Supplement, it will require approval by any stock exchange(s) on which the Programme is listed. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Information Memorandum rather than in a Pricing Supplement.

The terms of the Notes and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1. Series No.:
2. Tranche No.:
3. Currency:
4. Principal Amount of Series:
5. Principal Amount of Tranche:
6. Denomination Amount:
7. Calculation Amount
(if different from Denomination Amount):
8. Issue Date:
9. Redemption Amount
(including early redemption): [Denomination Amount/
[others]]

 [Specify early redemption amount if different from
final redemption amount or if different from that set
out in the terms and conditions of the Notes]
10. Interest Basis: [Fixed Rate/Floating Rate/Hybrid/Zero Coupon]
11. Interest Commencement Date:
12. **Fixed Rate Note**
 - (a) Maturity Date: / [Interest Payment Date falling on or nearest to
[specify month]]
 - (b) Day Count Fraction:
 - (c) Interest Payment Date(s):
 - (d) Initial Broken Amount:
 - (e) Final Broken Amount:
 - (f) Rate of Interest: per cent. per annum
13. **Floating Rate Note**
 - (a) Redemption Month: [month and year]
 - (b) Interest Determination Date: business days prior to the first day of each
Interest Period
 - (c) Day Count Fraction:
 - (d) Specified Number of Months (Interest
Period):
 - (e) Specified Interest Payment Dates:

- (f) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (g) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (h) Primary Source: [Specify relevant screen page or "Reference Banks"]
- (i) Reference Banks: [Specify three]
- (j) Relevant Time: [●]
- (k) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (l) Spread: [+/-] [●] per cent. per annum
- (m) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]

14. Hybrid Note

- (a) Fixed Rate Period: [●]
- (b) Floating Rate Period: [●]
- (c) Maturity Date: [●]
- (d) Redemption Month: [month and year]
- (e) Interest Determination Date: [●] business days prior to the first day of each Interest Period
- (f) Day Count Fraction: [●]
- (g) Interest Payment Date(s) (for Fixed Rate Period): [●]
- (h) Initial Broken Amount: [●]
- (i) Final Broken Amount: [●]
- (j) Rate of Interest: [●] per cent. per annum
- (k) Specified Number of Months (Interest Period): [●]
- (l) Specified Interest Payment Dates (for Floating Rate Period): [●]
- (m) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

- (n) Benchmark: [SIBOR, SWAP RATE or other benchmark]
- (o) Primary Source: [specify relevant screen page or “Reference Banks”]
- (p) Relevant Time: [●]
- (q) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (r) Reference Banks: [specify three]
- (s) Spread: [+/-] [●] per cent. per annum
- (t) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Hybrid Notes during the Floating Rate Period, if different from those set out in the Conditions: [●]
15. Zero Coupon Note
- (a) Maturity Date: [●]
- (b) Amortisation Yield: [●] per cent. per annum
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction: [●]
- (e) Any amount payable under Condition 7(h) (Default interest on the Notes): [●]
16. Issuer’s Redemption Option Issuer’s Redemption Option Period (Condition 6(d)): [Yes/No]
[Specify maximum and minimum number of days for notice period]¹
[Specify Dates]
17. Noteholders’ Redemption Option Noteholders’ Redemption Option Period (Condition 6(e)): [Yes/No]
[Specify maximum and minimum number of days for notice period]²
[Specify Dates]
18. Issuer’s Purchase Option Issuer’s Purchase Option Period (Condition 6(b)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
19. Noteholders’ Purchase Option Noteholders’ Purchase Option Period (Condition 6(c)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]

¹ Note: If Notes are being cleared through Clearstream, Luxembourg or Euroclear, Clearstream, Luxembourg or Euroclear will require a minimum of five business days’ notice for the exercise of any Issuer’s Redemption Option.

² Note: If Notes are being cleared through Clearstream, Luxembourg or Euroclear, Clearstream, Luxembourg or Euroclear will require a minimum of 15 business days’ notice for the exercise of any Noteholders’ Redemption Option.

20. Redemption for Taxation Reasons (Condition 6(f)): [Yes/No]
[on [insert other dates of redemption not on interest payment dates]]
[Specify Dates]
21. Redemption upon Termination of NNBNT (Condition 6(i)): Yes
22. Redemption in the case of Minimum Outstanding Amount (Condition 6(j)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
23. Form of Notes: [Bearer/Registered]
[Temporary Global Security exchangeable for Definitive Securities/Temporary Global Security exchangeable for Permanent Global Security/
Permanent Global Security/Global Certificate]
24. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details.]
25. Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
26. Prohibition of sales to EEA and UK investors: [Applicable/Not Applicable]

(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)
27. Listing: [●]
28. ISIN Code: [●]
29. Common Code: [●]
30. Clearing System(s): [Not Applicable/Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited]
[other clearing information]
31. Depository: [Common depository for Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/
others]
32. Delivery: Delivery [against/free of] payment
33. Method of issue of Notes: [Individual Dealer/Syndicated Issue]
34. The following Dealer(s) [is/are] subscribing the Notes: [insert legal name(s) of Dealer(s)]
35. Stabilising Manager: [Insert legal name(s) of Stabilising Managers(s)]
36. Paying Agent: [Principal Paying Agent/Non-CDP Paying Agent]
37. Calculation Agent: [●]

38. Date of Calculation Agency Agreement: [●]
39. The aggregate principal amount of Notes issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Notes not denominated in Singapore dollars): [●]
40. Use of proceeds: [●]
41. Private Bank Selling Commission: [Applicable/Not Applicable] [If applicable, state percentage]
42. Other terms:

Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

FORM OF PRICING SUPPLEMENT FOR PERPETUAL SECURITIES

Pricing Supplement

[LOGO, if document is printed]

NETLINK TREASURY PTE. LTD.

(Incorporated with limited liability in Singapore)

S\$1,000,000,000

Multicurrency Debt Issuance Programme

unconditionally and irrevocably guaranteed by

NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust)

SERIES NO: [●]

TRANCHE NO: [●]

[Brief Description and Amount of Perpetual Securities]

Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

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 Aktiengesellschaft, acting through its branch in Hong Kong
Level 52, International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong

The date of this Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Perpetual Securities referred to above.

This Pricing Supplement, under which the Perpetual Securities described herein (the “**Perpetual Securities**”) are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 29 July 2020 (the “**Information Memorandum**”) issued in relation to the S\$1,000,000,000 Multicurrency Debt Issuance Programme of NetLink Treasury Pte. Ltd. (the “**Issuer**”) and unconditionally and irrevocably guaranteed by NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust) (the “**Guarantor**”). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Perpetual Securities will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information that is material in the context of the issue and offering of the Perpetual Securities.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Perpetual Securities or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[An advance tax ruling will be requested from the Inland Revenue Authority of Singapore (“**IRAS**”) to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as “debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“**ITA**”) and the distributions (including any Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) made under the Perpetual Securities as interest payable on indebtedness such that holders of the Perpetual Securities may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section “Singapore Taxation” of the Information Memorandum provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

If the Perpetual Securities are not regarded as debt securities for the purposes of the ITA and/or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them (including Arrears of Distribution and Additional Distribution Amounts). Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequence of their acquisition, holding and disposal of the Perpetual Securities.]*

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the ITA shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

[[Except as disclosed in this Pricing Supplement, there/There] has been no material adverse change, or any development that would result in a material adverse change, in the financial condition, business or assets of the Guarantor, NNBNT or the Group, taken as a whole since [date of last published audited consolidated accounts or, as the case may be, unaudited consolidated accounts.]]**

[Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Perpetual Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) 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 / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Perpetual Securities has led to the conclusion that: (i) the target market for the Perpetual Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Perpetual Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Perpetual Securities (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Perpetual Securities (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION - PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Perpetual 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**”) or in the United Kingdom (the “**UK**”). 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 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 Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Perpetual Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Perpetual Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

NetLink Treasury Pte. Ltd.

Signed: _____
Director/Authorised Signatory

Signed: _____
Director

NetLink NBN Management Pte. Ltd. (in its capacity as trustee-manager of NetLink NBN Trust)

Signed: _____
Director/Authorised Signatory

Signed: _____
Director

* To be inserted where an advance ruling will be/is required from IRAS.

** **N.B.** If any such change is disclosed in the Pricing Supplement, it will require approval by any stock exchange(s) on which the Programme is listed. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Information Memorandum rather than in a Pricing Supplement.

The terms of the Perpetual Securities and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1. Series No.:
2. Tranche No.:
3. Currency:
4. Principal Amount of Series:
5. Principal Amount of Tranche:
6. Denomination Amount:
7. Calculation Amount
(if different from Denomination Amount):
8. Issue Date:
9. Redemption Amount
(including early redemption): [Denomination Amount/
[others]]

 [Specify early redemption amount if different from
final redemption amount or if different from that set
out in the terms and conditions of the Perpetual
Securities]
10. Status of the Perpetual Securities: [Senior Perpetual Securities/Subordinated
Perpetual Securities]
11. Distribution Basis: [Fixed Rate/Floating Rate]
12. Distribution Commencement Date:
13. **Fixed Rate Perpetual Security**
 - (a) Day Count Fraction:
 - (b) Distribution Payment Date(s):
 - (c) Initial Broken Amount:
 - (d) Rate of Distribution: per cent. per annum
 - (e) First Reset Date:
 - (f) Reset Date:
 - (g) Step-Up Margin:
 - (h) Step-Up Date:
 - (i) Initial Spread:
 - (j) Relevant Rate: [Specify benchmark, if not swap offer rate]
 - (k) Reset Period:

- (l) Reference Banks: [Specify three]
- (m) Cessation or Suspension of Trading Event Margin: [●]
- 14. Floating Rate Perpetual Security**
- (a) Distribution Determination Date: [●] business days prior to the first day of each Distribution Period
- (b) Day Count Fraction: [●]
- (c) Specified Number of Months (Distribution Period): [●]
- (d) Specified Distribution Payment Dates: [●]
- (e) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (f) Benchmark: [SIBOR, Swap Rate or other benchmark]
- (g) Primary Source: [Specify relevant screen page or "Reference Banks"]
- (h) Reference Banks: [Specify three]
- (i) Relevant Time: [●]
- (j) Relevant Financial Centre: [The financial centre most closely connected to the Benchmark – specify if not Singapore]
- (k) Spread: [+/-] [●] per cent. per annum
- (l) Step-up Spread: [+/-] [●] per cent. per annum
- (m) Fall back provisions, rounding provisions and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the terms and conditions of the Perpetual Securities: [●]
15. Optional Payment: [●]
16. Dividend Pusher and Reference Period: [●] months
17. Dividend Stopper: [●]
18. Non-Cumulative Deferral: [●]
19. Cumulative Deferral: [●]
20. Additional Distribution: [●]
21. Issuer's Redemption Option [Yes/No]
Issuer's Redemption Option Period [Specify maximum and minimum number of days for notice period]³
(Condition 5(b)): [Specify Dates]

³ If Perpetual Securities are being cleared through Clearstream, Luxembourg or Euroclear, Clearstream, Luxembourg or Euroclear will require a minimum of five business days' notice for the exercise of any Issuer's Redemption Option.

22. Redemption for Taxation Reasons: (Condition 5(c)) [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
23. Redemption for Accounting Reasons (Condition 5(d)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
24. Redemption for Tax Deductibility (Condition 5(e)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
25. Redemption in the case of Minimal Outstanding Amount (Condition 5(f)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
26. Redemption upon Cessation or Suspension of Trading of Units (Condition 5(g)): [Yes/No]
[Specify maximum and minimum number of days for notice period]
[Specify Dates]
29. Form of Perpetual Securities: [Bearer/Registered]
[Temporary Global Security exchangeable for Definitive Securities/Temporary Global Security exchangeable for Permanent Global Security/Permanent Global Security/Global Certificate]
30. Talons for future Coupons to be attached to Definitive Securities: [Yes/No. If yes, give details.]
31. Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
32. Prohibition of sales to EEA and UK investors: [Applicable/Not Applicable]

(If the Perpetual Securities clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Perpetual Securities may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)
33. Listing: [●]
34. ISIN Code: [●]
35. Common Code: [●]
36. Clearing System(s): [Not Applicable/Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited]
[other clearing information]
37. Depository: [Common depository for Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/ others]
38. Delivery: Delivery [against/free of] payment
39. Method of issue of Perpetual Securities: [Individual Dealer/Syndicated Issue]
40. The following Dealer(s) [is/are] subscribing the Perpetual Securities: [insert legal name(s) of Dealer(s)]

41. Stabilising Manager: [Insert legal name(s) of Stabilising Managers(s)]
42. Paying Agent: [Principal Paying Agent/Non-CDP Paying Agent]
43. Calculation Agent: [●]
44. Date of Calculation Agency Agreement: [●]
45. The aggregate principal amount of Perpetual Securities issued has been translated in Singapore dollars at the rate of [●] producing a sum of (for Securities not denominated in Singapore dollars): S\$[●]
46. Use of proceeds: [●]
47. Private Banking Selling Commission: [Applicable/Not Applicable] [If applicable, state percentage]
48. Other terms:

Details of any additions or variations to terms and conditions of the Perpetual Securities as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

1 Initial Issue of Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depository or CDP.

Upon the initial deposit of a Global Security with the Common Depository or CDP, or registration of Registered Securities in the name of, or in the name of a nominee of, the Common Depository or CDP and delivery of the relevant Global Certificate to the Common Depository or, as the case may be, CDP, the relevant clearing system will credit each subscriber with a principal amount of Securities equal to the principal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Security is represented by a Temporary Global Security, payments in respect of such Securities due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Security only to the extent that certification (in a form to be provided), to the effect that the beneficial owners of interests in such Security are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Global Security delivered to a Common Depository) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each, an “**Alternative Clearing System**”) as the holder of a particular principal amount of Securities (each an “**Accountholder**”) represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, and in relation to all other rights arising under the Global Securities or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Security or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security or the registered holder of the Global Certificate, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Securities

Each Temporary Global Security will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that the appropriate TEFRA exemption is either “C Rules” or “not applicable”, in whole, but not in part, for the Definitive Securities defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security for interests in a Permanent Global Security or, if so provided in the relevant Pricing Supplement, for Definitive Securities.

3.2 Permanent Global Securities

Each Permanent Global Security will be exchangeable, free of charge to the holder, on or after the Exchange Date, in whole (but not (except as provided under paragraph 3.4 below) in part), for Definitive Securities:

- (i) if the Permanent Global Security is held by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or
- (ii) if the Permanent Global Security is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Denomination Amount(s) only. A Securityholder who holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts.

Securities which are represented by a Global Security will only be transferable in accordance with the rules and procedures for the time being of CDP, Euroclear or Clearstream, Luxembourg, or the relevant Alternative Clearing System.

3.3 Global Certificates

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by a Global Certificate pursuant to Condition 2(b) may only be made:

- (i) in whole but not in part if such Securities are held on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention to permanently cease business or does in fact do so; or
- (ii) in whole but not in part if such Securities are held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder or the Trustee to declare the Securities to be due and payable as provided in the Conditions has occurred and is continuing; or (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in its terms and conditions for the provision of depository services and no alternative clearing system is available; or
- (iii) in whole or in part, if such Securities are not cleared through CDP, with the consent of the Issuer,

provided that, in the case of a transfer pursuant to paragraphs 3.3(i) or 3.3(iii) above, the holder of such Securities has given the Registrar not less than 30 days' notice at its specified office of such holders' intention to effect such transfer.

3.4 Delivery of Securities

On or after any due date for exchange the holder of a Global Security may surrender such Global Security or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for any Global Security, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Security exchangeable for a Permanent Global Security, deliver, or procure the delivery of, a Permanent Global Security in an aggregate principal amount equal to the principal amount of the whole or part of the Temporary Global Security submitted for exchange or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Security to reflect such exchange or (ii) in the case of a Permanent Global Security exchangeable for Definitive Securities, deliver, or procure the delivery of, duly executed and authenticated Definitive Securities in an aggregate principal amount equal to the principal amount of the Permanent Global Security submitted for exchange. Definitive Securities will be security printed in accordance with any applicable legal and stock exchange requirements substantially in the form set out in the relevant Schedules to the Trust Deed. Upon exchange (or payment) in whole of a Permanent Global Security, such Permanent Global Security shall be deemed fully paid and shall be cancelled by the Principal Paying Agent and, unless otherwise instructed by the Issuer, the cancelled Permanent Global Security shall be returned to the Issuer.

3.5 Exchange Date

"Exchange Date" means, in relation to a Temporary Global Security, the first day following the expiry of 40 days after its issue date and, in relation to a Permanent Global Security, a day falling not less than 60 days after the day on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore and in the case of an exchange pursuant to paragraph 3.3(i), a day on which commercial banks are open for business in the cities in which Euroclear, Clearstream, Luxembourg, the Depository or, if relevant, the Alternative Clearing System are located.

4 Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Securities that they represent, some of which modify the effect of the Conditions set out in this Information Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Security unless exchange for an interest in a Permanent Global Security or for Definitive Securities is improperly withheld or refused. Payments on any Temporary Global Security issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Security. All payments in respect of Securities represented by a Global Security will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, surrender of that Global Security to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Securityholders for such purpose. A record of each payment so made will be endorsed on each Global Security, which endorsement will be prima facie evidence that such payment has been made in respect of the Securities.

All payments in respect of Securities represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where **"Clearing System Business Day"** means Monday to Friday inclusive except 25 December and 1 January.

4.2 Prescription

Claims in respect of principal and distribution in respect of Securities that are represented by a Permanent Global Security shall become void unless it is presented for payment within (in the case of Notes) a period of three years from the appropriate Relevant Date (as defined in Condition 9 of the Notes) and (in the case of Perpetual Securities) a period of five years from the appropriate Relevant Date (as defined in Condition 8 of the Perpetual Securities).

4.3 Meetings

The holder of a Permanent Global Security or of the Securities represented by a Global Certificate shall (unless such Permanent Global Security or Global Certificate represents only one Security) be treated as two persons for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security or the Securities represented by a Global Certificate shall be treated as having one vote in respect of each principal amount of Securities equal to the minimum Denomination Amount of the Securities for which such Permanent Global Security or Global Certificate may be exchanged.

4.4 Cancellation

Cancellation of any Security represented by a Permanent Global Security that is required by the Conditions to be cancelled (other than upon its redemption) shall be effected by reduction in the principal amount of such Permanent Global Security on its presentation to or to the order of the Principal Paying Agent or, as the case may be, CDP Paying Agent for endorsement in the relevant schedule to such Permanent Global Security or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 Purchase

Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the right to receive all future payments of interest or distribution thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Securities shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Securities of any Series, the rights of Accountholders with a clearing system in respect of the Securities will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (as the case may be).

4.7 Securityholders' Options

Any option of the Securityholders provided for in the Conditions of any Securities while such Securities are represented by a Permanent Global Security may be exercised by the holder of the Permanent Global Security giving notice to the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent within the time limits relating to the deposit of Securities with the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent set out in the Conditions substantially in the form of the notice available from the Principal Paying Agent or, as the case may be, the Non-CDP Paying Agent, except that the notice shall not be required to contain the serial numbers of the Securities in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of such Permanent Global Security, and stating the nominal amount of Securities in respect of which the option is exercised and at the same time presenting the Permanent Global Security to the Principal Paying Agent, for notation. Any option of the Securityholders provided for in the Conditions of any Securities while such Securities are represented by a Global Certificate may be exercised in respect of the whole or any part of the holding of Securities represented by such Global Certificate.

4.8 Trustee's Powers

So long as any Global Security or, as the case may be, Global Certificate is held on behalf of a clearing system, in considering the interests of the Securityholders, the Trustee may have regard to any information, reports or certifications provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to such Global Security or, as the case may be, Global Certificate and may consider such interests on the basis that such accountholders or participants were the holders thereof.

4.9 Notices

So long as any Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held on behalf of:

- (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in paragraph 4.9(ii) below), notices to the holders of Securities of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate; or
- (ii) CDP, notices to the holders of Securities of that Series may be given by delivery of the relevant notice to (subject to the agreement of CDP) CDP for communication by it to entitled accountholders in substitution for publication or announcement as required by the Conditions or by delivery of the relevant notice to the holder of the Global Security or Global Certificate, except that so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, notices in respect of such Securities shall also be published in a daily newspaper in the English language having general circulation in Singapore.

RISK FACTORS

Prior to making any investment decision, prospective investors in or existing holders of the Securities should consider carefully all of the information in this Information Memorandum, including any documents incorporated by reference herein and the risks and uncertainties described below. The business, financial condition, performance, prospects or results of operations of the Issuer, the Guarantor and/or NNBNT (including for these purposes its subsidiaries and/or associated companies (if any)) could be materially adversely affected by any of these risks. The Issuer, the Guarantor and NNBNT believe that the following factors may affect their ability to fulfil their obligations under the Securities issued under the Programme. All of these factors are contingencies which may or may not occur and none of the Issuer, the Guarantor or NNBNT is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer, the Guarantor and NNBNT believe may be material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.

The Issuer, the Guarantor and NNBNT believe that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the Issuer, the Guarantor or NNBNT may be unable to pay interest, principal or other amounts on or in connection with any Securities for other reasons and the Issuer, the Guarantor and NNBNT do not represent that the statements below regarding the risks of holding any Securities are complete or exhaustive. Additional risk factors which the Issuer, the Guarantor and NNBNT are currently unaware of may also impair the business, financial condition, performance, prospects or results of operations of the Issuer, the Guarantor, NNBNT or the Group. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

Prospective investors in the Securities should make their own investigations of the Issuer, the Guarantor, NNBNT and the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer, the Guarantor or NNBNT, or their respective subsidiaries or associated companies (if any), prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

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 (or 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, the Guarantor, the Arrangers or any of the Dealer(s) 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. 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, even if the investor has received information to assist it in making such a determination.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor, NNBNT, their respective subsidiaries or associated companies (if any), any of the Arrangers, any of the Dealer(s) 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, the Guarantor, NNBNT, the subsidiaries of NNBNT and associated companies of NNBNT (if any), 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 contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's, the Guarantor's or NNBNT's control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section on "Forward-Looking Statements" on page 7 of this Information Memorandum.

NNBNT does not have a long established operating history

NNBNT was constituted as a business trust on 19 July 2017. NNBNT does not have the sufficient operating histories by which its past performances may be judged. The lack of a long established operating history will make it more difficult for investors to assess NNBNT's future performance and prospects. There is no assurance that NNBNT will be able to generate sufficient revenue from operations to fulfil the payment obligations under the Securities.

RISKS RELATING TO THE NETLINK GROUP'S BUSINESS

The NetLink Group operates in a highly regulated environment which may be subject to change

The NetLink Group operates in a highly regulated environment, with its primary regulator being IMDA. The Licensee must offer the Mandated Services set forth in its FBO licence to all Qualifying Persons in Singapore without preference or discrimination. The terms on which the Mandated Services are provided are subject to the review and approval of IMDA, which has the discretion to modify such terms. The prices that the NetLink Group is permitted to charge for the Mandated Services are subject to review by IMDA. Under the NetCo Interconnection Code, IMDA shall hold a review of pricing terms every five years following the last price review, or at any such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review). In addition, the annual licence fee that the Licensee pay to IMDA under their FBO licence is subject to review and revision by IMDA. Any changes to the manner in which this fee is calculated or the quantum of the fee could have a material adverse effect on the financial performance of the NetLink Group. In exercising its powers to review the terms on which the Mandated Services are provided, IMDA may direct the introduction of a new compensation framework to the NetLink Group's customers, or increase the quantum of existing compensation for failure to meet the service levels prescribed in the NetLink Group's service offers.

Further, under the Telecom Competition Code, the Licensee is required to provide certain interconnection related services to other telecommunication licensees under terms and conditions approved by IMDA. IMDA may also direct its licensees to co-operate and share any infrastructure owned by them if such infrastructure is determined to be critical support infrastructure or if such sharing is deemed to be in the public interest. In the event IMDA exercises such powers and the Licensee is required to provide interconnection related services or co-operate and share infrastructure with other operators, the Licensee may be required to do so on terms which may compel it to incur costs that may not be fully recoverable. There may also be interruption to operations and services and a diversion of telecommunications resources for other purposes as directed.

The FBO licence held by the Licensee expires in 2034. Renewal or extension of the Licensee's FBO licence is at the discretion of IMDA, and the performance of the Licensee against applicable performance standards imposed by IMDA from time to time could be among the factors which IMDA may take into consideration in determining whether to grant a renewal or extension of the Licensee's FBO licence. There can be no assurance that the FBO licence will be renewed or extended beyond 2034 or, to the extent it is renewed or extended, that such renewal or extension will be on similar terms.

The NetLink Group must also ensure its compliance with a variety of legislation, regulations and codes of practice and could be subject to future regulatory changes and/or other Singapore government

intervention which may lead to increased compliance cost for the NetLink Group. For example, the Code of Practice for Fixed Telecommunication Infrastructure Resilience Audit 2017 (“**TIRA Code**”), which came into operation on 18 April 2017, specifies the essential requirements that the Licensee shall implement to ensure that their telecommunication infrastructure is adequately resilient, including requiring the Licensee to (i) appoint an external independent auditor to carry out audits of the Licensee’s compliance with specified controls, (ii) carry out audits at specified frequencies, and (iii) submit to IMDA the audit reports within specified timeframes. The specified controls under the TIRA Code are categorised into mandatory controls and monitoring controls. The Licensee is required to comply with all mandatory controls and to endeavour to meet all monitoring controls. As the NetLink Group’s network (including associated facilities such as Central Offices) was designed and built in accordance with the specifications stipulated in the request for tender for the Next Gen NBN by IMDA and the TIRA Code now imposes new requirements different from such specifications, there can be no assurance that the NetLink Group will be able to comply with all the controls specified in the TIRA Code or that any mitigation measures put in place by the Licensee would be sufficient for IMDA. Any financial penalties imposed on the Licensee for any breach of the TIRA Code in the future may have a material adverse effect on the financial performance of the NetLink Group and the continued failure by the Licensee to meet the requirements of the TIRA Code could have a negative impact on the NetLink Group’s reputation and overall standing in the market and with its primary regulators.

There can be no assurance as to future policies, ministerial decisions or regulatory outcomes it may face which could have a material adverse effect on the operations and financial performance of the NetLink Group. In addition to changes in laws and regulations, there may also be changes in the policies and practices of the Singapore government and regulators, and new political and policy developments may have an unexpected or adverse impact on market conditions, which could have a material adverse effect on the operations and financial performance of the NetLink Group.

The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee’s FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future

The Licensee is required under the terms of its FBO licence and the Telecommunications Act to meet certain minimum QoS Standards, including the QoS Timeframe Standards imposed by IMDA. See “*NetLink NBN Trust—15. Quality of Service (QoS) Standards*”. OpenNet and CityNet (in its capacity as trustee-manager of NLT until 13 April 2017) had historically failed to meet these standards and the NetLink Group expects to face difficulties doing so from time to time. The principal reasons for the inability and challenge to achieve the QoS Timeframe Standards have been and are expected to be (i) issues or restrictions relating to the NetLink Group’s contractors’ ability to gain necessary access to premises and delays caused by third parties, (ii) end-users requesting second fibre connections, including end-users switching between Retail Service Providers, or “churn”, and (iii) general operational and provisioning issues which may arise from time to time. See “*NetLink NBN Trust—15. Quality of Service (QoS) Standards*” for further details. Failure to meet such QoS Standards may subject the Licensee to financial penalties at the discretion of IMDA. Based on the period of infringement, the financial penalties imposed by IMDA on the Licensee were S\$100,000 for the period July 2016 to June 2017 for residential QoS standards, S\$50,000 for the period January 2016 to March 2017 for non-residential QoS standards, S\$50,000 for the period July 2017 to June 2018 for residential QoS standards, S\$20,000 for the period April 2017 to March 2018 for non-residential QoS standards and S\$10,000 for the period July 2018 to June 2019 for residential QoS standards. Additionally, there can be no assurance that IMDA will not introduce new QoS Standards, increase the level of the existing QoS Standards or change the metrics by which compliance is determined in a manner that is adverse to the Licensee.

The assessment by IMDA of the Licensee’s performance of QoS Timeframe Standards and possible enforcement actions is a continuous process. IMDA determines the Licensee’s performance of QoS Timeframe Standards on a monthly basis. However, IMDA’s assessment as to the sanctions that should be imposed on the Licensee for the failure to meet the QoS Timeframe Standards, to the extent applicable, is only undertaken periodically. IMDA’s last assessment of applicable sanctions for QoS Timeframe Standards was completed in December 2019, which related to the assessment periods of July 2018 to June 2019 for residential QoS Timeframe Standards, and April 2018 to March 2019 for non-residential QoS Timeframe Standards.

In addition, IMDA is permitted to impose financial penalties, issue directions, or take other enforcement actions in the event that the Licensee fail to meet its obligations under its FBO licence other than meeting QoS Standards.

Any financial penalties in the future may have a material adverse effect on the financial performance of the NetLink Group and the continued failure by the Licensee to meet the QoS Standards could have a negative impact on the NetLink Group's reputation and overall standing in the market and with its primary regulators, including, but not limited to, revocation of the Licensee's FBO licence.

The NetLink Group has no direct material relationship with the end-users of the network and is largely dependent on Requesting Licensees / Retail Service Providers for marketing activities and growth in demand for the use of the network

The NetLink Group's primary sources of revenue are through the monthly recurring fees paid by Requesting Licensees, who, in their capacity as Retail Service Providers or through arrangements with a separate Retail Service Provider, enter into commercial arrangements with residential and non-residential end-users in order to provide fibre broadband services. The Licensee's FBO licence does not permit it to offer retail telecommunication systems and/or services, such as those offered by Requesting Licensees / Retail Service Providers, directly to residential and non-residential end-users. Accordingly, demand for use of the NetLink Group's network, and the revenue streams resulting therefrom, is primarily dependent on the activities of the Requesting Licensees / Retail Service Providers to expand their own customer bases. The marketing of the use of the NetLink Group's network is primarily driven by the Requesting Licensees / Retail Service Providers and there can be no assurance that the interests of the Requesting Licensees / Retail Service Providers will be consistent with those of the NetLink Group or that the Requesting Licensees / Retail Service Providers will be successful in their marketing efforts. Any failure by the Requesting Licensees / Retail Service Providers in their efforts to grow demand for the use of the NetLink Group's network could have a material adverse effect on the financial performance of the NetLink Group.

The NetLink Group's existing business activities are limited to Singapore and are therefore affected by changes in economic conditions in Singapore

The NetLink Group's existing business activities are located solely in Singapore and demand for use of the NetLink Group's network is dependent, among other things, on economic conditions in Singapore. The NetLink Group expects that the primary drivers for additional demand for the use of the NetLink Group's network are the growth of the overall population of Singapore and the growth of commercial activity in the country, including through small and medium enterprises. Any downturn in economic conditions in Singapore could reduce the demand for hiring, including hiring from overseas, which in turn could slow the growth of the Singapore population as immigration declines. This decrease in the rate of population growth would also likely result in a decrease in the growth rate of the number of households, which is a key driver of the NetLink Group's revenue. Additionally, a decline in commercial activity could reduce demand for non-residential fibre connections. Any deterioration in the economic conditions in Singapore could have a material adverse effect on the operations and financial performance of the NetLink Group.

Any failure of or damage to the NetLink Group's physical infrastructure could lead to significant costs and disruptions and, if such disruption is caused by a third party, the NetLink Group may be unable to fully recover its remediation costs

The provision of the NetLink Group's services depends on the quality, stability and resilience of its network infrastructure. In particular, damage to its fibre cables or Central Offices could have a significant impact on the ability of the network to function properly. The network is vulnerable to damage or cessation of operations from fire, flooding, other natural disasters, power loss, vandalism, acts of terrorism, cyber-attacks and computer viruses, cable cuts and other events beyond the NetLink Group's control.

The fibre network is vulnerable to accidental damage by third parties and damage by vandalism and other malicious acts. In particular, those parts of the fibre network which are situated below ground may be subject to accidental damage by third parties undertaking earth works. While the NetLink Group has not experienced prolonged disruptions to the fibre network due to damage to the network

infrastructure, it has experienced intermittent disruptions due to cable cuts. In connection with certain failures to meet the service level guarantees set forth in the Interconnection Offer, the Requesting Licensees are permitted to claim fixed rebates from the Licensee.

While the Licensee is entitled under the Telecommunications Act to recover compensation from any person who removes, destroys or damages (whether wilfully, negligently, accidentally or otherwise) the Licensee's installations or plant used for telecommunications, there can be no assurance that such claims for compensation will be successful.

In addition, any material network incidents and faults are investigated by IMDA, which has the ability to impose sanctions on the Licensee (including financial penalties), in the event it is determined that the incident or disruption amounts to a breach of the conditions of the Licensee's FBO licence, or any provision of any code of practice or QoS Standards. Any sanction and/or financial penalties imposed upon the Licensee may have a material adverse effect on the financial performance of the NetLink Group and continued network-related issues could have a negative impact on the NetLink Group's reputation.

In order to comply with the requirements of IMDA, including the QoS Standards to which the NetLink Group is subject, the NetLink Group may be required to incur more capital expenditure than currently contemplated

IMDA has the authority to impose certain performance standards upon the Licensee to ensure the integrity of the NetLink Group's network, including standards with respect to the protection of physical assets and network resiliency, as well as the QoS Standards that the Licensee must meet with respect to services provided to Requesting Licensees. The QoS Standards set, among other things, maximum time frames by which the Licensee must fulfil connection requests from Requesting Licensees, failing which the Licensee may face financial penalties from IMDA. See "*NetLink NBN Trust—15. Quality of Service (QoS) Standards*". In order to meet these standards, the NetLink Group must ensure that it has adequate spare capacity in the network available to all locations in Singapore. This means that the NetLink Group must undertake anticipatory capital expenditure to expand the overall capacity of the network without certainty as to the demand for capacity in any particular area. The NetLink Group has been laying additional fibre cable sufficient to increase the spare fibre capacity to residential households. In areas where there is no available space in the current ducts, manholes or MDF room infrastructure to lay additional fibre cable, capital expenditure is required to be incurred by the NetLink Group to address these space constraints. However, there can be no assurance that the NetLink Group's current efforts in laying additional fibre cable will be adequate to meet future demand for the network, that IMDA will not require further anticipatory capacity expansion, or that all such excess capacity will be utilised in the future. Accordingly, there may be requirements for unanticipated capital expenditure which could have a material adverse effect on the operations and financial performance of the NetLink Group.

The NetLink Group is required to maintain, repair, upgrade, protect and replace the NetLink Group's network and facilities, the cost of which could materially impact the NetLink Group's results and the NetLink Group's failure to do so could irreparably harm its business

The terms of the Licensee's FBO licence require that the Licensee maintain, repair, upgrade, protect and periodically replace parts of its network and facilities. This requires management time, capital and/or operational expenditures. In the event that they fail to maintain, repair, upgrade, protect and/or replace essential portions of its network or facilities, this could lead to a material degradation in the level of service that they provide to their Requesting Licensees and/or result in financial penalties assessed by IMDA. Such networks can be damaged in a number of ways, including fire, flooding, other natural disasters, power loss, vandalism, acts of terrorism, cyber-attacks and computer viruses, cable cuts and other events beyond the NetLink Group's control. In the event of such damage, the NetLink Group will be required to incur expenses to repair the network and facilities. The NetLink Group's failure to maintain or properly operate its network infrastructure can lead to degradations or interruptions in service, which could have a material adverse effect on the operations and financial performance of the NetLink Group, as well as lead to public complaints from end-users, which could cause damage to its reputation.

The NetLink Group faces competitive risks, in particular in respect of its non-residential business

While the NetLink Group has a relatively dominant position in the provision of fibre network infrastructure to residential end-users, there can be no assurance that competitors will not develop their own networks, particularly in certain newer estates or private developments in Singapore. Additionally, the non-residential fibre network space is already highly competitive, as several entities have laid their own fibre networks in Singapore's CBD, certain large business parks and commercial buildings. Many of the owners of these fibre networks are also Retail Service Providers, meaning that they have the ability to offer the full range of connectivity services to their potential non-residential customers, providing them with a competitive advantage. The regulatory limitations on the NetLink Group's business do not permit the NetLink Group to offer active network services, meaning that it must partner with Requesting Licensees in order to serve the non-residential market. For areas where the Requesting Licensees have their own fibre networks, the demand for the use of the NetLink Group's network is likely to be lower.

The NetLink Group operates in an environment driven by technological changes

Compliance with any new standards recommended by International Telecommunication Union Telecommunication Standardisation Sector may require capital expenditure by the NetLink Group. The NetLink Group expects these standards to evolve along with new technologies, such as the introduction of XGPON and subsequently NG-PON2 equipment by the Requesting Licensees to support broadband plans beyond 1 Gbps offered by Retail Service Providers. In order to respond to such new standards, the NetLink Group may need to invest to upgrade or adapt its fibre infrastructure network accordingly. As a result, there may be requirements for unanticipated capital expenditure which could have a material adverse effect on the financial performance of the NetLink Group. If the NetLink Group is unable to respond to such new standards successfully and offer the services required by its Requesting Licensee in a timely manner and at competitive prices, such inability could have a material adverse effect on the operations and financial performance of the NetLink Group.

The NetLink Group operates in an environment driven by technological changes. Certain aspects of the NetLink Group's network may become obsolete in the future. With the rapid advancement in technology, technological changes may require the NetLink Group to replace and/or upgrade its network infrastructure in order to remain competitive against newer products and services. Additionally, the NetLink Group faces substitution risk from alternative means of data transmission, such as cellular, wireless and satellite broadband, including future 5G networks. While the NetLink Group's network currently offers the highest potential speeds for data transmission among commercially available options, customers and applications that do not require higher speed data connections may choose to rely on these alternative technologies for their data connectivity, especially if offered on more attractive terms. Depending on relative pricing levels in the cellular broadband market, certain consumers may choose to rely exclusively on cellular networks for their broadband needs.

The NetLink Group's strategy to expand its NBAP business is, in part, dependent upon the NetLink Group's participation in the Smart Nation initiative

The NetLink Group anticipates that the demand for NBAP services will continue to grow with the roll-out of Singapore's Smart Nation initiative. Further, the NetLink Group is well positioned to provide the fibre requirements through its extensive existing nationwide network. However, the roll-out and uptake of the Smart Nation initiative is largely dependent on factors outside the control of the NetLink Group, including the level of Singapore government funding and government decision making. The Smart Nation initiative is coordinated by the Smart Nation and Digital Government Office and implemented by the Government Technology Agency, collectively forming the Smart Nation and Digital Government Group under the Prime Minister's Office. The NetLink Group will be required to effectively manage relationships with, and meet the requirements of, these various Singapore government agencies in conjunction with Requesting Licensees.

In the event that the NetLink Group is not able to successfully meet all requirements imposed by government agencies, the NetLink Group may not be able to significantly expand its NBAP services. Revenue generated from NBAP services is and will remain for the foreseeable future a relatively small portion of the NetLink Group's total revenue. No assurance is given as to future impact that NBAP services will have on the financial performance of the NetLink Group.

The NetLink Group may be subject to tax assessments or inquiries in the future

In accordance with the Income Tax Act, the IRAS may make assessments or additional assessments within four years from the end of an assessment year, except in the case of fraud or wilful default, where the IRAS may make assessments at any time. As such, the NetLink Group's tax assessments relating to their financial year ended 31 March 2015 through to the year ended 31 March 2020 remain open to review and subject to possible further assessment. Accordingly, while the NetLink Group believes that it has properly paid all taxes due for these periods, there can be no assurance that the NetLink Group will not be subject to tax assessments in the future with respect to previous periods that remain open to assessment. Any tax assessments in the future with respect to previous periods may have a material adverse effect on the financial performance of the NetLink Group.

The NetLink Group receives a material portion of its revenue from a limited number of customers

The NetLink Group receives a material portion of its revenue from a limited number of customers. The NetLink Group's five largest customers by revenue, in aggregate, contributed 93.8% and 94.5%, respectively, of NetLink Group's total revenue for the years ended 31 March 2019 and 2020. Although end-users are expected to migrate between Retail Service Providers, which may impact the composition of customer concentration, the NetLink Group anticipates that a limited number of its key customers will continue to account for a material portion of its revenue for the foreseeable future.

The NetLink Group may be affected by funding difficulties caused by volatility in global financial markets and general economic conditions

The operations of a nationwide network infrastructure can be capital intensive. The ability of the NetLink Group to raise funds on acceptable terms will depend on a number of factors including market conditions, general economic and political conditions as well as the NetLink Group's performance, credit rating and credit availability.

In recent years, credit markets worldwide have experienced periods of significant volatility including a reduction in liquidity levels, increasing costs for credit protection, tighter credit and liquidity conditions amid monetary tightening by central banks around the world and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. This resulted in greater volatility across asset classes and general widening of credit spreads. Concerns have also continued to centre around a slowing global growth outlook, particularly in light of the impact of the recent outbreak of COVID-19 in Singapore and elsewhere, which further exacerbated the volatility. Markets are currently supported by rate cuts by central banks worldwide and significant government stimulus efforts to fight the crisis.

Dislocations, market shifts, increased volatility or instability in the global credit and financial markets have in recent years affected the availability of credit and at times led to an increase in the cost of financing. The NetLink Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the NetLink Group will be able to raise financing at favourable terms or at all. The NetLink Group may also be subject to solvency risks of its banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the NetLink Group.

Changes in the costs of current and future borrowings may impact the earnings of the NetLink Group, and impact the availability of funding required for the operation, maintenance and expansion of the NetLink Group's business or increase refinancing risks as debt facilities mature.

The outbreak of an infectious disease or any other serious public health concerns in Singapore and elsewhere could adversely impact the operations and financial performance of the NetLink Group

There can be no assurance that any precautionary measures taken against infectious diseases would be effective. The outbreak of an infectious disease including but not limited to the Zika virus, Influenza A (H1N1), avian influenza, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome

and most recently the COVID-19 in Singapore and elsewhere, together with any resulting restrictions on travel, transportation of goods and/or imposition of quarantines, could have a negative impact on the economy and business activities in Singapore and could thereby adversely impact the revenues and results of the NetLink Group. These factors could materially and adversely affect the operations and financial performance of the NetLink Group, which may in turn affect the Issuer's and/or the Guarantor's ability to fulfil its payment obligations under the Securities.

The NetLink Group may be unable to obtain future financing to fund its business or refinance its current indebtedness on favourable terms, or at all, and is subject to interest rate risk with respect to its borrowings

The NetLink Group may be required to raise additional funds for its future capital expenditure or to refinance its current indebtedness. Further, as certain commitments of the NetLink Group extend beyond the term of the NetLink Group's current indebtedness, the NetLink Group expects to refinance its current indebtedness as and when such indebtedness falls due. There can be no assurance that new funding or refinancing, if needed, will be available on terms that the NetLink Group considers favourable, or at all. Furthermore, any debt financing, if available, may involve restrictive covenants. If the NetLink Group is unable to borrow the amounts required or refinance its current indebtedness on favourable terms, it may be unable to meet repayment obligations with respect to its existing indebtedness, unable to pursue its planned strategy or comply with its QoS Timeframe Standards under relevant regulations, and there can be no assurance that future conditions in the financial markets will not adversely affect its ability to finance its operations and financial commitments.

Additionally, certain of the NetLink Group's indebtedness is, and its future indebtedness may be, floating rate debt. Any increase in the underlying reference rates will increase the NetLink Group's borrowing costs with respect to this indebtedness and will reduce cash flows from operations.

The NetLink Group has entered into some hedging transactions to partially mitigate the risk of interest rate fluctuations. However, the NetLink Group's hedging policy may not adequately cover its exposure to interest rate fluctuations. As a result, the NetLink Group's financial condition could potentially be adversely affected by interest rate fluctuations.

The NetLink Group relies on certain key contractors and suppliers to construct, upgrade and maintain its network

The NetLink Group outsources the majority of its construction work to third-party contractors. This includes the building of new ducts and manholes, the maintenance of existing ducts, manholes and Central Offices, and the installation of fibre cables. The number of qualified, reliable contractors available to perform these works is limited and, accordingly, the NetLink Group may face issues with ensuring that contractors are available to perform the construction work that it requires in accordance with its desired timeline and quality. Any shortages of contractors may lead to delays in performing necessary network expansion and maintenance work. The COVID-19 pandemic and the uncertainty of its magnitude and duration has presented some temporary operational issues for the NetLink Group. The restriction on NetLink Group's contractors' foreign workforce for example, which included a mandatory Stay Home Notice issued by the Building and Construction Authority to all workers in the construction sector, has affected NetLink Group's capacity to fulfil service requests in late April and May 2020. While the temporary delays in fulfilling service requests is not expected to have a material impact on NetLink Group's revenue, a prolonged restriction on NetLink Group's contractors' foreign workforce, reducing the availability of manpower, may have an impact on NetLink Group's operations and financial performance. Additionally, the NetLink Group is ultimately responsible for the upgrading and maintenance of the network, and any failures by any contractor to perform the required works on a satisfactory or timely basis could have a material adverse effect on the operations and financial performance of the NetLink Group. These types of failures, along with delays resulting from shortages of contractors, create a risk that the NetLink Group may not meet the service standards that the Requesting Licensees and their end-users expect or the QoS Standards, which may subject the NetLink Group to potential reputational damage as well as the imposition of financial penalties on the Licensee by IMDA.

In addition to contractors, the NetLink Group relies on suppliers of certain hardware for the building and maintenance of the network, including fibre cables, splitters, racks, pigtail cables, patchcords and cable

enclosures. The NetLink Group must ensure that it has adequate materials on hand to meet its current and expected network requirements. The NetLink Group purchases its supplies pursuant to fixed term contracts for a term of typically three years. While there are a relatively large number of suppliers for materials of this type globally, disruptions to the production or the supply chain may lead to temporary shortages of materials in the market. Additionally, demand for these materials, in particular fibre cables, especially from rapidly modernising countries like China, may also lead to temporary shortages. If the NetLink Group's suppliers are unable to supply it with these products in a timely manner or the costs of these products increase due to unforeseen causes, the NetLink Group may incur additional costs and delays as it sources supplies from an alternative supplier which, in turn, could have a material adverse effect on the operations and financial performance of the NetLink Group.

The NetLink Group may be involved in legal and other proceedings from time to time

The NetLink Group may be involved from time to time in disputes involving various parties such as key contractors, suppliers, customers and other partners involved in the construction or operation of network infrastructure projects carried out by the NetLink Group. These disputes may lead to legal and other proceedings, and may cause the NetLink Group to suffer additional costs and delays. In the event that such proceedings are resolved in favour of other parties against the NetLink Group, there may be an adverse impact on the NetLink Group's financial condition and results of operations. Additionally, the NetLink Group may have disputes with regulatory bodies in the course of its operations and may be subject to administrative proceedings and unfavourable orders, directives or decrees. This may in turn result in financial losses and delays in performing any necessary network expansion and maintenance work. Should any of the above circumstances develop into actual events, the ability of the Issuer and/or the Guarantor to fulfil its payment obligations under the Securities may be adversely affected.

The NetLink Group depends on key management for the growth and successful implementation of its strategy

A small group of key executive officers manages the NetLink Group and the loss of services of one or more of these key individuals could affect the NetLink Group's ability to make successful strategic decisions. The service contracts with these executive officers are terminable with notice periods of three months. The NetLink Group cannot guarantee that these contracts will allow it to retain key employees. Additionally, the NetLink Group does not presently maintain any "key person" insurance. The NetLink Group's growth and success will depend largely upon its ability to attract, train, retain and motivate highly skilled and qualified managerial, financial, administrative, operations and technical personnel. The loss of key personnel, or the inability to find additional qualified personnel, could have a material adverse effect on the prospects, operations and financial performance of the NetLink Group.

The NetLink Group's operations rely on the employment of foreign workers and the NetLink Group is subject to labour and immigration laws and policies that govern the employment of foreign workers

The NetLink Group's operations rely on the employment of foreign workers both internally and through its contractors. As of 31 March 2020, approximately 11.7% of the NetLink Group's total employees were classified as foreign workers. Historically, the Ministry of Manpower has changed certain regulations relating to the employment of foreign workers which has required the NetLink Group to amend the composition of its workforce. Further changes in such regulations relating to foreign workers, including travel restrictions or any restriction imposed on the number of foreign workers an employer is permitted to employ, could result in the NetLink Group and/or its contractors being unable to fulfil customers' demands in a timely manner or an increase in the cost of labour, resulting in a material adverse effect on the operations and financial performance of the NetLink Group.

As the NetLink Group's network expands, the NetLink Group will require additional space for co-location rooms and potentially Central Offices, and any failure to secure such space on commercially reasonable terms could have a material adverse effect on the financial performance of the NetLink Group

The NetLink Group holds leasehold interests in seven NLT Central Offices, and leases and/or has the right to use additional rooms in the three Singtel Central Offices pursuant to certain leases and/or

co-location agreements with Singtel. Under IMDA's regulatory framework, the NetLink Group is required to make available co-location space in any of the NLT Central Offices and such rooms in the Singtel Central Offices or any other location or building where the NetLink Group provides access to the passive infrastructure and co-location facilities to any Requesting Licensee that requires such space. This obligation means that the NetLink Group must have sufficient additional space available in the Central Offices to meet this future demand. Currently, the NetLink Group addresses this need for excess capacity through the development of additional co-location rooms in the NLT Central Offices. In the NLT Central Offices, the NetLink Group only utilises a portion of the total net leasable floor area and the remaining spaces are leased to Singtel until September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the NetLink Group.

Such leases may be terminated in certain situations, including at the option of Singtel by giving six months' prior written notice to the NetLink Group. The leases may not however be terminated by the NetLink Group by giving advance notice to Singtel and/or without cause.

The construction of new co-location rooms would depend on the ability of Singtel to vacate Singtel occupied spaces in the NLT Central Offices (for which Singtel has a long-term lease with the NetLink Group) and/or the Singtel Central Offices, and make sufficient space available in these Central Offices for the NetLink Group.

In view of the expected increase in demand by Requesting Licensees for additional co-location space, the NetLink Group and Singtel have, on 10 July 2017, entered into a master framework agreement with respect to the availability of additional co-location and other space in the Central Offices for the period up till 2034. See "*NetLink NBN Trust—7. Network and Properties—Properties—Central Offices*" for more details on this agreement. However, there can be no assurance that the agreement would be sufficient to fully address Requesting Licensees' demand for additional co-location space.

In the event that there is insufficient additional available space at these Central Offices, the NetLink Group will be required to secure additional space for co-location rooms in other locations. There can be no assurance that the NetLink Group will be able to secure all necessary floor space in the future. The development of these new co-location rooms in other locations will require capital expenditure to connect the new co-location rooms to the network, as well as to implement the necessary technical and security infrastructure to meet the requirements of IMDA and the expectations of the Requesting Licensees. In the event that suitable co-location space is not available in existing Central Offices or does not meet the relevant regulatory requirements, the NetLink Group may have to build a new Central Office. There can be no assurance that the NetLink Group will be able to secure such new spaces and/or land for the building of new Central Offices in the most efficient locations or on commercially reasonable terms, and the failure to do so could have a material adverse effect on the financial performance of the NetLink Group.

Potential changes in existing arrangements with Singtel may have a material adverse effect on the financial performance and operations of the NetLink Group

Historically, the NetLink Group has had access to Singtel's existing ducts and manholes. The NetLink Group was party to a master framework agreement with Singtel relating to the sale of ducts and manholes owned by Singtel to the NetLink Group. The Agreement for Ducts and Manholes permitted the NetLink Group to submit a request to Singtel to install new fibre cables in Singtel's ducts and manholes if the NetLink Group needed to lay additional fibre cable and did not have sufficient capacity in its ducts and manholes to do so. Singtel and the NetLink Group would then enter into good faith discussions in relation to whether there was sufficient capacity in Singtel's existing ducts and manholes and if so, identification of Singtel's ducts and manholes to be transferred to the NetLink Group. Such transfer of Singtel's ducts and manholes would be pursuant to an agreed form of sale and purchase agreement, as set out in the Agreement for Ducts and Manholes and would be at fair value (as defined in the Agreement for Ducts and Manholes).

The Agreement for Ducts and Manholes expired on 19 July 2017. Without such an arrangement in place, the NetLink Group may not be able to establish residential end-user connections to existing landed residential homes that have yet to be "reached" (meaning that the NetLink Group's network has been deployed up to the first Termination Point in the residential premise) in a timely manner where it

does not have existing ducts and manholes that it is able to use. Negotiations on a new master framework agreement to replace the Agreement for Ducts and Manholes with Singtel are ongoing and may take time. Any delays in negotiations may have an impact on capital expenditure and QoS implications (if the NetLink Group is unable to use the ducts and the NetLink Group has to deploy its own ducts). In the meantime, the NetLink Group has an arrangement with Singtel to access its ducts to install new fibre cables, but there are no formal contractual documents for this arrangement. As such, there is a risk that NetLink may not be able to lay its fibre into Singtel ducts in future.

In the event that a request is received to establish a fibre connection into a building or home to which the NetLink Group does not have its own applicable ducts and manholes and cannot have access to Singtel's ducts and manholes, the Licensee's ability to meet its QoS Timeframe Standards may be affected as it may take a longer time for the NetLink Group to construct and install its own ducts and manholes to connect to such premises. The failure to meet QoS Timeframe Standards may result in the imposition of financial penalties. Any financial penalties in the future may have a material adverse effect on the financial performance of the NetLink Group. See "*—The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee's FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*".

Historically, the NetLink Group has collaborated with Singtel by jointly undertaking projects to construct ducts and manholes in Singapore and sharing the costs in relation to such projects, if mutually agreed to between the NetLink Group and Singtel. Any such arrangement will be on a case-by-case basis. In the event that the NetLink Group undertakes construction of any new ducts and manholes on its own, it will not be able to share the costs in relation to such projects with Singtel, which may result in higher capital expenditures for the NetLink Group.

Singtel acquired from the NetLink Group the right to use, access and occupy a portion of the ducts and manholes that it has sold to the NetLink Group pursuant to a ducts and manholes services agreement. See "*NetLink NBN Trust—7. Network and Properties*". The volume of ducts and manholes currently leased by Singtel is significantly higher than the minimum required volume under the ducts and manholes services agreement and there can be no assurance that Singtel will continue to demand the same volumes in the future. The NetLink Group is required to maintain the ducts and manholes for its own network, regardless of whether Singtel utilises any space therein. Therefore, any reduction in the volume of ducts and manholes leased by Singtel will lead to a corresponding decrease in revenue without an appreciable reduction in costs. While the NetLink Group may be able to recover the costs through an adjustment to the allocated cost in future regulatory periods, there is no assurance that IMDA will allow all or any of such costs to be recognised in the regulated asset base.

The NetLink Group faces risks relating to the operation, maintenance, upgrade and replacement of its IT systems. Any delay, disruption, deficiency in these activities could have a material adverse effect on the operations and financial performance of the NetLink Group

Sophisticated billing, credit control, collection and customer management systems are critical to support the NetLink Group's ability to maintain and increase turnover, avoid turnover loss, monitor potential credit problems and bill Requesting Licensees accurately and in a timely manner. The NetLink Group's billing, credit control, collection and customer management systems may be affected by computer viruses, cyber-attacks, telecommunications failures, software flaws and systems failures. Any deficiency in billing, credit control, collection and customer management systems or delays in upgrades or integration of new systems could have a material adverse effect on the operations and financial performance of the NetLink Group.

The NetLink Group is reliant on a number of vendors to maintain its IT systems. Any failure of these vendors to provide adequate and timely software and hardware support could have a material adverse effect on the NetLink Group's systems. Disruptions to the NetLink Group's IT systems, whether resulting from a failure by a key vendor or otherwise, that can cause interruptions to the network and services provided to Requesting Licensees, may result in litigation from Requesting Licensees, and/or regulatory fines and penalties.

The NetLink Group entered into an agreement in 2016 with a vendor in connection with the design and implementation of a new generation business support systems and operation support systems for the

NetLink Group (the “IT Project”). On 27 February 2020, the NetLink Group reached an agreement with the vendor to mutually discharge (“Mutual Discharge”) the master supply agreement in respect of the corresponding statement of work and variation letter (collectively, the “Project Contract”) in respect of the IT Project. The majority of costs incurred by the NetLink Group under the Project Contract were paid and capitalised in periods prior to and during the financial year ended 31 March 2019. After taking into account the ability of the NetLink Group to continue with the use of certain software licences, capitalised project costs amounting to approximately S\$15.4 million as at 31 March 2020 (consisting of capitalised internal staff cost of S\$6.1 million and third party costs of S\$9.3 million) were written off.

The Mutual Discharge provides for the NetLink Group to continue to use any and all third-party software it acquired in connection with the IT Project. The NetLink Group will continue to explore options for the upgrade and/or enhancement of NLT’s business support systems and operation support systems. As the NetLink Group relies on such systems for the operation of most of the NetLink Group’s activities, any failure of the current systems (or any new systems when implemented) could have a material adverse effect on the NetLink Group’s operations and financial performance, including delays in responding to connection requests from Requesting Licensees, delays in resolving any disruptions to the NetLink Group’s enterprise network and delays in billing and invoicing activities.

Additionally, any failure of the NetLink Group’s IT systems may impact its ability to meet its regulatory obligations including the QoS Timeframe Standards, which may subject the Licensee to additional fines and penalties. See “—*The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee’s FBO licence, for which there have been instances of non-compliance, both historically and potentially in the future*”.

The NetLink Group is exposed to cyber security risks

As the NetLink Group’s businesses and operations rely heavily on information technology, the NetLink Group is exposed to risks of cyber security threats, data privacy breaches as well as the enterprise network security and stability risks. The scale and level of sophistication of cyber security threats have increased especially in recent times. Disruptions to the NetLink Group’s IT systems, whether resulting from cyber-attacks or otherwise, that can cause interruptions to the enterprise network and services provided to Requesting Licensees, may result in litigation from Requesting Licensees, and/or regulatory fines and penalties.

While the NetLink Group has established appropriate policies and implemented multi-layered security frameworks to ensure information system security and the enterprise network stability, there can be no assurance that such policies and frameworks are sufficient or that the NetLink Group’s operations, financial condition and financial performance would not be adversely affected by such cyber security threats, data privacy breaches as well as other network security and stability risks.

Any impairment of intangible or tangible assets could have a material adverse effect on the operations, financial condition and financial performance of the NetLink Group

The NetLink Group has non-current assets such as property, plant and equipment and finance lease receivables and intangible assets, such as goodwill, and it is required to review these assets for impairment at the end of each reporting period. This review is made with reference to the recoverable amounts in respect of those assets. Impairment of any of these assets could have a material adverse effect on the financial condition and financial performance of the NetLink Group. The recoverable amount of an asset is the greater of its fair value less costs to sell and its value-in-use. If the carrying value of an asset as reflected in the NetLink Group’s balance sheet is higher than its recoverable amount, it must make an asset impairment charge to its statement of profit and loss.

The recoverable amount of an asset depends on the prevailing market conditions at the time of the review, the nature of the asset, its fair value and estimated future cash flows that are expected to be derived from the asset. The discount rate used in this review reflects the NetLink Group’s current market assessment of the time value of money and the risks specific to the asset. Any reduction in the recoverable amount of an asset below its carrying value, whether due to a weak economic environment, challenging market conditions, asset or portfolio sale decisions by the NetLink Group or any other condition or occurrence, could be charged to the statement of profit and loss and could have

a material adverse effect on the operations and financial performance of the NetLink Group and the performance and value of Units in the period in which the impairment occurs.

The NetLink Group may not be able to obtain appropriate insurance coverage on reasonable commercial terms or at all

The NetLink Group takes out insurance policies to insure its properties, assets and projects in accordance with industry practices. Certain assets and some types of losses, such as losses resulting from wars or natural disasters, generally are not insured because they are either uninsurable or it is not economically practical to obtain insurance.

There can be no assurance that the NetLink Group will be able to obtain appropriate insurance on commercially reasonable terms, or at all. Failure to obtain insurance could reduce the NetLink Group's ability to access funding from banks and other financing for future capital expenditure and other activities, and may cause the NetLink Group to potentially incur significant financial loss upon the occurrence of a major uninsurable event. The inability of the NetLink Group to obtain or renew insurance coverage at a reasonable cost, or at all, may cause the NetLink Group's operating costs to increase significantly and could have a material adverse effect on the financial condition and financial performance of the NetLink Group.

The NetLink Group is subject to risks relating to the Personal Data Protection Act 2012 ("PDPA")

The PDPA imposes certain obligations on the NetLink Group where the NetLink Group collects, uses, discloses or processes "personal data" (i.e. data whether true or not, about an individual who can be identified from that data or other accessible information). In general, the PDPA permits the NetLink Group to collect, use or disclose personal data only for purposes for which the NetLink Group has obtained consent, and imposes various data retention, data management and data transfer obligations upon the NetLink Group.

The PDPA also created a regulatory authority, the Personal Data Protection Commission ("PDPC"), with the power to give directions to ensure compliance with the PDPA, including the power to require an organisation to pay a penalty of up to S\$1 million for breach of PDPA requirements. Apart from this, under the PDPA, individuals have a right of private action, and there are offences for which the penalties upon conviction include imprisonment. On 14 May 2020, the Ministry of Communications and Information ("MCI") and the PDPC launched a public consultation exercise to obtain feedback on the draft Personal Data Protection (Amendment) Bill, which would, among others, increase the maximum financial penalty for data breaches under the PDPA to (i) up to 10% of an organisation's annual gross turnover in Singapore; or (ii) S\$1 million, whichever is higher. The public consultation exercise closed on 28 May 2020.

The NetLink Group has no direct material relationship with end-users other than with respect to the installation of termination points in residential homes. As such, the NetLink Group largely relies on Requesting Licensees or other third parties to obtain relevant consents from end-users and some other relevant individuals. Relevant guidance from the PDPC suggests that this may be permissible if the NetLink Group exercises "appropriate" due diligence. While the NetLink Group takes various due diligence measures, ultimately the NetLink Group is dependent on such third parties' representations and warranties.

In addition, while the NetLink Group employs various security mechanisms (including limiting access rights to sensitive information to certain approved staff members and maintaining and monitoring audit logs with respect to the access of such information) designed to minimise the risk of personal data it holds or controls being subject to unauthorised access, collection, use, disclosure, copying, modification, disposal or other similar risks, these mechanisms may not be sufficient to prevent adverse events. Failure of security mechanisms could result in the imposition of regulatory measures or a reduction in the demand for the use of the NetLink Group's network, and ultimately could have a material adverse effect on the financial performance of the NetLink Group.

Disruptions in the NetLink Group's disaster recovery systems or business continuity planning could limit its ability to operate the business effectively

The NetLink Group has disaster recovery systems and business continuity plans in place (including plans to manage pandemic crisis), and certain disaster recovery systems and business continuity plans are required by IMDA with respect to the NetLink Group's operations, any disruptions in the NetLink Group's disaster recovery systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the NetLink Group's operating results by limiting its capacity to effectively monitor and control its network and operations. In addition, in the event that a significant number of the NetLink Group's management personnel are unavailable in the event of a disaster, the NetLink Group's ability to effectively conduct business could be adversely affected. Further, any failure of the NetLink Group's disaster recovery systems or business continuity plans to meet the standards imposed by IMDA may result in the NetLink Group having to incur additional costs in order to upgrade such systems and/or the imposition of sanctions, including financial penalties, upon the NetLink Group, which may have a material adverse effect on the financial performance of the NetLink Group.

RISKS RELATING TO AN INVESTMENT IN THE SECURITIES

Risks relating to an investment in the Securities generally

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 or incorporated by reference 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, distribution or interest payable in one or more currencies, or where the currency for principal, distribution 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.

Some Securities are complex financial instruments and such instruments may be purchased as a way to reduce risks or enhance yield with an understood, measured and appropriate addition of risks to the purchaser's overall portfolios. A potential investor should not invest in Securities which are complex financial instruments 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.

Legal investment considerations 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 seek independent legal advice to determine whether and to what extent (a) Securities are legal investments for the potential

investor, (b) Securities can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities.

The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of such market. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. 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 requirements of limited categories of investors. These types of Securities would generally have a more limited secondary market and more price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Securities, general economic conditions and the financial condition of the Issuer, the Guarantor or NNBNT. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at their fair market value or at all.

Liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Although an application will be made for the listing and quotation of any Securities to be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Securities will be so admitted or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

Fluctuation of market value of Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results, the financial condition and/or the future prospects of the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (if any), the market for similar securities, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (if any) operate or have business dealings, could have a material adverse effect on the business, financial condition or results of operations of the Issuer, the Guarantor, NNBNT, the subsidiaries of NNBNT and/or associated companies of NNBNT (if any).

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, which may also adversely affect the market price of any Series or Tranche of Securities.

Investments in the Securities are subject to 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 or distribution 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 payments received may be reinvested at lower prevailing interest rates.

The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Securities linked to or referencing such “benchmarks”

The Programme allows for the issuance of Securities that reference certain interest rates or other types of rates or indices which are deemed to be “benchmarks”, including LIBOR, EURIBOR or SIBOR, in particular with respect to certain Floating Rate Notes or Floating Rate Perpetual Securities where the reference rate may be LIBOR, EURIBOR, SIBOR or another such benchmark. The Pricing Supplement for the Securities will specify whether LIBOR, EURIBOR, SIBOR or another such benchmark is applicable.

Interest rates and indices which are deemed to be or used as “benchmarks” are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Security linked to or referencing such a benchmark.

More broadly, any of the international 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. For example, the sustainability of the LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has through a series of announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. As the Swap Offer Rate methodology relies on US\$ LIBOR in its computation, the likely discontinuation of LIBOR after end-2021 will impact the future sustainability of the Swap Offer Rate. On 30 August 2019, the MAS announced that, it has established an industry-led steering committee to oversee an industry-wide interest rate benchmark transition from the Swap Offer Rate to the Singapore Overnight Rate Average. The Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. 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 calculation provisions of the Conditions (as further described in Condition 5(VI) of the Notes and Condition 4(V) of the Perpetual Securities), 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 of the Notes and the Conditions of the Perpetual Securities provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate

and that such successor rate or alternative rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. Due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser acting in consultation with the Issuer, the relevant fallback provisions may not operate as intended at the relevant time.

Any of the above changes or any other consequential changes as a result of international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the national or international reforms in making any investment decision with respect to any Securities linked to or referencing a benchmark.

The Securities and the Guarantee are not secured

The Securities and Coupons of all Series constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities and the Coupons relating thereto) 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. The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities and the Coupons relating thereto) and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Accordingly, on a winding-up or termination of the Issuer, the Guarantor and/or NNBNT, the Securityholders will not have recourse to any specific assets of the Issuer, the Guarantor or NNBNT 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, the Guarantor and/or NNBNT, 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.

Enforcement against the NNBNT Trustee-Manager is subject to limitations

The Securities are guaranteed by the NNBNT Trustee-Manager and not NNBNT, as the latter is not a legal entity. Under the terms of the Securities, Securityholders shall only have recourse to the assets of NNBNT and not NetLink NBN Management Pte. Ltd. personally nor any other asset held by NetLink NBN Management Pte. Ltd. as trustee-manager of any trust other than NNBNT. Furthermore, Securityholders do not have direct access to the assets of NNBNT but may only have recourse to such assets through the NNBNT Trustee-Manager and if necessary seek to subrogate the NNBNT Trustee-Manager's right of indemnity out of the assets of NNBNT, and accordingly, any claim to such assets is derivative in nature. A Securityholder's right of subrogation could be limited by the NNBNT Trustee-Manager's right of indemnity under the NNBNT Trust Deed. Such right of indemnity of the NNBNT Trustee-Manager may not be available in the event of fraud, wilful default, breach of trust or where the NNBNT Trustee Manager fails to exercise Due Care (as defined in the NNBNT Trust Deed).

The Trust Deed, the Programme Agreement, the Agency Agreement and the Securities provide that recourse for any liability of or indemnity given by the NNBNT Trustee-Manager under these documents is limited to the assets of NNBNT and shall not extend to any personal assets of NetLink NBN Management Pte. Ltd., or any assets held by NetLink NBN Management Pte. Ltd. as trustee-manager of any trust other than NNBNT. They also provide that the foregoing shall not restrict or prejudice the rights or remedies of any of the other parties to these documents under law or equity in connection with any gross negligence, fraud, wilful default or breach of trust of the Guarantor.

NNBNT may not fully hedge the currency risks associated with Securities denominated in foreign currencies

The majority of NNBNT's revenue is generally denominated in Singapore dollars and the majority of its operating expenses are generally incurred in Singapore dollars as well. As Securities issued under the

Programme can be denominated in currencies other than Singapore dollars, NNBNT's business, financial conditions and results of operations may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that NNBNT will be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Investments in the Securities are subject to 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 quantum of actual returns.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer and the Guarantor 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, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, and the Non-CDP Registrar of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer and the Guarantor of their respective obligations to make payments in respect of the Securities, the Issuer and the Guarantor may not, in such circumstances, be able to fulfill their respective obligations to the Securityholders and Couponholders.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (including, without limitation, pursuant to Condition 11 of the Notes and Condition 9(c) of the Perpetual Securities), the Trustee may at its discretion 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 obliged to take any such action if not first indemnified, 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 and/or security and/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.

The Securities are subject to modification

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. 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 other Issue 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 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) to the Trust Deed or any of the other Issue 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 Issue Documents, which is in the opinion of the Trustee 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, such modification, authorisation or waiver shall be notified to the Securityholders as soon as practicable.

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(s)

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 Depository, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, 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(s) will maintain records of their direct 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 Clearing Systems.

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 depository, CDP or such other clearing system, as the case may be, for distribution to their accountholders or, to the Principal Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System, as the case may be. A holder of beneficial interest in the Global Securities or Global Certificates must rely on the procedures of the relevant Clearing System(s) 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(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and the Global Certificates will not have a direct right under the Global Securities and the Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default or an enforcement event under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected

The Issuer will pay principal and interest or distributions on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders’ 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 (a) the Investor’s Currency equivalent yield on the Securities, (b) the Investor’s Currency equivalent value of the amount payable on the Securities, if any, and (c) the Investor’s Currency equivalent market value of the Securities.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal, interest and/or distributions than expected, or no principal, interest and/or distributions at all.

The value of the Securities could be adversely affected by a change in Singapore law or administrative practice

The terms and conditions of the Securities are based on 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 and any such change could materially adversely impact the value of any Securities affected by it.

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 to vote or attend meetings of Securityholders) in respect of such Securities.

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.

Commencement of proceeding under applicable Singapore insolvency or related laws may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuer and/or the Guarantor will not become bankrupt or insolvent, or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency related proceedings or procedures. In the event of an insolvency or near insolvency of the Issuer and/or the Guarantor, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Issuer or the Guarantor is insolvent or close to insolvent and the Issuer or, as the case may be, the Guarantor 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 or, as the case may be, the Guarantor. It may also be possible that if a company related to the Issuer or, as the case may be, the Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer or, as the case may be, the Guarantor may also seek a moratorium even if the Issuer or, as the case may be, the Guarantor is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer or, as the case may be, the Guarantor, the need to obtain court permission and (in the case of judicial management) 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.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% 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 an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and 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.

Further to the amendments that took effect on 23 May 2017 (some of which have been highlighted above), the Insolvency, Restructuring and Dissolution Bill (the “**IRD Act**”) was passed in Parliament on 1 October 2018 and will come 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, the Securities. However, it may apply to related contracts that are not found to be directly connected with the Securities.

The Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities issued by it, the market value of such Securities 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 Securities when its cost of borrowing is lower than the interest rate on the Securities. 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 Securities 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.

The Issuer’s ability to comply with its obligation to repay the Securities may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The Issuer’s ability to comply with its obligation to repay the Securities may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Group’s ability to fund its business operations and the Issuer’s ability to comply with its payment obligations under the Securities.

Further, the ability of the Issuer to make scheduled principal, distribution or interest payments on its indebtedness, including the Securities, and to fund its growth aspirations, will depend on the Group’s future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section “Risk Factors”, many of which are beyond the control of the Issuer. If the Issuer’s future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Securities, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

Enforcement of remedies

Enforcement of available remedies under the Trust Deed, the Securities, the Coupons and the Talons, could result in delays in recovery of amounts owed to the Securityholders by the Issuer. There is no assurance that the Trustee would recover all amounts secured upon such enforcement, and funds received may not be sufficient to make all required payments to any Securityholders.

RISK RELATING TO THE NOTES

Investments in the Notes may be subject to Singapore taxation

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 “Taxation—Singapore Taxation” section of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities 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, potential investors 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.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion and subject to certain conditions, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. 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 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 date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities 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 (but excluding) 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 the section "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 default 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 Winding-Up (as defined in Condition 9(a) of the Perpetual Securities) proceedings of the Issuer, the Guarantor and/or NNBNT, and/or prove in the

Winding-Up of the Issuer, the Guarantor and/or NNBNT, and/or claim in the liquidation of the Issuer, the Guarantor and/or NNBNT is limited to circumstances where payment under the Perpetual Securities has become due and the Issuer or the Guarantor fails to make such payment when due and (in the case of principal) such default continues for more than five days after the due date or (in the case of any distribution or any other amount payable by the Issuer under the Perpetual Securities other than principal) such default continues for more than ten days after the due date. The only remedy against the Issuer, the Guarantor and/or NNBNT available to the Trustee or, where the Trustee has failed to proceed against the Issuer, the Guarantor and/or NNBNT as provided in the terms and conditions of the Perpetual Securities, 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 instituting proceedings for the Winding-Up and/or proving in such Winding-Up and/or claiming in the liquidation of the Issuer, the Guarantor and/or NNBNT in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

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 the Issuer, the Guarantor or NNBNT, 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 and the Subordinated Guarantee are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities, and the Guarantor under the Subordinated Guarantee, will constitute unsecured and subordinated obligations of the Issuer and the Guarantor respectively. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of NNBNT, there shall be payable by the Guarantor under and in accordance with the terms of the Subordinated Guarantee in respect of each Subordinated Perpetual Security (in lieu of any other payment by the Guarantor), 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 NNBNT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of NNBNT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the “**NNBNT Notional Preferred Units**”) having an equal right to return of assets in the Winding-Up of NNBNT 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 NNBNT, and so rank ahead of the holders of Junior Obligations of the Guarantor but junior to the claims of all other present and future creditors of the Guarantor (other than Parity Obligations of the Guarantor), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each NNBNT Notional Preferred Unit on a return of assets in such Winding-Up of NNBNT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated 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 Conditions of the Perpetual Securities.

In the event of the Winding-Up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities or the Subordinated Guarantee 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 of the Issuer, 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 and the Guarantor 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 the Guarantor and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities and/or the Subordinated Guarantee.

The treatment of claims on the Subordinated Guarantee against the Guarantor in the Winding-Up of the Guarantor is uncertain

The terms of the Trust Deed and the Conditions of the Perpetual Securities provide that the Subordinated Guarantee will only be due and payable upon the Winding-Up of NNBNT. In the event of the Winding-Up of the Guarantor but not NNBNT, and where no substitute or replacement trustee-manager of NNBNT has been appointed, it is uncertain how potential claims on the Subordinated Guarantee against the Guarantor will be treated. There can also be no guarantee that a substitute or replacement trustee-manager of NNBNT will be appointed. In such circumstances, there is no certainty whether and if so to what extent the rights of recovery of the Perpetual Securityholders under the Subordinated Guarantee will be affected.

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 IRAS for the purposes of the ITA, or whether distribution payments made under the Relevant Tranche of the Perpetual Securities will be regarded by IRAS as sum payable by way of interest upon any money borrowed for the purposes of the ITA or whether the tax exemptions or tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Taxation—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 are not regarded by IRAS as sum payable by way of interest upon any money borrowed for the purposes of the ITA or holders thereof are not eligible for the tax exemptions or 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 disposal of the Relevant Tranche of the Perpetual Securities.

THE ISSUER

1. HISTORY AND BUSINESS

The Issuer was incorporated as a private company limited by shares under the Companies Act on 29 November 2019. It is a wholly-owned subsidiary of NNBNT.

The principal activities of the Issuer are that of treasury management activities.

2. REGISTERED OFFICE

The registered address of the Issuer as at the date of this Information Memorandum is 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005.

3. SHAREHOLDING AND CAPITAL

As at the date of this Information Memorandum, the Issuer has an issued and paid-up share capital of S\$5.00. All of the issued share capital of the Issuer is owned by NNBNT.

4. DIRECTORS

As at the date of this Information Memorandum, the Directors of the Issuer are:

<u>Name</u>	<u>Designation</u>
Mr Tong Yew Heng	Executive Director
Mr Wong Hein Jee	Executive Director

NETLINK NBN TRUST

1. OVERVIEW

NetLink NBN Trust is a business trust constituted in Singapore pursuant to the NetLink NBN Trust Deed dated 19 June 2017 under the laws of the Republic of Singapore. NetLink NBN Trust was dormant from the date of its constitution until it acquired all the units of NetLink Trust (“**NLT**”) on 19 July 2017, the date on which NetLink NBN Trust was listed on the Main Board of the SGX-ST. NetLink NBN Trust and its subsidiaries taken as a whole shall hereinafter be referred to as the “**NetLink Group**”.

The NetLink Group’s nationwide network is the foundation of the Next Generation National Broadband Network (“**Next Gen NBN**”), over which ultra-high speed internet access is delivered throughout mainland Singapore and its connected islands. The NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and central offices) of Singapore’s Next Gen NBN. The NetLink Group’s extensive network provides nationwide coverage to residential homes and non-residential premises in mainland Singapore and its connected islands.

The principal services provided by the NetLink Group are as follows: (i) the use of the NetLink Group’s network for the purpose of end-user fibre connections, currently for broadband, internet-protocol TV and voice-over internet protocol services, (ii) the use of other passive infrastructure to provide fibre connections, and (iii) the provision of other non-fibre ancillary services.

With respect to the use of the NetLink Group’s network for the purpose of end-user fibre connections, the network provides three separate connections: (a) residential end-user connections, (b) non-residential end-user connections, and (c) non-building address points (“**NBAP**”) connections. The provision of Mandated Services set forth in its FBO Licence by the NetLink Group is regulated, whereby the NetLink Group must offer such services to all Qualifying Persons in Singapore, with each requesting Qualifying Person being a Requesting Licensee, at regulated prices, without preference or discrimination.

The NetLink Group intends to leverage its nationwide network coverage to support the growing number of connections to residential homes and non-residential premises. This will also be driven by the digitalisation of the Singapore economy, with more consumers and enterprises adopting digital and smart solutions for work and play. In the NBAP segment, the NetLink Group plans to play a lead role in the development of Singapore’s Smart Nation initiative. Due to its extensive reach and the fact that fibre is the most suitable medium for high-speed data transmission, the Guarantor believes that the NetLink Group’s network is well-suited to support an extensive system of sensors, meters and other connected devices deployed in Singapore.

As of 31 March 2020, the NetLink Group’s network consisted of ten Central Offices and approximately 99,000 km of fibre cable, 18,300 km of ducts, and 67,400 manholes. As of 31 March 2020, the NetLink Group’s network supported approximately 1.4 million residential end-user connections, while its network had “passed” approximately 1.5 million residential homes (meaning that the NetLink Group’s network has been deployed up to the distribution point of each floor for a high-rise building containing two or more residential premises or to the gatepost or, where applicable, to the nearest manhole for a landed building containing one residential premises), and “reached” approximately 1.4 million residential homes (meaning that the NetLink Group’s network has been deployed up to the first Termination Point in the residential premise). There were approximately 47,681 non-residential end-user connections that the NetLink Group’s network supported, while the NetLink Group’s network was deployed to approximately 41,476 non-residential buildings as of 31 March 2020 (meaning that the NetLink Group’s network has been deployed up to the MDF Room of the non-residential premises).

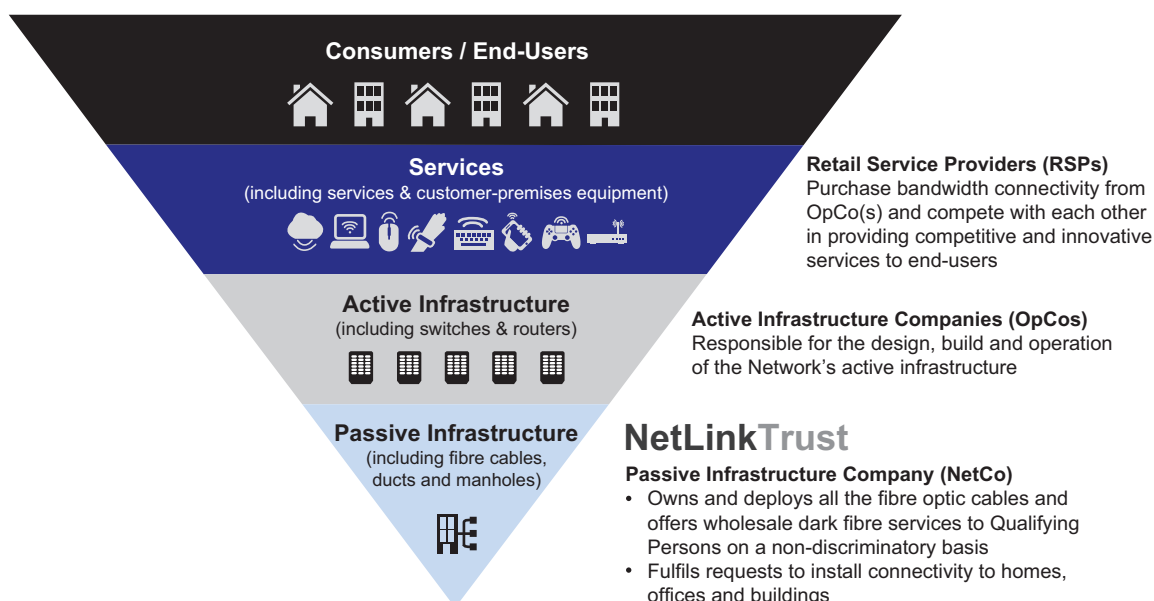
As of 31 March 2020, Singapore has extensive broadband penetration rates with about 94%⁴ of homes enjoying up to 1Gbps internet access via the NetLink Group’s fibre network.

⁴ Calculated from residential end-user connections divided by residential home passed.

IMDA designed the Next Gen NBN industry to comprise three distinct layers to ensure open access to the Next Gen NBN for all participants:

- (a) Layer 1: NetCo, which is responsible for the design, build and operation of the passive infrastructure, which includes the dark fibre network and ducts;
- (b) Layer 2: OpCos provide wholesale network services over the active infrastructure, comprising switches and transmission equipment; and
- (c) Layer 3: Retail Service Providers, which purchase bandwidth connectivity from OpCo(s) and compete with each other to offer services over the Next Gen NBN to End-Users, including businesses and consumers.

The diagram below provides an illustration of the Next Gen NBN industry structure.



As the NetCo for the Next Gen NBN, the NetLink Group is subject to the NetCo Interconnection Code which governs, inter alia, the pricing, terms and conditions offered by the Licensee for access and connectivity, the obligations and responsibilities of the Licensee in relation to its services, and the enforcement measures that IMDA may take against the Licensee for breach. See “14. Key Codes of Practice Applicable to the NetLink Group – NetCo Interconnection Code” below for more information.

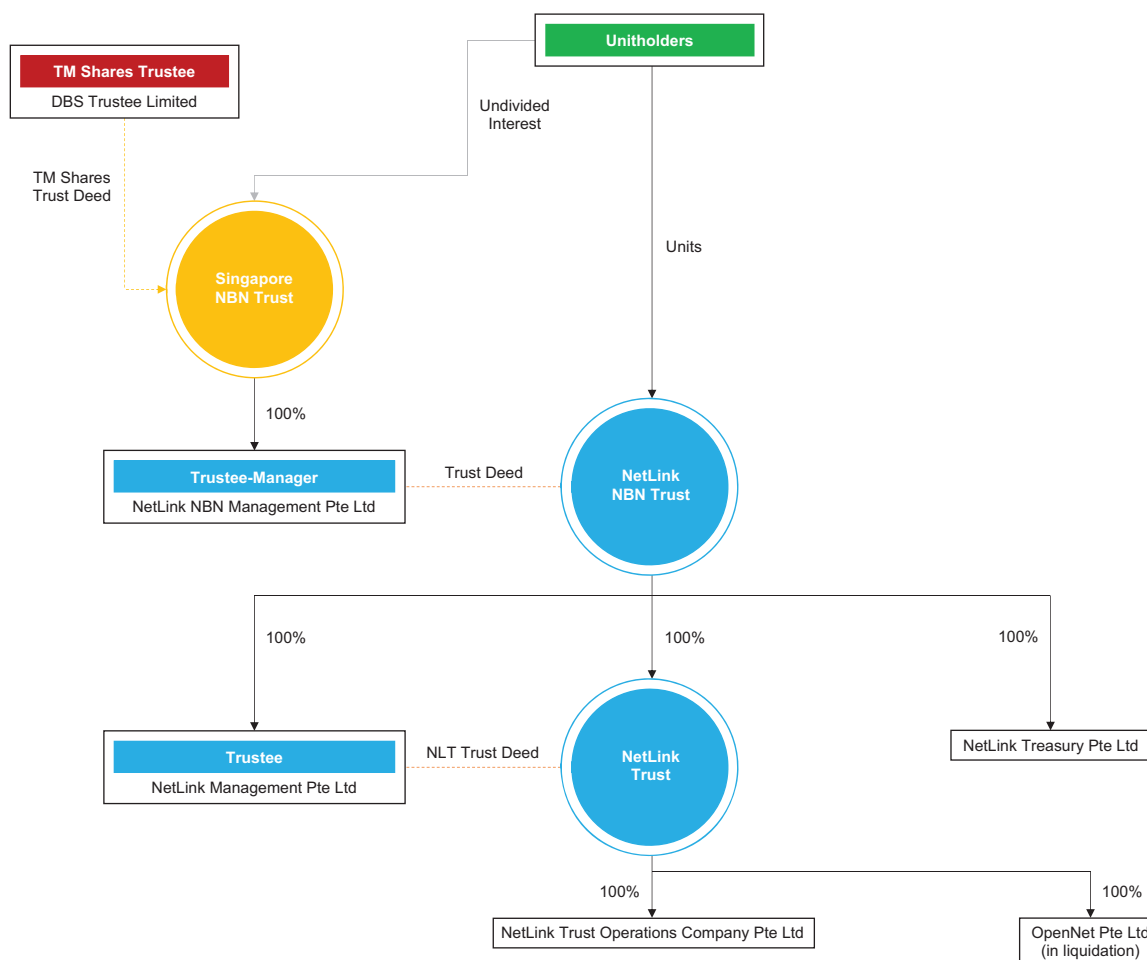
The prices of the NetLink Group's principal services are reviewed by IMDA on a periodic basis. The most recent review by IMDA of prices under the Interconnection Offer was completed in May 2017 and substantially most of the revised prices were effective from January 2018. See “16. Pricing” below for more information.

The revenues of the NetLink Group were S\$370.2 million and S\$353.6 million for the financial years ended 31 March 2020 and 31 March 2019, respectively. The EBITDA of the NetLink Group were S\$258.4 million and S\$247.9 million for the financial years ended 31 March 2020 and 31 March 2019, respectively. The total assets of the NetLink Group were S\$4,208.8 million and S\$4,281.8 million for the financial years ended 31 March 2020 and 31 March 2019, respectively.

2. KEY MILESTONES

<u>Date</u>	<u>Event</u>
2008	<p>OpenNet was established as a consortium between Singtel, Singapore Press Holdings Limited, SP Telecommunications Pte Ltd and Axia NetMedia Corporation</p> <p>OpenNet was selected to install, operate and maintain the passive infrastructure and systems of the Next Gen NBN pursuant to a competitive request for tender by IMDA</p>
2009	<p>OpenNet was issued a licence by IMDA to install, operate and maintain the passive infrastructure and systems of the Next Gen NBN following the award of the competitive request for tender by IMDA in 2008</p> <p>Roll-out of fibre network by OpenNet for the Next Gen NBN commenced</p>
2011	<p>NLT was established</p> <p>Majority of the passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN comprising underground ducts, manholes and Central Offices were transferred to NLT from Singtel</p>
2012	<p>Next Gen NBN reached or deployed to 95% of all residential homes and non-residential premises</p>
2013	<p>Next Gen NBN reached nationwide coverage with respect to residential homes and non-residential premises</p> <p>NLT acquired OpenNet as part of a consolidation process and increased its assets to include OpenNet's fibre network</p>
2014	<p>Additional passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN were transferred to NLT from Singtel</p> <p>Integration of the Next Gen NBN fibre infrastructure and the Key Sub-Contractor into NLT was completed</p>
2017	<p>The TM Shares Trust was established and the Guarantor and the NLT Trustee were incorporated</p> <p>Remaining passive non-fibre infrastructure assets that were required as part of the roll-out of fibre network for the Next Gen NBN were transferred to NLT from Singtel</p> <p>NLT Trustee was appointed as the replacement trustee-manager of NLT</p> <p>NetLink NBN Trust was established and acquired 100% of the units in NLT from Singtel</p> <p>NetLink NBN Trust was listed on the Main Board of the SGX-ST</p>
2019	<p>NetLink NBN Trust was named the Most Transparent Company (REITs & Business Trust Category) at SIAS 20th Investors' Choice Awards and ranked first in the Governance Index for Trusts (GIFT)</p>

3. STRUCTURE OF THE NETLINK GROUP



4. COMPETITIVE STRENGTHS

(i) Critical Infrastructure Enabling Singapore’s Next Gen NBN

The NetLink Group’s nationwide network is the foundation of the Next Gen NBN, over which ultra-high-speed internet access is delivered throughout mainland Singapore and its connected islands. The NetLink Group designs, builds, owns and operates the passive fibre network infrastructure (comprising ducts, manholes, fibre cables and Central Offices) of Singapore’s Next Gen NBN. The NetLink Group is the sole appointed “Network Company” or “Netco” for Singapore’s Next Gen NBN.

The Singapore government, through the implementation of the Next Gen NBN and other initiatives, has invested in the development of an advanced broadband network. This is a reflection of the importance of a reliable and ultra-high-speed fibre broadband network for the country’s overall competitiveness and development. The NetLink Group plays a fundamental role in the delivery of fibre services throughout Singapore.

The NetLink Group’s network has been developed with the financial assistance of the Singapore government, in conjunction with iN2015, with the aim of enhancing the competitiveness of the Singapore economy as a whole. As part of its support, the Singapore government provided funds under the grant established by the Singapore government to fund the Next Gen NBN, which were received by the NetLink Group upon the achievement of certain prescribed milestones, in particular, the level of connections completed by the NetLink Group. The NetLink Group received an aggregate of S\$732 million under the grant. The Singapore government also continues to invest in initiatives, including the Smart Nation initiative, which supports demand for wireless and wired high-speed broadband and therefore demand for the NetLink Group’s network as the enabling infrastructure. One of the NetLink Group’s key stakeholders is Singtel, a global

communications company, which was instrumental to the establishment of the NetLink Group. As at 31 March 2020, Singtel holds approximately 24.8% unitholding in the NetLink Group.

(ii) Resilient Business Model with Transparent, Predictable and Regulated Revenue Stream

Fibre broadband services are increasingly becoming essential to Residential End-Users and Non-Residential End-Users, driven by growing demand for connectivity and rapid growth in data consumption. As such, the Guarantor believes that the NetLink Group’s business remains highly resilient through economic cycles, and provides predictability of revenues.

For the financial year ended 31 March 2020, the NetLink Group had a revenue of S\$370.2 million. A percentage of the revenue contributions from each of the NetLink Group’s lines of business is set out below:

% of FY20 Revenue	RAB Revenue				Non-RAB Revenue			
	Residential Connections	Non-Residential Connections	NBAP and Segment Fibre Connections	Ducts and Manholes Service Revenue	Installation Related Revenue	Diversion Revenue	Co-Location and Other Revenue	Central Office Revenue
	62.5%	8.4%	2.0%	8.2%	5.6%	3.0%	5.5%	4.8%
Recurring, predictable cash flows	✓	✓	✓	✓	-	-	✓	✓
Long-term contracts / customer stability	✓	✓	✓	✓	-	-	✓	✓
Regulated revenues	✓	✓	✓	✓	✓	-	✓	-
Creditworthy customers	✓	✓	✓	✓	✓	✓	✓	✓

The provision of the NetLink Group’s principal services is subject to, inter alia, the terms and conditions of its FBO Licence. These services include the Mandated Services set forth in the FBO Licence, which have to be provided on pricing terms regulated by IMDA and prescribed in the Interconnection Offer. As a result, the NetLink Group receives a transparent and predictable revenue stream. For the financial year ended 31 March 2020, RAB revenue represented 81.1% of the NetLink Group’s total revenue.

With respect to each residential end-user connection, non-residential end-user connection and NBAP connection, the NetLink Group receives two primary revenue streams: (i) a one-off installation charge for each Termination Point (upon the initial connection), and (ii) a recurring monthly connection charge. The prices that the NetLink Group is able to charge under the Interconnection Offer were most recently reviewed and revised in May 2017, and substantially all of the revised prices took effect from 1 January 2018. See “16. Pricing” below for more information.

The NetLink Group’s primary customers are Requesting Licensees. Requesting Licensees provide fibre services to Retail Service Providers, who in turn provide retail fibre services to Residential End-Users and Non-Residential End-Users. As the provision of residential fibre services is undertaken by Retail Service Providers and not the NetLink Group, competition or churn among Retail Service Providers does not adversely affect the number of connections that the NetLink Group provides, as all Retail Service Providers utilise the NetLink Group’s network (although not exclusively) in delivery of their active fibre services. To the extent that competition between Retail Service Providers reduces prices, such competition may lead to a higher number of fibre connections requested by End-Users. The Guarantor believes these factors further provide the NetLink Group’s business with an additional degree of resiliency.

For the financial year ended 31 March 2020, ducts and manholes service revenue contributed 8.2% of the NetLink Group’s total revenue. With respect to the ducts and manholes service

revenue, in 2011, the NetLink Group entered into a ducts and manholes services agreement with Singtel, for the provision of services to Singtel in respect of Singtel's cables which fall within the scope of the agreement, including the right to use, occupy and physically access the space in respect of the NetLink Group's ducts and manholes. The agreement also sets out agreed principles with respect to access by Singtel and the NetLink Group to the NetLink Group's ducts and manholes. Under the terms of the ducts and manholes services agreement, the tariffs under which are regulated by IMDA under the Telecom Competition Code, Singtel is required to acquire a minimum amount of ducts and manholes services from the NetLink Group for an agreed period commencing in 2021. The services agreement has an initial year term of 25 years and shall be extended for an additional 25-year period (or such other period as the parties may agree in writing) if proposed by the NetLink Group and agreed by Singtel.

For the financial year ended 31 March 2020, co-location and other revenue contributed 5.5% of the NetLink Group's total revenue. In relation to revenue from the provision of co-location services, the NetLink Group provides co-location services under which space in co-location rooms within the Central Offices is made available to Requesting Licensees, enabling Requesting Licensees to host active network equipment, servers and any other interconnecting equipment in order to deliver fibre services to End-Users.

For the financial year ended 31 March 2020, Central Office revenue contributed 4.8% of the NetLink Group's total revenue. A further portion of the NetLink Group's revenue is received from Singtel for the leasing of spaces in the NLT Central Offices to Singtel and for the provision of certain ancillary services arising from such leasing of spaces (including security, maintenance and administration services) at the NLT Central Offices. The NetLink Group has granted to Singtel leases in respect of spaces in the NLT Central Offices for a period ending September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the NetLink Group.

The Guarantor believes that revenue from ducts and manholes services, co-location services and Central Offices are additional streams of income which contribute to the stability of the NetLink Group's cash flows.

(iii) Sole Nationwide Provider of Residential Fibre Network in Singapore, an Attractive Market with High Demand for Fibre Broadband Services

Currently, the NetLink Group's network is the only fibre network with nationwide residential coverage in Singapore. As of 31 March 2020, there were approximately 1.4 million residential end-user connections supported by the NetLink Group's network, representing approximately 94% of all residential home passed premises in Singapore. Accordingly, the NetLink Group is well positioned to support new residential end-user connections as and when requested for in the future.

Singapore's continued need for fibre connectivity is supported by the relatively high purchasing power among the Singapore population and affordable fibre broadband services offered by Retail Service Providers. The Guarantor believes that affordable fibre broadband services will continue to support demand for fibre connections.

Demand for additional residential end-user connections has been and will continue to be driven by the construction of new residential homes, increased consumption of online video and audio services and growing usage of cloud-based storage and computing services. For example, increased availability of high definition online video and audio services (such as YouTube, Netflix, Amazon Prime Video, Spotify) continues to change the way Residential End-Users consume both video and audio content and users' demand for data. Accordingly, the NetLink Group's network is well positioned as the provider of the key infrastructure for the foreseeable future to service consumers' increased demand for ultra-high-speed internet services and data.

(iv) Nationwide Coverage allows the NetLink Group to Benefit from Growth in the Non-Residential Segment

In accordance with the terms of the Universal Service Obligation ("USO") imposed under the Licensee's FBO Licence, the NetLink Group is required to offer non-residential connections to all

non-residential premises. The NetLink Group's network supported approximately 47,681 non-residential end-user connections as of 31 March 2020.

The scale of the network allows the NetLink Group to capture future growth in the non-residential segment. Some Requesting Licensees who were actively requesting non-residential connections from the NetLink Group predominantly utilised the NetLink Group's network in providing non-residential connections. Whereas other Requesting Licensees predominantly utilised their own non-residential networks. Such incumbent networks are mainly concentrated in the CBD, business parks and shopping malls with large concentration of businesses.

The NetLink Group's nationwide network is well positioned to take advantage of any future growth in the non-residential segment where demand for wired broadband services is expected to be largely driven by increases in the number of SMEs in operation in Singapore, government grants to improve productivity through digitalisation and increase adoption of fibre broadband, and increasing demand for cloud-based business applications designed for enterprises.

The Guarantor believes one of the NetLink Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD, business parks and shopping malls with large concentration of businesses. This also allows the NetLink Group to access Non-Residential End-Users across Singapore, in particular SMEs located outside the CBD, in a timely and cost efficient way.

Further, as an independent network provider, the Guarantor believes that the NetLink Group offers an attractive neutral option for Retail Service Providers who do not have an established network, as compared to competitor networks affiliated with certain Retail Service Providers. The Guarantor believes that such Retail Service Providers would likely use the NetLink Group's network for the provision of their services due to the non-discriminatory and open access to the NetLink Group's nationwide network, as well as its transparent pricing structure.

As such, the NetLink Group has the potential to benefit from an increase in competition among Retail Service Providers operating within the non-residential segment. If Retail Service Providers without their own networks expand their businesses to serve more Non-Residential End-Users, these additional connections and services may be requested through the NetLink Group.

(v) Well Positioned to Capitalise on Growth in Connected Services including the Singapore Government's Smart Nation Initiatives

As the owner and operator of a nationwide network that provides non-discriminatory and effective open access to passive fibre network infrastructure, the Guarantor believes that the NetLink Group is well positioned to capitalise and serve as the fibre network infrastructure provider for initiatives that require fibre connections, such as the Singapore government's Smart Nation initiatives, which aims to enhance the lives of Singapore citizens through the use of technology. A core requisite of future connected services requirements is the availability of high-speed and low-latency broadband internet connections. Fibre, both for direct connections and as backhaul for wireless connections, is an ideal transmission medium to support future connected services, given its high bandwidth and low latency capabilities.

In the coming years, an increased number of Smart Nation initiatives are expected to be implemented by enterprises and government agencies. Some of the initiatives include the deployment of a network of sensors and monitoring equipment at potential locations across the island to support applications such as autonomous vehicles, high-definition surveillance cameras, parking space management and weather data collection. The Guarantor anticipates that the demand for NBAP connections will continue to grow with the roll-out of the Singapore government's Smart Nation initiative. Further, the Guarantor believes fibre remains the most suitable medium for ultra-high-speed transmission of data which is required for the Smart Nation initiative. With its wide network reach, the NetLink Group is well-placed to support current and future Smart Nation initiatives.

(vi) Extensive Nationwide Network Affording Natural Barrier to Entry

The NetLink Group's extensive nationwide network provides it with a highly scalable platform to deliver its services. Since 2009, the NetLink Group has invested a significant amount in the designing and building of its nationwide network. As of 31 March 2020, the NetLink Group's network is located throughout mainland Singapore and its connected islands and made up of ten Central Offices and approximately 99,000 km of fibre cables, 18,300 km of ducts and 67,400 manholes. See "7. Network and Properties" below for more information. Given that building another nationwide fibre network infrastructure to achieve the same extent of coverage to that of the NetLink Group would be both logistically and financially challenging, the Guarantor believes that there are high barriers to entry in the creation of similar or competitor networks.

The Guarantor believes that the network is able to transmit data to support advanced technological applications and meet the requirements of sophisticated End-Users with high bandwidth requirements. The Guarantor expects that the NetLink Group's network will be able to cater to future technological developments with limited substitution risk for the foreseeable future. While the typical accounting lives of fibre cables (consisting of thin strands of glass, about the thickness of a strand of human hair, which permit the transmission of data using light) are 25 years, in practice, these physical assets last much longer, especially in the case of the NetLink Group, as large components of the fibre network infrastructure are buried underground in Singapore and therefore less exposed to weather and other elements that cause wear and tear. Hence, the Guarantor believes that the durability and longevity of the NetLink Group's fibre cables means that its existing network will continue to operate for many years to come without the need for any major upgrade or replacement of fibre cables. Higher bandwidth can be achieved by upgrading the active data transmission equipment, which are deployed on the NetLink Group's fibre network.

(vii) Highly Scalable Operations and Credit Strength

The NetLink Group operates an extensive nationwide network. Consequently, future capital expenditure is largely limited to network maintenance and network expansion to cover additional residential homes, non-residential premises and service NBAP connections. Further, under the regulatory model adopted by IMDA to determine pricing for the NetLink Group's services, the NetLink Group is able to generate additional returns from incremental capital expenditure. Additionally, as the provision of retail fibre services is undertaken by Retail Service Providers and not the NetLink Group, the NetLink Group is not required to undertake any substantial marketing activities to Residential End-Users and Non-Residential End-Users, thus keeping operating costs low.

The resulting combination of limited network maintenance capital expenditure, network expansion capital expenditure under the regulatory model, and low operating costs translates into a high degree of scalability for the NetLink Group's business, enabling the NetLink Group to grow connection revenue and provide additional services to Requesting Licensees with limited incremental cost. The Guarantor believes that such scalability supports stable cash flow generation. The NetLink Group achieved an EBITDA margin of 69.8% in FY2020.

The NetLink Group had total gross debt of S\$666.0 million as at 31 March 2020 and generated an EBITDA of S\$258.4 million for the financial year ended 31 March 2020, translating to a conservative total gross debt / EBITDA ratio of 2.6x. The Guarantor believes that the NetLink Group will continue to have a strong balance sheet and a conservative debt position, which provides sufficient additional debt headroom for the NetLink Group to utilise debt financing for the purpose of funding future capital expenditure or working capital requirements, as required. The Guarantor believes that its conservative capital structure lends further support to the NetLink Group's operations and resulting distributions, as it affords the NetLink Group flexibility to raise additional debt if and when required to execute future growth strategies.

The NetLink Group's primary customers are Requesting Licensees. Such Requesting Licensees include established players in the Singapore telecommunications market, including Singtel, Nucleus Connect (which is owned by StarHub), M1, MyRepublic and ViewQwest. These established customers help ensure that the NetLink Group receives reliable payments for its services.

(viii) Experienced Management Team with Proven Track Record

The Guarantor is led by a strong executive management team, comprising the Chief Executive Officer, Mr. Tong Yew Heng, the Chief Financial Officer, Mr. Wong Hein Jee, and the Chief Operating Officer, Mr. Chye Hoon Pin, who together have more than 80 years of experience in investment management, infrastructure, and/or telecommunications sectors. Mr. Tong, Mr. Wong and Mr. Chye were employed as the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer of NLT, respectively, prior to the establishment of NetLink NBN Trust and the Guarantor. The management team is supported by a distinguished, majority independent board of directors, which is made up of eight persons, including the Chief Executive Officer and five independent directors, bringing with them a broad set of complementary skills in a variety of business fields including the infrastructure and telecommunications industries. See “8. *The NNBNT Trustee-Manager: NetLink NBN Management Pte. Ltd. – The Board of Directors of the NNBNT Trustee-Manager*” for more information.

The executive management team is supported by a team comprising professionals with extensive experience in the infrastructure and telecommunications industries. The Guarantor believes the team has been, and will continue to be, instrumental in the NetLink Group’s financial and operational performance and in cultivating a strong and positive working relationship with the NetLink Group’s regulators and business partners.

5. STRATEGIES

The NetLink Group’s vision is to become the leading telecommunications infrastructure provider in Singapore. To achieve this objective, the NetLink Group will be executing various strategies to transform its business for sustained competitiveness, innovation and growth into the future.

(i) Maintain investments in network to support residential fibre broadband growth

The Guarantor intends to leverage its nationwide network to continue to increase fibre penetration into residential homes. As of 31 March 2020, Singapore has extensive broadband penetration rates with about 94%⁵ of homes enjoying up to 1Gbps internet access via the NetLink Group’s fibre network. The Guarantor believes that there remains significant potential for 100% penetration in the medium-term.

Such potential is further enhanced as the number of residential homes in Singapore continues to expand over the medium to long term. The Guarantor intends to continue to build a denser fiber network in new housing estates such as the Punggol Digital District and the Jurong Innovation District in Singapore. The Guarantor believes that the layering of a denser fibre network upon its existing fibre infrastructure positions the NetLink Group favourably as Singapore embarks on a 5G mobile technology rollout from 2020⁶. Additionally, the Guarantor continues to invest in capital expenditure to roll-out additional fibre to new and existing homes. The additional fibre allows the NetLink Group to accommodate more than one fibre connection per household, catering to the increasing number of multi-generational and multi-tenanted homes.

The NetLink Group’s fibre network, as a wired network, offers the highest potential speeds for data transmission as compared to existing alternative technologies. Accordingly, the Guarantor believes that fibre offers the best solution as a wired technology compared to other alternatives to meet the demand for high data usage applications, including online high definition video and audio services. Further, fibre can also be used to support wireless access solution such as WiFi hotspots and 3G/4G/5G mobile base stations and its capacity is easily scalable to support future transmission technology.

(ii) Proactively engage relevant stakeholders to boost market share in non-residential and NBAP segments

With its nationwide network, the Guarantor believes that the NetLink Group is well-positioned to take advantage of new non-residential end-user connections and it will continue to pursue this

⁵ Calculated from residential end-user connections divided by residential home passed.

⁶ As announced by IMDA on 29 April 2020.

strategy. The Guarantor believes one of the NetLink Group's competitive advantages in its non-residential business is its extensive nationwide network coverage, as compared to the networks of its competitors, which are concentrated in the CBD, business parks and shopping malls with a large concentration of businesses. This also allows the NetLink Group to access Non-Residential End-Users across Singapore, in particular SMEs located outside the CBD, in a timely and cost efficient way.

Additionally, the Guarantor has been proactively deploying its fibre to improve coverage within selected non-residential buildings. Under such deployment, the Guarantor brings its fibre from the MDF Room of the non-residential premises to each floor within the premises, speeding up the delivery time for fibre connections when the Guarantor receives non-residential orders from Requesting Licensees. The Guarantor will continue such deployment as part of its initiative to proactively anticipate demand, working with Requesting Licensees and thereby increase its market share for non-residential segment. Finally, the NetLink Group is also looking to extend its network footprint into other new major developments such as (i) the Greater Southern Waterfront project, which is expected to be developed on land made available when the ports in Pasir Panjang and Tanjong Pagar are relocated to Tuas, (ii) the continued development of the Jurong area, which is expected to be an area focusing on industrial research and innovation activities, and (iii) potential new developments to be built on the land occupied by the Paya Lebar Airbase, which is estimated to be relocated around 2030.

Growth in NBAP demand is expected to be driven by initiatives such as the Smart Nation initiative and mobile network backhaul. The NetLink Group's nationwide network gives it the flexibility to be able to quickly respond to any such opportunity. NBAP applications include infrastructure for telecommunications operators (such as wireless network base stations), cameras, sensors, signage and outdoor kiosks. To further increase the extent of its NBAP coverage, the NetLink Group will continue to support the backhaul for Singapore's newest fourth telecommunications operator's (TPG Telcom) mobile rollout network.

(iii) Become a lead partner of the Smart Nation initiative

The Guarantor intends to utilise the NetLink Group's nationwide fibre network in order to become a lead partner in the development of new fibre-based initiatives, including the Singapore government's Smart Nation initiative. The Guarantor intends to work with other Smart Nation participants in order to develop new opportunities in which the NetLink Group's network can serve as a platform on which Smart Nation initiatives can be delivered. Some of the proposed initiatives include the Smart Mobility 2030 by the Land Transport Authority, Smart HDB Towns and Estates by HDB, Surveillance Cameras by the Ministry of Home Affairs, Smart Metering by Energy Market Authority and SP Power, Waste Eco by National Environmental Agency and the Integrated Estate Management System by Jurong Town Corporation. In order to align its fibre network rollouts with these plans, the NetLink Group engages with the relevant government agencies to better understand its Smart Nation initiatives and deployment plans. The Guarantor believes that the NetLink Group is well positioned to provide fibre connection for future initiatives through its extensive existing nationwide network.

(iv) Established Business and Asset Management

The Guarantor has implemented a business and asset management framework in respect of the NetLink Group. The framework is focused on ensuring that appropriate business planning, performance reporting, operational efficiency, governance and risk management are put in place and maintained.

The Guarantor intends to enhance returns from the NetLink Group's established network and will continue to provide all required services to all Qualifying Persons in Singapore without preference or discrimination in accordance with the terms of its FBO Licence. The NetLink Group will also continue to focus on customer satisfaction and to work with Requesting Licensees in order to foster strong, long-term working relationships and to acquire more prospective residential and non-residential customers.

The NetLink Group will continue to invest in the network in order to ensure the provision of all required services to its customers. This commitment can be seen through, among other things, the

NetLink Group's proactive commitment to ensure sufficient capacity in its network, whereby laying additional fibre cable sufficient to increase the spare fibre capacity to residential homes and non-residential premises has been mostly completed. The NetLink Group will continue to top-up fibre where required to anticipate demand.

Efficient management of capital expenditure will remain a key objective of the Guarantor. As the NetLink Group's network has already achieved nationwide coverage, the significant level of capital expenditure incurred by the NetLink Group in the past in rolling out its nationwide network will not be required in the future. The NetLink Group's future capital expenditure needs will primarily relate to the expansion of existing network capacity and ongoing maintenance, with such amounts expected to be substantially less than the NetLink Group's historical capital expenditure. The Guarantor intends to fund the NetLink Group's future capital expenditure requirements through funds generated from operations and the use of debt financing.

The NetLink Group adopts and will continue to maintain an extensive system of network planning to ensure long-term reliability and availability of its network. The NetLink Group recognises that its physical aboveground and underground fibre-related infrastructure and information technology infrastructure are critical to the operational performance of the NetLink Group. As such, the NetLink Group takes significant measures to prevent major system failures from occurring. Backups and business continuity plans are put in place to provide for early detection control measures that monitor fault and failure rates such that remedial actions can be taken early. The NetLink Group has also established various maintenance regimes that invests in cutting edge test equipment and fibre monitoring system to monitor the health of the network and for faults to be swiftly managed, rectified and analysed. All faults are also recorded to track the fault rates and network availability rates. For the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020, the NetLink Group's network availability was 99.99% for all three years.

(v) Capital and Risk Management

As part of its capital management strategy, the Guarantor seeks to have in place medium to long term debt facilities. Where applicable, the Guarantor intends to adopt a hedging strategy to manage the risks associated with changes in interest rates relating to its borrowings. The Guarantor also aims to ensure that the NetLink Group has sufficient capital to fund any future capital expenditures.

The Guarantor has in place a set of risk management policies, and will continuously assess and mitigate risks relating to the NetLink Group's business to achieve stable cash flows.

6. BUSINESS

FIBRE CONNECTIONS

Residential

The NetLink Group offers nationwide fibre connection services through its network to residential homes in mainland Singapore and its connected islands. As of 31 March 2020, the NetLink Group's network had "passed" approximately 1.5 million residential homes, and "reached" approximately 1.4 million residential homes in Singapore.

Customers and End-Users

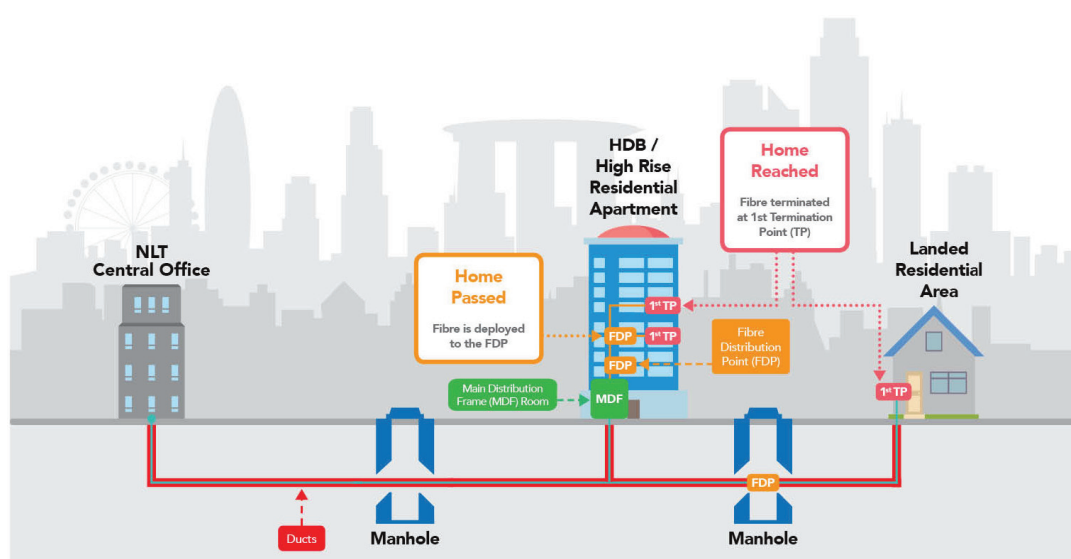
The NetLink Group leases residential end-user connections to Requesting Licensees through its nationwide fibre network. The NetLink Group's network is used by Requesting Licensees, who in turn provide services to Retail Service Providers. Retail Service Providers provide retail fibre services to Residential End-Users, comprising broadband, internet-protocol TV and VoIP services. The majority of Retail Service Providers also act as integrated Requesting Licensees, meaning that these Retail Service Providers can request services directly from the NetLink Group. Examples of such integrated Requesting Licensees include Singtel, M1 and MyRepublic.

As of 31 March 2020, there were approximately 1.4 million residential end-user connections that the NetLink Group's network supported, representing a healthy year-on-year growth of 7.5%. This was partly attributed to more Residential End-Users who were on other broadband transmission mediums such as copper and co-axial cable migrating to the NetLink Group's fibre network.

In order to access retail fibre services in Singapore, a Residential End-User is required to enter into a service contract with a Retail Service Provider. Such Residential End-User pays an agreed cost to his Retail Service Provider with respect to the connection of fibre services and ongoing connection charges, as determined by the relevant Retail Service Provider. The NetLink Group has no influence over the prices that the Retail Service Providers charge to Residential End-Users. With respect to each residential end-user connection, the NetLink Group receives a fixed monthly recurring fee from the relevant Requesting Licensee as set out in the Interconnection Offer.

Residential Network

Below is a diagrammatic representation of the NetLink Group's residential network:



The NetLink Group's fibre network achieved nationwide coverage in 2013, meaning that the NetLink Group's fibre network was deployed to all fibre distribution points of residential homes in mainland Singapore and its connected islands, save for those premises where the NetLink Group was denied entry. On an ongoing basis, the NetLink Group's network is deployed to new residential homes as and when they are developed.

Residential Customer Orders and Connections

Residential End-Users receive the NetLink Group's fibre connection services through their Retail Service Providers. The majority of Retail Service Providers also operate as integrated Requesting Licensees, meaning that these Retail Service Providers can request services directly from the NetLink Group. Integrated Requesting Licensees do not have to transact through a standalone OpCo. Requesting Licensees can provide the NetLink Group with a connection activation order through an online service portal or through a direct connection to the NetLink Group's order provisioning system. The time that it takes to complete the connection process depends on a number of factors, including whether the residential home already has an installed Termination Point and whether the resident resides in a high-rise residential building or landed residential home. IMDA has established certain QoS Standards which require the Licensee to complete each connection within a certain prescribed timeframe. See "15. Quality of Service (QoS) Standards" below for more information. For the installation of fibre cables and Termination Points within each residential home, the NetLink Group receives fixed installation fees from the relevant Requesting Licensee as set out in the Interconnection Offer.

As of 31 March 2020, the NetLink Group's network had "reached" approximately 1.4 million residential homes, meaning that Termination Points had been installed in the individual residential homes. The NetLink Group will continue to progressively install Termination Points in all remaining residential homes, as and when the Residential End-Users of these remaining residential homes decide to activate fibre broadband services. Such installations would take place primarily at the time that a relevant order is received from a Requesting Licensee.

In terms of installing Termination Points in premises without any existing Termination Points:

- (a) for high-rise residential buildings, the NetLink Group's appointed contractors will utilise the NetLink Group's existing building ducts, cable trays and trunking from the MDF Room to bring fibre connection services to the residential home; and
- (b) for landed residential homes, the fibre cable will be installed into the home via underground pipes or, if required in limited situations, over-ground pipes from the nearest MDF room or nearest manhole.

All new residential buildings constructed after 1 May 2013 are required to be "Fibre-Ready", whereby Termination Points are installed in each home or unit within the residential building during construction by the developer.

Non-Residential

The NetLink Group provides nationwide fibre connection services through its network to non-residential premises in mainland Singapore and its connected islands, save for those premises where the NetLink Group was denied entry. As of 31 March 2020, the NetLink Group's non-residential network had been deployed to 41,476 non-residential premises, meaning that the NetLink Group's network has been deployed up to the MDF Room of the non-residential premises.

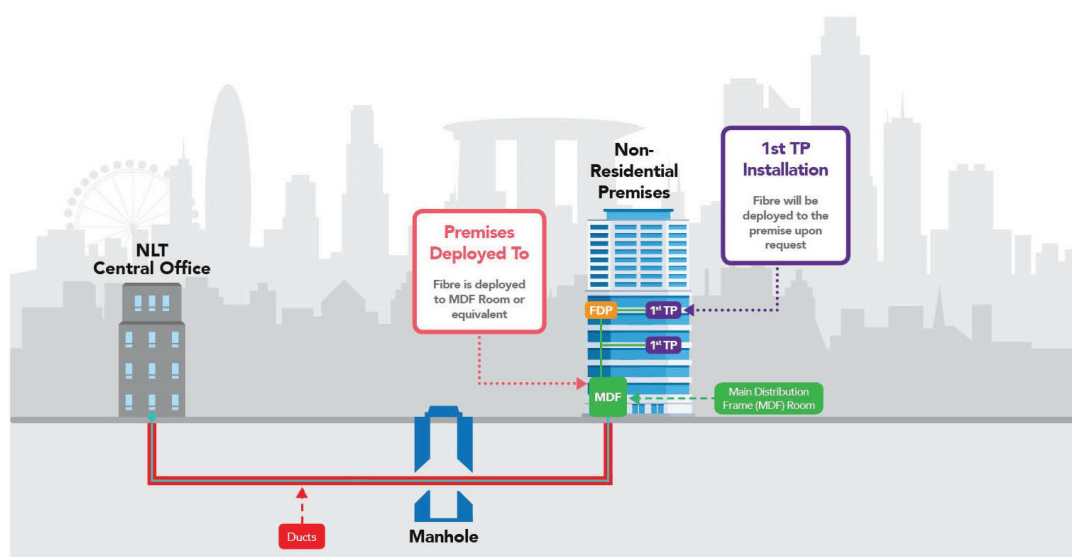
Customers and End-Users

The NetLink Group's non-residential end-user connections are made through Requesting Licensees. The NetLink Group's network is used by Requesting Licensees, who provide services to Retail Service Providers. The majority of Retail Service Providers act as integrated Requesting Licensees, meaning that these Retail Service Providers can request services directly from the NetLink Group. Retail Service Providers provide retail fibre connections to Non-Residential End-Users such as businesses, shopping malls, transport providers, government departments, hospitals and schools. As of 31 March 2020, of the 13 Requesting Licensees, a total of 8 Requesting Licensees were actively requesting non-residential end-user connections from the NetLink Group. The NetLink Group competes with certain of the Requesting Licensees with respect to its non-residential connection business but is able to provide an attractive neutral option for Retail Service Providers who do not have an established network, as compared to competitor networks affiliated with certain Retail Service Providers.

As of 31 March 2020, there were approximately 47,681 non-residential end-user connections that the NetLink Group's network supported, representing a year-on-year growth of approximately 3.2%. Similar to the residential business, in order to access retail fibre connection services in Singapore, a Non-Residential End-User is required to enter into a service contract with a Retail Service Provider. Such End-User pays an agreed cost with respect to the connection of fibre services and ongoing connection charges to the relevant Retail Service Provider it has contracted with, as determined by the relevant Retail Service Provider. The NetLink Group has no influence over the prices that the Retail Service Providers charge to Non-Residential End-Users. The NetLink Group in turn receives fixed monthly recurring fees from the relevant Requesting Licensee as set out in the Interconnection Offer with respect to each non-residential end-user connection. Given that the Requesting Licensees have the option to use their own fibre network, the non-residential segment of the NetLink Group faces tough competition compared to its residential segment.

Non-Residential Network

Below is a diagrammatic representation of the NetLink Group's non-residential network:



The NetLink Group's non-residential network achieved nationwide coverage in 2013, meaning that the NetLink Group's fibre network is deployed to all non-residential premises in Singapore. On an ongoing basis, the NetLink Group's network is deployed to new non-residential premises as and when they are developed.

Non-Residential Customer Orders and Connections

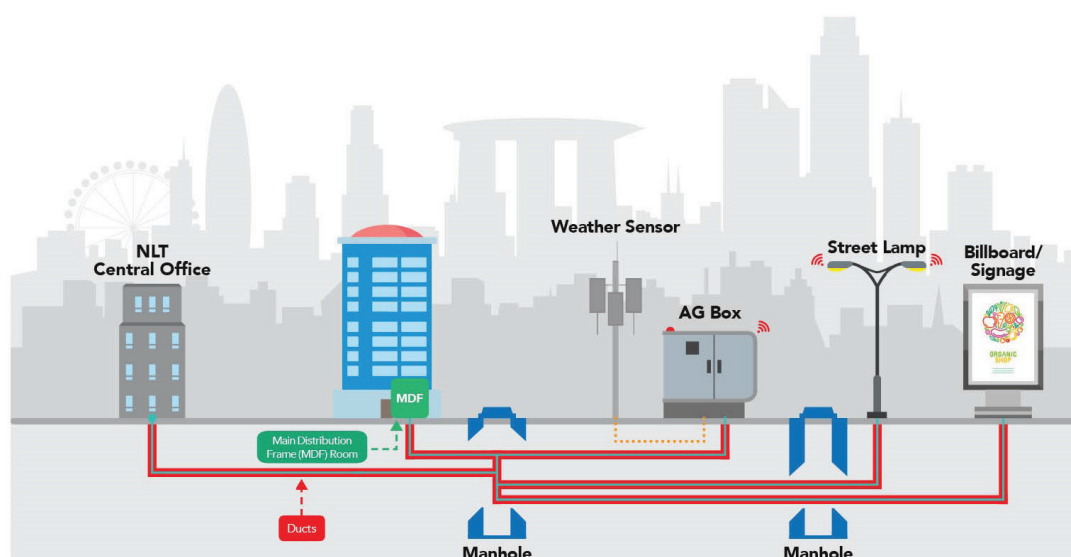
Non-Residential End-Users receive the NetLink Group's fibre connection services through one of the Retail Service Providers. The majority of Retail Service Providers also act as integrated Requesting Licensees, meaning that the Retail Service Providers can request services directly from the NetLink Group. Requesting Licensees can provide the NetLink Group with a connection activation order through an online service portal or through a direct connection to the NetLink Group's order provisioning system.

A typical non-residential installation takes two to four weeks provided that there are no major access or approval issues. For the installation of fibre cables and Termination Points within each non-residential premises, the NetLink Group receives fixed installation fees from the relevant Requesting Licensee as set out in the Interconnection Offer. The installation process includes securing an appointment with building management to conduct site surveys, seeking approval and scheduling installation works. All installation works are carried out by one of the NetLink Group's appointed installation contractors. Additional time may be required for negotiations over insurance, deposits and other requirements. Such issues have historically negatively affected the NetLink Group's ability to achieve its non-residential QoS Standards. See "15. Quality of Service (QoS) Standards" below for more information.

NBAP

The NetLink Group provides NBAP connection services throughout mainland Singapore and its connected islands. Currently, NBAP services include the connection of any location in mainland Singapore that does not have a physical address or assigned postal code. Such locations include, for example, roadside points, bus stops, multi-storey car parks and traffic lights. NBAPs are for applications including wireless network base stations, cameras, sensors, signage and outdoor kiosks. Such NBAPs are provided for and installed in response to requests from Requesting Licensees. As of 31 March 2020, the NetLink Group had 1,679 NBAP connections throughout mainland Singapore, representing a year-on-year growth of approximately 5.8%. This was mainly driven by one of the NetLink Group's customers' requirement to have full outdoor mobile coverage by 2019. Going forward, further NBAP connections are also expected to be established on Singapore's connected islands. There are presently no QoS Standards that are applicable to NBAP connections.

Below is a diagrammatic representation of the NetLink Group's NBAP network:



Singapore's Smart Nation initiative, which is coordinated by the Smart Nation and Digital Government Office, implemented by the Government Technology Agency, collectively forming the Smart Nation and Digital Government Group under the Prime Minister's Office, aims to apply digital and smart technologies to improve citizens' lives in key domains, in partnership with other Singapore government agencies, industry and the public. Some of the proposed initiatives include the Smart Mobility 2030 by the Land Transport Authority, Smart HDB Town Framework by HDB, and the Integrated Estate Management System by Jurong Town Council. The NetLink Group's fibre network infrastructure serves as a platform on which these initiatives can be delivered.

The prices that the NetLink Group is permitted to charge with respect to its NBAP services are set out in the Interconnection Offer, which is subject to approval by IMDA.

Segment Fibre

The NetLink Group provides "segment" fibre connections to Requesting Licensees. Segment fibre connections comprise, *inter alia*, Central Office to Central Office fibre connections and Central Office to MDF Room fibre connections, which increase a Requesting Licensee's capacity between such locations. Requesting Licensees typically request segment fibre connections in order to support their residential end-user and non-residential end-user connection services. In addition, segment fibre connections are sought by Requesting Licensees as part of their respective network planning.

USE OF OTHER PASSIVE INFRASTRUCTURE

Ducts and Manholes

The NetLink Group provides services to Requesting Licensees in connection with its other passive non-fibre infrastructure. In particular, the NetLink Group is required to provide Requesting Licensees with:

- (i) licences for the standard use of, and access to, the NetLink Group's building lead-in ducts and lead-in manholes for the sole purpose of enabling such Requesting Licensees to deploy underground equipment to provide telecommunication services; and
- (ii) access to lead-in facilities and in-building facilities (and other passive infrastructure) for the sole purpose of enabling such Requesting Licensees to provide other FBO licensees access to the Requesting Licensee's location within the NetLink Group's Central Offices for the purpose of obtaining the services provided under the Interconnection Offer.

The provision of such services is regulated by IMDA and governed by standard terms set out in the Interconnection Offer, which sets the price and non-price terms for such services.

The NetLink Group has entered into certain long-term arrangements with Singtel with respect to Singtel's rights to:

- (a) use, occupy and physically access, on a non-exclusive basis, the NetLink Group's ducts and manholes which house Singtel's own ducts and cables; and
- (b) physically access the NetLink Group's "common manholes" to access Singtel's ducts and cables.

These arrangements arose in part due to the historical ownership of the NetLink Group's ducts and manholes, which were previously owned and used by Singtel for its own network prior to the establishment of NLT and subsequently transferred to NLT.

In 2011, the NetLink Group entered into a ducts and manholes services agreement with Singtel for the provision of services to Singtel in respect of Singtel's cables which fall within the scope of the agreement, including the right to use, occupy and physically access the space in respect of the NetLink Group's ducts and manholes. The agreement covers both Singtel's existing cables installed within the ducts that are owned or controlled by, or operated by or on behalf of, the NetLink Group at the time of the transfer of such assets to the NetLink Group in 2011, and any additional cables that Singtel requests to place in the NetLink Group's ducts and manholes from the time of such transfer, and which is accepted by the NetLink Group in accordance with the ducts and manholes services agreement. The agreement also sets out agreed principles with respect to Singtel's and the NetLink Group's access to the NetLink Group's ducts and manholes. Under the terms of the ducts and manholes services agreement, the tariffs under which are regulated by IMDA under the Telecom Competition Code, Singtel is required to acquire a minimum amount of ducts and manholes services from the NetLink Group for an agreed period commencing in 2021. The ducts and manholes services agreement has an initial term of 25 years and shall be extended for an additional 25-year period (or such other period as the parties may agree in writing) if proposed by the NetLink Group and agreed by Singtel. The NetLink Group may also invite Singtel to enter into negotiations for the purposes of agreeing to the terms of a new agreement that will replace the ducts and manholes services agreement upon its expiry. If Singtel agrees to negotiate the terms of a new agreement, and the terms of such new agreement are not finalised on or before the expiry date of the ducts and manholes services agreement, the ducts and manholes services agreement will be automatically extended for an additional five years. The terms of the ducts and manholes services agreement also provide, among others, that the agreement may be terminated immediately by Singtel by written notice if: (a) the NetLink Group has committed a material breach of the agreement but has failed to remedy the breach within 60 business days after receiving written notice from Singtel specifying the breach and requiring it be remedied, or, if such breach is not capable of remedy, Singtel and the NetLink Group have not agreed on a basis upon which the agreement can continue within 60 business days after receiving written notice from Singtel specifying the breach, (b) Singtel, acting reasonably, considers the continued performance of the agreement as unlawful and has obtained a final judgment of a court or tribunal of competent jurisdiction to this effect, (c) the NetLink Group is facing and/or is undergoing certain insolvency and/or bankruptcy-related events, or (d) the NetLink Group fails to perform any of its obligations under the agreement pursuant to a force majeure event, in each case subject to the terms of the agreement.

In addition, in 2011, the NetLink Group entered into a co-existence agreement with Singtel with respect to, among others, the NetLink Group's and Singtel's right to use and physically access common trenches that contain, and common manholes that access, the ducts that are owned or controlled by, or operated by or on behalf of, the NetLink Group and Singtel, respectively. Under the terms of the co-existence agreement, each party has the right to access such common manholes for the purposes of undertaking works on its own ducts. In addition, each party has the right to install new ducts within new trenches that are excavated and constructed and will connect to the manholes owned or controlled by, or operated by or on behalf of, the NetLink Group, in accordance with the agreement. The agreement also sets out agreed scheduling principles with respect to Singtel's and the NetLink Group's customers' access to the common manholes. The NetLink Group is responsible for the maintenance of common manholes. The agreement shall remain in effect for so long as the NetLink Group owns the network assets. Under the terms of the co-existence agreement, the co-existence agreement can be terminated if agreed between the parties in writing.

Co-location

The NetLink Group provides co-location services under which space in co-location rooms within the Central Offices is made available to Requesting Licensees, enabling Requesting Licensees to host

active network equipment, servers and any other interconnecting equipment in order to deliver fibre services to End-Users. In addition to providing Requesting Licensees the physical space their equipment requires, the NetLink Group also provides power, cooling and related services to Requesting Licensees.

Co-location rooms are purpose designed and fitted rooms within Central Offices. Each room contains various equipment racks on which Requesting Licensees' equipment is held. Space within co-location rooms is shared among Requesting Licensees; however, equipment racks are not shared among Requesting Licensees.

The provision of co-location services by the NetLink Group to Requesting Licensees is regulated by IMDA. Such co-location services are provided under the Interconnection Offer, which sets out the price and non-price related terms for such services.

NON-FIBRE RELATED SERVICES

As at the Latest Practicable Date, the NetLink Group holds leasehold interests in seven of the NLT Central Offices. In addition, the NetLink Group leases and/or has the right to use additional rooms in the three Singtel Central Offices pursuant to certain leases and/or co-location agreements with Singtel. Together, the NLT Central Offices and such rooms in the Singtel Central Offices serve as the NetLink Group's network hubs and house certain parts of the NetLink Group's passive network infrastructure and the Requesting Licensees' equipment through the NetLink Group's co-location business operations. The NetLink Group only uses a portion of the total space at each of the NLT Central Offices for co-location services. The remaining spaces in the NLT Central Offices are leased to Singtel in order to house certain of Singtel's equipment and operations.

The commercial terms of the provision of non-fibre related services under the agreements for lease and lease instruments in respect of the NLT Central Offices are not subject to regulation. With respect to such services, the NetLink Group is able to charge such prices as may be agreed with Singtel.

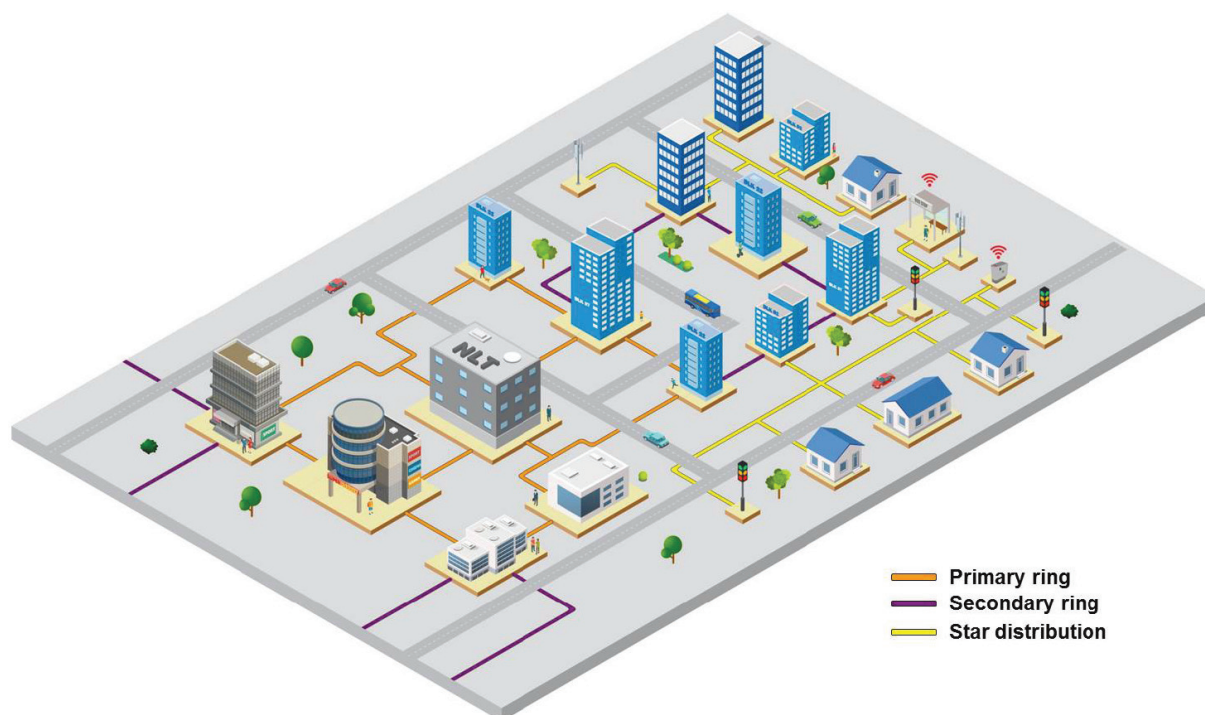
7. NETWORK AND PROPERTIES

Network

The NetLink Group's network consists primarily of fibre cable, ducts, manholes and Central Offices located throughout mainland Singapore and its connected islands. As of 31 March 2020, the NetLink Group's network consisted of ten Central Offices and approximately 99,000 km of fibre cable, 18,300 km of ducts, and 67,400 manholes.

Connections between Central Offices, and connections from Central Offices to residential homes, non-residential premises and NBAP locations form the basis of the NetLink Group's network. The network uses a combination of "ring" and "star" topology that enables a single fibre cable to serve multiple End-Users. From each Central Office, a "ring" topology is deployed to connect network cabinets/nodes in a continuous loop. Further to this, multiple point-to-point network connections are deployed from the network cabinets/nodes to the various surrounding residential and non-residential premises and NBAP locations in a "star" topology. The NetLink Group also employs network "springboarding", whereby Central Offices are connected to approximately 2,700 cabinets/nodes throughout Singapore which house certain of the NetLink Group's assets, which in turn connect the network to surrounding residential homes and non-residential premises.

The diagram below provides a graphical representation of the NetLink Group's network:



The network uses passive (unpowered) optical splitters to provide service to individual residential homes, non-residential premises and NBAP locations. With respect to the NetLink Group's residential connections, the optical splitter enables each fibre cable to cater to 24 possible connections (serving 24 Residential End-Users). With respect to the NetLink Group's non-residential and NBAP connections, the optical splitter enables each fibre cable to cater to 16 possible connections (serving 16 non-residential end-user or NBAP connections).

Ducts and manholes form the basis of the NetLink Group's network. Ducts are the underground passageways that house the NetLink Group's fibre cables. Manholes are top opening underground spaces that provide access to the NetLink Group's ducts. Each manhole closing is protected by a manhole cover.

The NetLink Group continues to roll-out new fibre infrastructure to all new buildings and developments as and when completed. For example, the NetLink Group is targeting to expand its network coverage to upcoming townships such as the new Tengah estate and upcoming high tech parts and districts such as Punggol Digital District and Jurong Innovation District in Singapore. The first batch of 1,500 HDB homes in Tengah was launched in November 2018 and further developed over the next two decades, with an estimated 42,000 new residential homes. In addition, the NetLink Group is also looking to extend its network footprint into other new major developments such as:

- (i) the Greater Southern Waterfront project, which is expected to be developed on land made available when the ports in Pasir Panjang and Tanjong Pagar are relocated to Tuas;
- (ii) the continued development of the Jurong area, which is expected to be an area focusing on industrial research and innovation activities; and
- (iii) potential new developments to be built on the land occupied by the Paya Lebar Airbase, which is estimated to be relocated around 2030.

In addition, the roll-out of additional fibre capacity is expected to allow the NetLink Group to continue to capitalise on increased demand for fibre connections that may arise in Singapore, and new opportunities such as the Smart Nation initiative.

Further, the roll-out of additional fibre arose in part due to a directive issued by IMDA, which requires the NetLink Group to install additional spare fibre capacity in each relevant residential building once the

existing spare capacity falls below certain thresholds. In the event such thresholds are crossed, the directive specifies that NLT is required to install additional spare fibre capacity in the relevant residential building by a prescribed capacity percentage.

Historically, the NetLink Group has had access to Singtel's existing ducts and manholes. The NetLink Group was party to a master framework agreement with Singtel relating to the sale of ducts and manholes owned by Singtel to the NetLink Group. The Agreement for Ducts and Manholes permitted the NetLink Group to submit a request to Singtel to install new fibre cables in Singtel's ducts and manholes if the NetLink Group needed to lay additional fibre cable and did not have sufficient capacity in its ducts and manholes to do so. Singtel and the NetLink Group would then enter into good faith discussions in relation to whether there was sufficient capacity in Singtel's existing ducts and manholes and if so, identification of Singtel's ducts and manholes to be transferred to the NetLink Group. Such transfer of Singtel's ducts and manholes would be pursuant to an agreed form of sale and purchase agreement, as set out in the Agreement for Ducts and Manholes and would be at fair value (as defined in the Agreement for Ducts and Manholes). The Agreement for Ducts and Manholes expired on 19 July 2017. As at the Latest Practicable Date, the NetLink Group is in negotiations with Singtel for a new master framework agreement to replace the Agreement for Ducts and Manholes. In addition, the NetLink Group has historically collaborated with Singtel by jointly undertaking projects to construct ducts and manholes in Singapore and sharing the costs in relation to such projects, if mutually agreed to between the NetLink Group and Singtel. From 19 July 2017 onwards, any such arrangement will be on a case-by-case basis. In the event that the NetLink Group needs to undertake construction of any new ducts and manholes on its own, it will not be able to share the costs in relation to such projects with Singtel. See "*Risk Factors—Risks Relating to the NetLink Group's Business—Potential changes in existing arrangements with Singtel may have a material adverse effect on the financial performance and operations of the NetLink Group*".

The NetLink Group has also entered into a ducts and manholes services agreement and co-existence agreement with Singtel in relation to the grant to Singtel of the right to use, physically occupy and access, space in the NetLink Group's ducts and manholes and Singtel's access to common manholes. See "*6. Business—Use of Other Passive Infrastructure—Ducts and manholes*" above for more information.

Requesting Licensees are able to request for and obtain access to the NetLink Group's building lead-in ducts and lead-in manholes pursuant to the Interconnection Offer. See "*6. Business—Use of Other Passive Infrastructure—Ducts and manholes*" above for more information. In addition, telecommunication licensees may request that the NetLink Group provide services similar to those provided to Singtel under the ducts and manholes services agreement, and the NetLink Group, being a Dominant Licensee under the Telecom Competition Code, may provide such services, on a non-discriminatory basis and pursuant to tariffs which have been reviewed by IMDA. As at 31 March 2020, no third parties have requested for such services.

Monitoring and Maintenance

The NetLink Group has adopted and maintains a comprehensive monitoring system to ensure the reliability of its network. The NetLink Group continually monitors and proactively maintains its network to counter any events that may negatively impact or interrupt the network.

The NetLink Group maintains a network operations centre which operates 24 hours a day, 7 days a week, and performs the following functions:

- (a) maintains a fibre monitoring system for faults in the NetLink Group's fibre network;
- (b) acts as a liaison between Requesting Licensees and maintenance teams on faults or service outages; and
- (c) provides real-time monitoring and reporting of environmental alarms (fire, power and cooling) in the co-location rooms of the Central Offices.

The NetLink Group has standard operating procedures for managing faults or service outages and does not typically outsource any of such remedial works. Once a network fault is detected, the NetLink Group will rectify the problem by dispatching the NetLink Group's own maintenance employees to that

location. If a material fault is discovered, such as a cut in the fibre cable, the NetLink Group will implement temporary remedial actions such as diverting fibre traffic away from the material fault in order to minimise disruption to its customers and End-Users, and provide the NetLink Group's maintenance employees the opportunity to effectively remedy the fault. After the problem has been resolved, the NetLink Group will continue to monitor network performance, as well as track Requesting Licensee and End-User feedback until the NetLink Group is satisfied that the fault has been fully rectified.

Any network fault that disrupts services for more than 500 End-User connections at any time and breaches applicable safe harbour thresholds is investigated by IMDA, which has the authority to impose penalties on the Licensee if it is deemed to be at fault or partially at fault with respect to the network fault. With respect to network interruptions:

- (a) in October 2013 there was a fire at the Bukit Panjang Central Office, which was caused by a third party. The incident resulted in service disruptions which affected approximately 270,000 End-Users for a period of up to eight days; and
- (b) the NetLink Group has experienced multiple instances where its fibre cables have been cut, primarily as a result of negligent third-party actions.

The NetLink Group actively monitors its network capacity. In the event capacity is deemed to be insufficient, the NetLink Group will pull additional fibre cable through existing ducts or construct new ducts complete with new fibre cable to increase capacity in any particular area of the network. Pursuant to a directive issued by IMDA, the NetLink Group is required to install additional spare fibre capacity in each relevant residential building once the existing spare capacity falls below certain thresholds. In the event such thresholds are crossed, the directive specifies that the NetLink Group is required to install additional spare fibre capacity in the relevant residential building by a prescribed capacity percentage.

Properties

Central Offices

The NetLink Group holds leasehold interests in the seven NLT Central Offices. In addition, the NetLink Group leases and/or has the right to use additional rooms in the three Singtel Central Offices pursuant to certain leases and/or co-location agreements with Singtel.

Together, the NLT Central Offices and such rooms in the Singtel Central Offices serve as the NetLink Group's network hubs and house certain parts of the NetLink Group's passive network infrastructure and the Requesting Licensees' equipment through the NetLink Group's co-location business operations. Each of the NLT Central Offices and such rooms in the Singtel Central Offices has one or more separate co-location rooms / spaces. Under IMDA's regulatory framework, the NetLink Group is required to make available co-location space in any of the NLT Central Offices and such rooms in the Singtel Central Offices or any other location or building where the NetLink Group provides access to the passive infrastructure and co-location facilities to any Requesting Licensee that requires such space. As demand for space increases, the NetLink Group will continue to develop additional co-location rooms in the NLT Central Offices.

As of 31 March 2020, the total net lettable area of the NLT Central Offices is approximately 32,081 square metres, of which an aggregate floor area of approximately 2,554 square metres is utilized by the NetLink Group. The remaining spaces in the NLT Central Offices are leased to Singtel to house and operate certain of Singtel's assets and operations / equipment pursuant to registered leases or subleases for a period ending September 2021 with multiple options to renew (each term for the option to renew typically being 10 years). Each option to renew is exercisable by Singtel by giving at least 12 months' prior written notice to the NetLink Group. On the receipt of such notice from Singtel, the NetLink Group shall provide to Singtel its assessment of the prevailing market rent of the relevant premises as at the commencement date of the applicable option term (the "**Prevailing Market Rent**"). In the event that Singtel and the NetLink Group do not reach an agreement on the Prevailing Market Rent, a valuer will be appointed to determine the Prevailing Market Rent, provided that such rent (payable on a quarterly basis) shall not exceed the sum of (i) 102% of the fixed component of the

quarterly rent payable by Singtel in respect of each quarterly period of the term immediately preceding that option term (the “**Rental Cap**”) and (ii) a variation rent component (arising from agreed power upgrading works required by Singtel (if any)). In addition, service charges which are subject to adjustment by the NetLink Group (which adjustment is in practice currently conducted on an annual basis, depending on the actual cost structure of the NetLink Group), are payable by Singtel to the NetLink Group. In the event that the Prevailing Market Rent determined by the appointed valuer is not accepted by Singtel in writing, the NetLink Group will be free to lease the premises to other third parties. The terms of the options to renew, including the Rental Cap, were commercially agreed on an arm’s length basis between Singtel and the NetLink Group, taking into consideration the long tenure of the leases.

Such leases to Singtel may be terminated in certain situations such as compulsory acquisition of the land, at the option of Singtel by giving six months’ prior written notice to the NetLink Group or at the request of the NetLink Group following parties’ agreement to the redevelopment of the land and/or the change of use of the building thereon. The leases may not however be terminated by the NetLink Group by giving advance notice to Singtel and/or without cause. In addition, under such leases, the NetLink Group has covenanted not to exercise rights or remedies to re-enter or re-possess the demised premises or to terminate the leases in the event of any failure by Singtel (a) to make payment of moneys which Singtel has covenanted to pay under the leases or (b) to observe or perform any of its obligations contained in the leases, although the NetLink Group retains the right to seek a court order for specific performance of Singtel’s obligations under the leases and/or to claim damages in respect of such failure(s) (including damages for losses suffered by the NetLink Group due to any failure by Singtel to make payment of moneys which Singtel has covenanted to pay under the leases). Aside from Singtel, no other third parties lease space from NLT in the seven NLT Central Offices, and there is no basis for comparing the terms of the leases with Singtel as compared to leases with other third parties.

The total floor area of the rooms in the three Singtel Central Offices either leased or used by the NetLink Group is approximately 899 square metres as of 31 March 2020.

Aside from the NetLink Group, Singtel has lease arrangements with Singtel joint venture entities and other third parties in respect of space within certain of the three Singtel Central Offices. The terms of these lease arrangements are not directly comparable to the terms of the lease arrangements with the NetLink Group, as they vary in terms of length of tenancy, size and space under the leases as well as other requirements. Nonetheless, the terms of the lease arrangements with the NetLink Group (in respect of space taken up by NLT within the three Singtel Central Offices) were commercially agreed on an arm’s length basis.

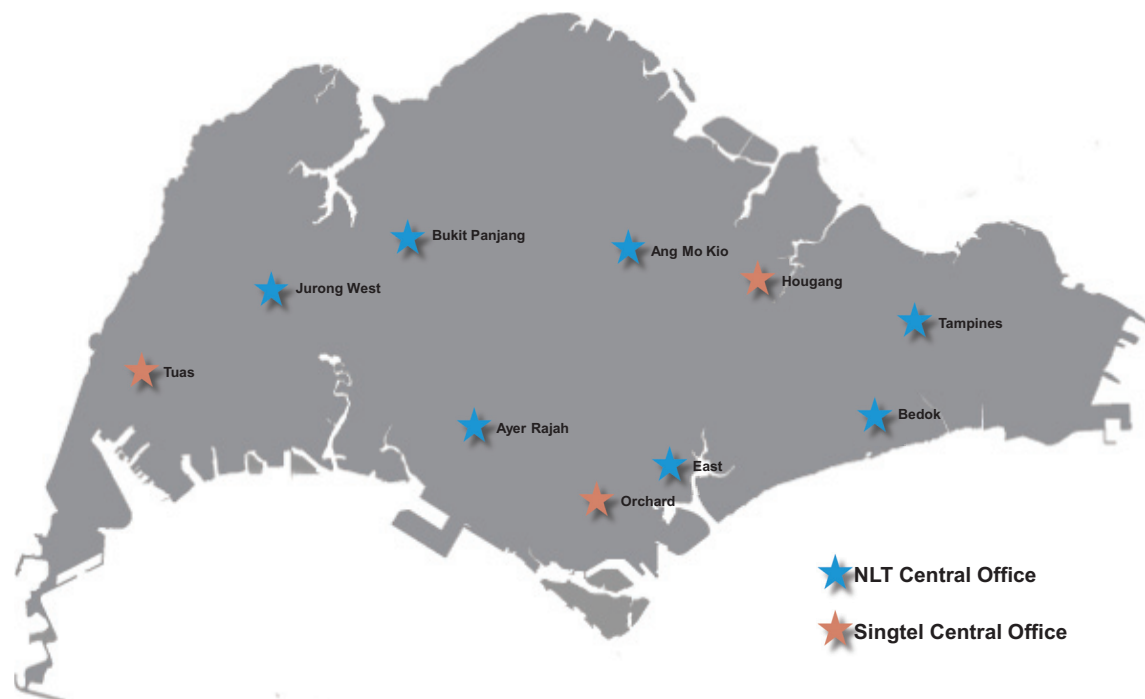
In view of the expected increase in demand by Requesting Licensees for additional co-location space, the NetLink Group and Singtel have, on 10 July 2017, entered into a master framework agreement with respect to the availability of additional co-location and other space in the Central Offices for the period up till 2034. Under and subject to the terms of the Agreement for Additional Space, Singtel will, inter alia, make available to the NetLink Group up to a specified amount of additional space (“**Committed Space**”) in accordance with a projected schedule, following the submission of a request (a “**Scheduled Request**”) from the NetLink Group.

In respect of the ten Central Offices, it is anticipated that when the NetLink Group submits a Scheduled Request for additional space pursuant to the Agreement for Additional Space, Singtel will, in order to fulfil its obligation to make such space available in accordance with and subject to the terms of the Agreement for Additional Space, enter into co-location agreements with the NetLink Group, in respect of the requisite amount of space being requested for by the NetLink Group. The handover date for the requested space is expected to be 18 months from the date of the NetLink Group’s request, allowing Singtel sufficient time to make such space available and to enter into a co-location agreement, before the handover date.

The Committed Space takes into consideration the projected needs of the NetLink Group for additional co-location space up till 2034, but subject to the spaces which Singtel is agreeable and able (taking into consideration its own business requirements and subject to the terms of the Agreement for Additional Space) to make available in this regard.

In addition to Scheduled Requests, the Agreement for Additional Space will enable the NetLink Group to make unscheduled requests for additional space (beyond the Committed Space), in which case Singtel shall reasonably consider such unscheduled requests and negotiate with the NetLink Group in good faith with a view to providing the additional space, in accordance with and subject to the terms of the Agreement for Additional Space. The NetLink Group is allowed to make one unscheduled request (in respect of additional space in one or more Central Offices) per calendar year.

The map below sets forth the location of the ten Central Offices:



Offices

The NetLink Group leases three permanent offices and one temporary office. All leased offices are leased under tenancy agreements which do not contain any covenants, easements, exceptions or reservations of an unusual or unduly onerous nature for an agreement of this nature. The terms of the three permanent office lease agreements expire on 31 August 2022, 13 July 2023 and 31 July 2023, respectively. The term of the temporary office expires on 31 August 2022. In the event that the NetLink Group is not able to renew any of these office leases, the Guarantor believes that the NetLink Group could relocate its offices to new properties without undue cost or disruption.

Warehouse

The NetLink Group maintains warehousing space pursuant to a supply agreement. Such warehousing space is used to store the NetLink Group's various supplies, including fibre cable, duct housing and manhole covers. The agreement expires on 31 March 2021. In the event that the NetLink Group is not able to renew this agreement, the Guarantor believes that the NetLink Group could relocate its current warehousing to new properties without undue cost or disruption.

8. THE NNBNT TRUSTEE-MANAGER: NETLINK NBN MANAGEMENT PTE. LTD.

The NNBNT Trustee-Manager, which is also the Guarantor, was incorporated in Singapore under the Companies Act on 21 February 2017. As at the date of this Information Memorandum, it has an issued and paid-up capital of S\$5.00 comprising five ordinary shares (the "**TM Shares**"), all of which are held on trust (the "**TM Shares Trust**") by the Share Trustee for the benefit of the Unitholders in accordance with the provisions of the TM Shares Trust Deed. The NNBNT Trustee-Manager's registered office is located at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005.

Roles and Responsibilities of the NNBNT Trustee-Manager

The NNBNT Trustee-Manager is appointed to act as the trustee-manager for NetLink NBN Trust in accordance with the terms of the NetLink NBN Trust Deed. The NNBNT Trustee-Manager has the dual responsibility of safeguarding the interests of Unitholders and managing the business conducted by NetLink NBN Trust in accordance with the BTA and the NetLink NBN Trust Deed. The NNBNT Trustee-Manager has powers of management over the business and assets of NetLink NBN Trust and its main responsibility is to manage NetLink NBN Trust's assets and liabilities for the benefit of Unitholders as a whole. The NNBNT Trustee-Manager will also provide active asset management, manage various stakeholder relationships and undertake capital and risk management strategies for the benefit of NetLink NBN Trust.

In addition, the NNBNT Trustee-Manager is also obliged to 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 and regulations, as well as the Listing Manual, and is responsible for ensuring compliance with the NetLink NBN Trust Deed and all relevant contracts entered into by the NNBNT Trustee-Manager on behalf of NetLink NBN Trust.

Furthermore, the NNBNT Trustee-Manager will prepare business plans on a regular basis, which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanations of major variances to previous forecasts, written commentary on key issues and any relevant assumptions. The purpose of these plans is to explain the performance of NetLink NBN Trust's investments.

The NNBNT Trustee-Manager, in exercising its powers and carrying out its duties as NetLink NBN Trust's trustee-manager, is required to do, *inter alia*, the following:

1. treat Unitholders who hold Units in the same class fairly and equally;
2. ensure that all payments out of the NetLink NBN Trust Property are made in accordance with the BTA and the NetLink NBN Trust Deed;
3. report to the MAS any contravention of the BTA or the Business Trusts Regulations 2006 by any other person that:
 - (a) relates to NetLink NBN Trust; and
 - (b) 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 NNBNT Trustee-Manager becomes aware of the contravention;
4. ensure that the NetLink NBN Trust Property is properly accounted for; and
5. ensure that the NetLink NBN Trust Property is kept distinct from the property held in its own capacity.

The Board will meet regularly to review NetLink NBN Trust's business activities and strategies pursuant to its then prevailing investment mandate. Such regular review is aimed at ensuring adherence to the NetLink NBN Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The NNBNT Trustee-Manager also has statutory duties under the BTA, including the following:

1. at all times act honestly and exercise reasonable diligence in the discharge of its duties as the trustee-manager of the NetLink NBN Trust in accordance with the BTA and the NetLink NBN Trust Deed;
2. 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 the Unitholders as a whole and its own interests;

3. not make improper use of any information acquired by virtue of its position as the trustee-manager of NetLink NBN Trust to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Unitholders; and
4. hold the NetLink NBN Trust Property on trust for all Unitholders as a whole in accordance with the terms of the NetLink NBN Trust Deed.

Retirement or Removal of the NNBNT Trustee-Manager

BTA

Under the BTA, the NNBNT Trustee-Manager may be removed as trustee-manager of the NetLink NBN Trust, by the Unitholders only by an extraordinary resolution (with no Unitholder being disenfranchised), or it may resign as trustee-manager. Any removal or resignation of the NNBNT Trustee-Manager must be made in accordance with the procedures that the MAS may prescribe. Any purported change of the trustee-manager of a Registered Business Trust is ineffective unless it is made in accordance with the BTA.

The NNBNT Trustee-Manager will remain the trustee-manager of the NetLink NBN Trust until another person is appointed by:

- (a) the Unitholders to be the trustee-manager of the NetLink NBN Trust; or
- (b) the court under section 21(1) of the BTA to be the temporary trustee-manager of the NetLink NBN Trust,

and such appointment shall be effective from the date stated in the resolution of the Unitholders or court order as the effective date of the appointment of the replacement trustee-manager or temporary trustee-manager, as the case may be.

Pursuant to section 21(1) of the BTA, on an application by the MAS or the NNBNT Trustee-Manager or a Unitholder, the court may, by order, appoint a company that has consented in writing to serve as a temporary trustee-manager to be the temporary trustee-manager of the NetLink NBN Trust for a period of three months if the court is satisfied that the appointment is in the interest of the Unitholders.

The temporary trustee-manager of the NetLink NBN Trust is required, within such time and in accordance with such requirements as may be prescribed by the MAS, to take steps to enable the Unitholders to appoint another person as the trustee-manager (not being a temporary trustee-manager) of the NetLink NBN Trust.

NetLink NBN Trust Deed

Pursuant to IMDA's requirements, the NetLink NBN Trust Deed additionally provides that no appointment or removal of the NNBNT Trustee-Manager shall be effective unless:

- (a) IMDA has approved such appointment or removal; and
- (b) such appointment or removal is not contrary to the control and ownership restrictions under the FBO Licence held by the Licensee.

The Board of Directors of the NNBNT Trustee-Manager

The Board is responsible for the overall corporate governance of the NNBNT Trustee-Manager including establishing goals for management and monitoring the achievement of these goals. The NNBNT Trustee-Manager is also responsible for the strategic business direction and risk management of the NetLink NBN Trust. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and review of Directors. The following table sets forth certain information regarding the Directors:

<u>Name</u>	<u>Designation</u>
Mr Chaly Mah Chee Kheong	Chairman and Non-Executive and Independent Director
Mr Eric Ang Teik Lim	Non-Executive and Independent Director
Ms Koh Kah Sek	Non-Executive and Independent Director
Mr Yeo Wico	Non-Executive and Independent Director
Ms Ku Xian Hong	Non-Executive and Independent Director
Mr Arthur Lang Tao Yih	Non-Executive and Non-Independent Director
Mr Sean Patrick Slattery	Non-Executive and Non-Independent Director
Mr Tong Yew Heng	Chief Executive Officer and Executive and Non-Independent Director

Information on the business and working experience of the Board is set out below:

MR CHALY MAH CHEE KHEONG

Chairman and Non-Executive and Independent Director

Mr Mah is currently the Chairman of Singapore Tourism Board and the Singapore Accountancy Commission. He is a member of the Board of Trustees of the National University of Singapore and serves on the boards of the MAS, the Singapore Economic Development Board, CapitaLand Limited and Flipkart Private Limited. In June 2020, he was appointed as a member of the National Jobs Council. Prior to this Mr Mah was with Deloitte for over 38 years. He retired in 2016 as the CEO of Deloitte Southeast Asia and Chairman of Deloitte Singapore. He was the CEO of Deloitte Asia Pacific and member of the Deloitte Global Executive from 2007 to 2015 and the Vice Chairman of Deloitte Global Board from 2015 to 2016.

Mr Mah graduated with a Bachelor of Commerce degree from the University of Melbourne and qualified as a chartered accountant with the Institute of Chartered Accountants in Australia. He is also a fellow member of the Institute of Singapore Chartered Accountants, CPA Australia and The Association of Chartered Certified Accountants in the United Kingdom.

MR ERIC ANG TEIK LIM

Non-Executive and Independent Director

Mr Ang is currently a director of Raffles Medical Group, Sembcorp Marine Limited and Wing Tai Holdings Limited. He also sits on the board of Changi Airport Group and Surbana Jurong Pte Ltd. He also serves as Co-Chairman of the SGX Disciplinary Committee.

Mr Ang was a Senior Executive Advisor at DBS Bank before retiring in January 2020. He had been with DBS Bank since the start of his banking career in 1978. Prior to his role as an advisor at DBS Bank, he was the head of its Capital Markets. Through the years, Mr Ang has developed a wealth of experience in Singapore's capital markets, having worked on landmark deals such as the listing of Singapore Airlines Ltd, Singapore Telecommunications Ltd and CapitaLand Mall Trust. Over the last five years, he had served on the boards of Hwang Capital (Malaysia) Bhd, DBS Foundation Ltd and NetLink Management Pte. Ltd. (the trustee of NetLink Trust).

Mr Ang graduated with a Bachelor of Business Administration (Honours) degree from the University of Singapore (now known as the National University of Singapore).

MS KOH KAH SEK

Non-Executive and Independent Director

Ms Koh is the Executive Director and CFO of Far East Organization (“**FEO**”), where she is responsible for FEO’s financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. She also oversees corporate functions of FEO’s Group Legal and Procurement & Contracts Divisions. She is also a board member and a member of the Remuneration Committee of Far East Orchard Limited. In May 2020, Ms Koh was appointed as a member of the Accounting Standards Council.

Prior to joining FEO, Ms Koh worked in Singtel from 2005 to 2011. In Singtel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom, Inc. and Advanced Info Service Public Company Limited. Prior to joining Singtel, Ms Koh began her career with PriceWaterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed food and beverage company in Singapore.

Ms Koh graduated with a Bachelor of Commerce from the University of Melbourne and is a member of the Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

MR YEO WICO

Non-Executive and Independent Director

Mr Yeo is currently a partner of Allen & Gledhill LLP, a Singapore law firm. He has been in legal practice in Singapore as an Advocate and Solicitor of the Supreme Court of Singapore since 1992. In addition, Mr Yeo was admitted as a non-practising solicitor of England and Wales and as an attorney and Counselor-at-Law in the State of New York. He also serves as the independent non-executive chairman and director of Vicplas International Ltd. He was previously an independent non-executive director of CitySpring Infrastructure Management Pte. Ltd., the then trustee-manager of CitySpring Infrastructure Trust (now known as Keppel Infrastructure Trust) and a non-executive director of SP Services Limited (a wholly-owned subsidiary of Singapore Power Limited). He has also completed his terms of service as a member of the Accounting Standards Council.

Mr Yeo graduated from the National University of Singapore in 1991 and holds a LLB (Hons) degree.

MS KU XIAN HONG

Non-Executive and Independent Director

Ms Ku is currently a Council Member of the Singapore Cancer Society. She sits on the board of Anyhealth Company Limited, a company in China focused on providing business-to-business (B2B) and business-to-consumer (B2C) healthcare mobile solutions. She also serves on the board and working committees of a number of non-profit organisations and in the editorial committee of the first edition of the series of Corporate Governance Guides published by the Singapore Institute of Directors.

Ms Ku was a Managing Director in Accenture Singapore before retiring in November 2013. She assumed multiple leadership roles over her 27-year career at Accenture and spent several years in China, Hong Kong and Taiwan establishing the Greater China Change Management practice to help clients transform their workforce.

Ms Ku holds a Bachelor of Science degree from the National University of Singapore and a Master of Business Administration (with Distinction) from DePaul University, Chicago.

MR ARTHUR LANG TAO YIH

Non-Executive and Non-Independent Director

Mr Lang is currently the CEO International of Singtel having responsibility over the holdings that Singtel has in its overseas associates. Mr Lang is also spearheading the regional mobile financial services and

the e-gaming initiatives for the Singtel Group. Mr Lang was previously the Group CFO of CapitaLand Limited from 2011 to 2016. Prior to this, he was an investment banker at Morgan Stanley Asia having held positions as Co-Head of Southeast Asia Investment Banking and chief operating officer for the Asia Pacific Investment Banking Division. He is also a director of Globe Telecom, Inc., Bharti Infratel Limited, Airtel Africa Limited, the Land Transport Authority of Singapore, the National Kidney Foundation and the Straits Times Pocket Money Fund. In 2018, Mr Lang was awarded the Public Service Medal for his contributions.

Mr Lang was previously on the boards of CapitaLand Commercial Trust Management Limited and CapitaLand Mall Trust Management Limited, the managers of CapitaLand Commercial Trust and CapitaLand Mall Trust, respectively. He was previously also a director of Tiger Airways Holdings Limited.

Mr Lang holds a Bachelor of Arts (magna cum laude) from Harvard University and a Master of Business Administration from Harvard Business School.

MR SEAN PATRICK SLATTERY

Non-Executive and Non-Independent Director

Mr Slattery is currently the Vice President (Regulatory & Interconnect) at Singtel and is responsible for, among others, managing regulatory and interconnect matters for Singtel. He joined Singtel in 1998, and has been involved in regulatory and network interconnection matters. Prior to joining Singtel, Mr Slattery was with Optus Communications Pte. Ltd. from 1993 to 1998. He was also a director of CityNet Infrastructure Management Pte. Ltd., the then trustee-manager of NetLink Trust from 2011 to 2017.

Mr Slattery holds a Bachelor of Economics degree from the University of Sydney in Australia and has been qualified as a certified practising accountant with CPA Australia since 1996.

MR TONG YEW HENG

Chief Executive Officer and Executive and Non-Independent Director

Mr Tong has been the CEO of NLT since January 2016. In this role, he is responsible for the overall leadership and performance of NLT. Mr Tong brings with him more than 20 years of experience from senior management positions in various industries. Prior to joining NLT, Mr Tong was Executive Vice President, Corporate & Market Development, of Singapore Technologies Electronics Limited. Before that, he was CEO of CitySpring Infrastructure Trust.

Mr Tong graduated with a Bachelor of Engineering (Honours) degree from the University of Strathclyde in the United Kingdom and holds a Master of Business Administration degree from Nanyang Technological University. He also attended the Programme for Executive Development at the International Institute of Management Development, Switzerland and is a member of the Institute of Singapore Chartered Accountants.

The Management Team of the NNBNT Trustee-Manager

The Executive Officers of the NNBNT Trustee-Manager are entrusted with the responsibility for the daily operations of the NNBNT Trustee-Manager. The following table sets forth certain information regarding the key Executive Officers:

<u>Name</u>	<u>Designation</u>
Mr Tong Yew Heng	Executive and Non-Independent Director and Chief Executive Officer
Mr Wong Hein Jee	Chief Financial Officer
Mr Chye Hoon Pin	Chief Operating Officer

Information on the business and working experience of the key Executive Officers is set out below:

MR TONG YEW HENG

Executive and Non-Independent Director and Chief Executive Officer

Please see “8. The NNBNT Trustee-Manager: Netlink NBN Management Pte. Ltd. – The Board of Directors of the NNBNT Trustee-Manager” above on further details of the working experience of Mr Tong Yew Heng.

MR WONG HEIN JEE

Chief Financial Officer

Mr Wong Hein Jee is NLT’s Chief Financial Officer (CFO). He oversees the financial and select corporate functions, including Procurement & Warehousing, Compliance and Enterprise Risk Management, Treasury and Financial Planning, and Internal Audit.

Mr Wong has more than 20 years of experience in corporate finance and accounting. Prior to NLT, Mr Wong was the CFO at United Engineers Limited. He also served as Group CFO at Tat Hong Holdings Ltd, and CFO at WBL Corporation Limited, where he was also the Group General Manager, Corporate Development & Investor Relations.

Mr Wong is a member of the Institute of Singapore Chartered Accountants. He majored in Accountancy and graduated with a Bachelor of Science from Indiana University (Bloomington) and obtained his Master of Business Administration from the University of Chicago.

MR CHYE HOON PIN

Chief Operating Officer

Mr Chye Hoon Pin is NLT’s Chief Operating Officer (COO), having been appointed COO of OpenNet⁷ and NLT in January 2014. As COO, Mr Chye is responsible for driving organisational strategies and optimising resources to deliver maximum value to customers and stakeholders.

Mr Chye brings with him almost 40 years of regional experience in network operations and management, information technology and phone services. Prior to joining OpenNet, Mr Chye was the Vice President of Singtel’s IPTV Infrastructure department. During his time at Singtel, he held leadership positions across engineering, fixed voice, mobile, IP networks, broadband, satellite, submarine cables operations and IPTV & broadcast function amongst others. He also has extensive regional experience and was the chief executive officer of cellular company Pacific Bangladesh Telecom Limited from 2005 – 2007.

Mr Chye holds a Bachelor of Electrical Engineering and a Master of Science (Electrical Engineering) from the National University of Singapore.

9. TM SHARES TRUST: SINGAPORE NBN TRUST

The TM Shares are ordinary shares in the capital of the Guarantor. As at the date of this Information Memorandum, the total issued and paid-up capital of the Guarantor is S\$5.00 comprising five ordinary shares, which make up the TM Shares Trust. The TM Shares Trust is constituted by a TM Shares Trust Deed. Under the TM Shares Trust, all of the TM Shares are held on trust by the Share Trustee, in accordance with the TM Shares Trust Deed, for the benefit of the Unitholders from time to time in proportion to such Unitholder’s percentage of Units held or owned in the NetLink NBN Trust. The voting rights in the TM Shares will, subject to the applicable terms of the TM Shares Trust Deed, be exercised by the Share Trustee in accordance with the relevant resolutions passed by the Unitholders who will each have voting rights proportionate to their unitholdings in the NetLink NBN Trust. If a Unitholder ceases to own any Units, it will concurrently cease to own any interest in the TM Shares.

⁷ Voluntary liquidation of OpenNet commenced on 10 January 2018 and the process is still ongoing.

10. SHARE TRUSTEE: DBS TRUSTEE LIMITED

The Share Trustee is a wholly-owned subsidiary of DBS Bank, which in turn is a wholly-owned subsidiary of DBS Group Holdings Ltd, which is listed on the SGX-ST. The Share Trustee is functioning as trustee in a professional capacity. In addition, under the provisions of the deed constituting the TM Shares Trust Deed, the Share Trustee is required to exercise its voting rights in respect of the TM Shares in accordance with relevant resolutions passed by the Unitholders. Accordingly, the Share Trustee does not control the Guarantor and each of DBS Bank and DBS Group Holdings Ltd does not control the Guarantor. Although Singtel Interactive Pte. Ltd., a wholly-owned subsidiary of Singtel has an undivided interest in the TM Shares in proportion to its percentage of units held or owned in the NetLink NBN Trust, neither Singtel Interactive Pte. Ltd. nor Singtel controls the Guarantor.

11. NLT

The operations of NLT and the roll-out of the Next Gen NBN commenced in 2009, through OpenNet. NLT's network has been developed with the financial assistance of the Singapore government, in conjunction with Intelligent Nation 2015 ("iN2015"), with the aim of enhancing the competitiveness of the Singapore economy as a whole. NLT was established by Singtel in 2011 to hold the passive non-fibre infrastructure assets (comprising ducts, manholes and Central Offices) used to support OpenNet's deployment of the fibre network for the Next Gen NBN. NLT subsequently acquired OpenNet⁸ in November 2013 and fully integrated its operations in October 2014.

12. NLT TRUSTEE: NETLINK MANAGEMENT PTE. LTD.

The NLT Trustee was incorporated in Singapore on 21 February 2017 under the Companies Act. As at the Latest Practicable Date, it has an issued and paid-up capital of S\$5.00 comprising five NLT Trustee Shares, all of which are held by the NetLink NBN Trust.

13. REGULATORY FRAMEWORK, LICENCES AND PERMITS

The NetLink Group operates in a highly regulated industry. The provision of telecommunication services and systems in Singapore is generally regulated under the Telecommunications Act. In order to carry out its business, the NetLink Group holds, through the NNBNT Trustee-Manager and the NLT Trustee, a FBO Licence issued by IMDA and is required to comply with various regulations. IMDA is the regulatory authority responsible for, *inter alia*, administering the Telecommunications Act as well as promoting the development of the info-communications industry in Singapore.

Roles and Powers of IMDA as regulator under the Telecommunications Act

Under the Telecommunications Act, IMDA has the exclusive privilege for the operation and provision of telecommunication systems and services in Singapore.

IMDA may grant licences to persons for, *inter alia*, the operation and provision of telecommunication systems and services that are within the exclusive privilege granted to IMDA under the Telecommunications Act. Licences may be granted subject to such conditions as IMDA may impose in its absolute discretion.

IMDA may also issue codes of practice, quality of service standards and regulations in respect of, *inter alia*, the provision and operation of telecommunication systems and services, and the carrying out of the purposes and provisions of the Telecommunications Act in general. Examples of such codes of practice, quality of service standards and regulations include the Telecom Competition Code and the Quality of Service Standards on Service Provisioning Timeframe for Residential/Non-Residential End-User Connections ("**QoS Timeframe Standards**").

IMDA may also issue directions to be observed by telecommunication licensees to, *inter alia*, ensure the reliability of the provision of any telecommunication service to the public and to ensure fair and efficient market conduct by telecommunication licensees. Such directions require the telecommunication licensees concerned to do, or refrain from doing, such things as are specified in the direction, or as are of a description specified in the direction. Before giving any direction, IMDA will

⁸ Voluntary liquidation of OpenNet commenced on 10 January 2018 and the process is still ongoing.

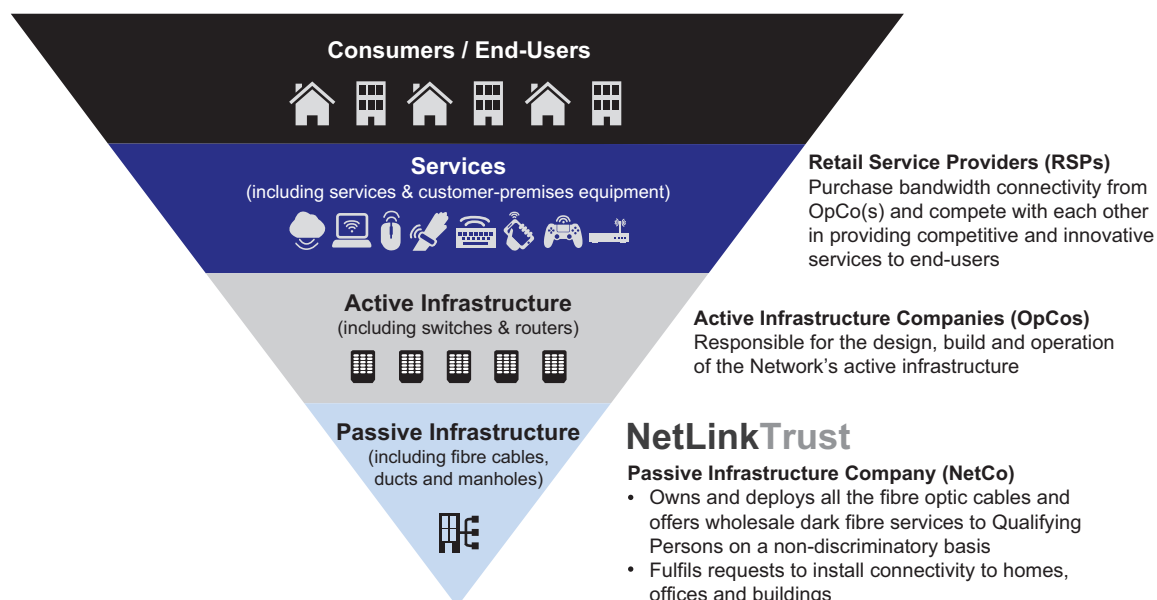
generally give the telecommunication licensees an opportunity to make representations on or objections to the proposed direction, and will consider any such representations or objections that are duly made.

Next Gen NBN Industry Structure

IMDA designed the Next Gen NBN industry to comprise three distinct layers to ensure open access to the Next Gen NBN for all participants:

- (a) Layer 1: NetCo, which is responsible for the design, build and operation of the passive infrastructure, which includes the dark fibre network and ducts;
- (b) Layer 2: OpCo, which provides wholesale network services over the active infrastructure, comprising switches and transmission equipment; and
- (c) Layer 3: Retail Service Providers, which purchase bandwidth connectivity from OpCo(s) and compete with each other to offer services over the Next Gen NBN to End-Users, including businesses and consumers.

The diagram below provides an illustration of the Next Gen NBN industry structure.



The NetLink Group operates as the sole NetCo for the purposes of the Next Gen NBN industry structure. It owns and deploys all the fibre optic cables and offers wholesale dark fibre services to Qualifying Persons on a non-discriminatory basis. It also fulfils requests to install connectivity to homes, offices and buildings. As of 31 March 2020, there were 13 Requesting Licensees acting as "OpCos", of which most were integrated Requesting Licensees (in that they were both Requesting Licensees and Retail Service Providers).

To ensure that the NetCo and the OpCos provide effective open access to downstream operators, and do not discriminate between the downstream operators such as RSPs, structural separation and operational separation were implemented at the NetCo and OpCo layers of the Next Gen NBN respectively. In this regard, the NetLink Group is required under the terms of their FBO Licence not to (whether acting alone or in concert with its associates) have "Effective Control" over any other telecommunication licensee or broadcasting licensee; not to (whether acting alone or in concert with its associates) be under the Effective Control of any other telecommunication licensee or broadcasting licensee; and not to be under the Effective Control of the same Controlling Entity (whether acting alone or in concert with its associates) as any other telecommunication licensee or broadcasting licensee. As additional safeguards to ensure that the Licensee remains a neutral upstream provider of Next Gen NBN services, the Licensee is also not permitted under the terms of its FBO Licence to offer any retail telecommunication systems and/or services to any End-User or wholesale transmission services without IMDA's prior written approval.

Facilities Based Operations (FBO) Licence

Under the Telecommunications Act, all persons who wish to establish, install, maintain, provide or operate telecommunication systems and services in Singapore must obtain a licence from IMDA. The Licensee holds a FBO Licence to, *inter alia*, operate and maintain a system of ducts, manholes and Central Offices and to provide certain telecommunication services in connection therewith.

The NetLink Group is required to pay an annual licence fee to IMDA which is determined by reference to the Licensee's audited annual gross turnovers. The term of the FBO Licence expires on 31 March 2034. The Licensee will need to apply to renew its existing FBO Licence once it expires as the FBO Licence does not provide for any automatic renewal of the FBO Licence. The renewal of the Licensee's FBO Licence may be subject to further terms and conditions which IMDA may impose at its discretion.

Some of the key terms and conditions of the FBO Licence currently held by the Licensee are set out below. It does not purport to be an exhaustive list on the terms and conditions of the FBO Licence currently held by the Licensee.

General terms and conditions

- (i) The Licensee shall seek IMDA's approval before entering into any joint venture, association, contract or arrangement with a third party, the effect or purported effect of which would be to permit a person who is not originally a party to its FBO Licence to share in the benefit of, or otherwise gain any rights or privileges under the FBO Licence, or which would otherwise result in a breach or circumvention of the condition described in paragraph (c) below.
- (ii) The Licensee shall seek IMDA's written approval at least one month in advance of any change in the appointment of its chairman, board of directors or chief executive officer and provide IMDA with details of any such change and any further information requested by IMDA.
- (iii) The Licensee shall not assign, transfer, sublet or otherwise dispose of its rights, duties, liabilities, obligations and privileges under its FBO Licence to any person or persons except with the prior approval of IMDA.
- (iv) The Licensee shall not enter into any agreement or arrangement (whether legally enforceable or not) which shall in any way prevent or restrict competition in relation to the operation of the Systems (being the telecommunication systems described and set out in Schedule A of the Licensee's FBO Licence) or the provision of the Services (being the telecommunication services described and set out in Schedule B of the Licensee's FBO Licence) by the Licensee or any other telecommunication system and/or services licensed by IMDA.
- (v) The Licensee shall provide the means of access to its Systems to any person licensed by IMDA to provide facilities-based operations in Singapore.
- (vi) The Licensee shall comply with the codes of practice, directions and guidelines which IMDA may issue from time to time.
- (vii) The Licensee shall, where it has available ducts and associated manholes, provide access to and use of such ducts and manholes and, where it has no available ducts and associated manholes, procure or deploy such ducts and manholes and provide access to and use thereof, to any Public Telecommunication Licensee that requests for such ducts and associated manholes (as the case may be).
- (viii) The Licensee is under a USO to provide certain services (such services, as set out in Schedule C of the Licensee's FBO Licence, the "**Mandated Services**") without preference or discrimination to:
 - (a) basic mandated services Qualifying Persons, being any persons licensed by IMDA to provide facilities-based operations; and/or
 - (b) ancillary mandated services Qualifying Persons, being any persons licensed by IMDA to provide facilities-based operations or service-based operations or any broadcasting licensee

who intends to acquire or has acquired the provision of any service (including without limitation any Basic Mandated Service (as described in the FBO Licence)) that is provided using the Next Gen NBN,

(the basic mandated services Qualifying Persons and ancillary mandated services Qualifying Persons, collectively the “**Qualifying Persons**” and each a “**Qualifying Person**”) who requests the provision of such Mandated Services to any residential premises, non-residential premises or other location as may reasonably be requested, within mainland Singapore and connected Singapore islands.

The USO is a fundamental licence obligation that ensures the availability of Next Gen NBN services to all End-Users in mainland Singapore and its connected islands.

Specific terms and conditions

(a) The Licensee shall ensure that it:

- (i) acting alone or in concert with its Associates, has no Effective Control over any other telecommunication licensee or broadcasting licensee;
- (ii) is not under the Effective Control of any other telecommunication licensee or broadcasting licensee, whether acting alone or in concert with its Associates; and
- (iii) is not under the Effective Control of the same controlling entity, acting alone or in concert with its Associates, as any other telecommunication licensee or broadcasting licensee.

For the purpose of this paragraph (a), the term “Associate”⁹ shall have the meaning given to it in paragraph 2.2(b) of Schedule C of the Licensee’s FBO Licence.

(b) The Licensee must obtain IMDA’s prior approval for:

- (i) any winding up or application for the winding up of NLT and/or NetLink NBN Trust;
- (ii) any amalgamation, reconstruction or change to the structure or set-up of NLT and/or NetLink NBN Trust, or any change in the manner in which the property of NLT and/or NetLink NBN Trust is held;
- (iii) any merger of NLT and/or NetLink NBN Trust with any other entity;
- (iv) engaging in, carrying out, and/or approving any matters requiring IMDA’s prior approval under the NLT Trust Deed or the NetLink NBN Trust Deed;
- (v) any de-registration of NLT and/or NetLink NBN Trust under the BTA; and

⁹ An Entity A, is an “**Associate**” of another Entity B, if:

- (i) A is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son, stepdaughter or a brother or sister, of B;
- (ii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- (iii) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- (iv) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- (v) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- (vi) A is a related corporation of B;
- (vii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in A;
- (viii) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in B; or
- (ix) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the telecommunication licensee or broadcasting licensee (as the case may be).

- (vi) any appointment of any telecommunication licensee or broadcasting licensee (and/or their Associates) as the Licensee's contractor. For the purpose of this sub-paragraph (b)(vi), the term "Associate"¹⁰ shall have the meaning given to it in paragraph 2.2(b) of Schedule C of the Licensee's FBO Licence.
- (c) In relation to the disposal of systems:
- (i) the Licensee shall notify IMDA at least 30 days in advance of its intended disposal of more than 5% of the fibre network, duct systems and/or Central Offices, by value, or its intended disposal of any assets, which would result in more than 5% of the fibre network, duct systems and/or Central Offices, by value, being disposed of, and obtain IMDA's approval prior to proceeding with such disposal; and
 - (ii) provide IMDA with a description of the fibre network, duct systems and/or Central Offices intended to be disposed of, the potential effects of the disposal on the ability of the Licensee to continue to operate its systems and services (as described in Schedules A and B of their FBO Licence), and the terms of any lease back of such fibre network, duct systems and/or Central Offices if relevant.
- (d) The Guarantor's board of directors:
- (i) shall adhere to the following restrictions:
 - (aa) for so long as a Relevant Licensee has an interest in 5% or more, but less than 20%, of the units in NetLink NBN Trust (the "**Relevant Percentage**"), no more than one director or the Relevant Percentage of the directors (rounded down to the nearest whole number) of the Guarantor's board of directors may be a nominee of that Relevant Licensee, to the Guarantor's board of directors; and
 - (bb) for so long as a Relevant Licensee has an interest in 20% or more of the units in NetLink NBN Trust, no more than 25% of the directors (rounded down to the nearest whole number) of the Guarantor's board of directors may be a nominee of that Relevant Licensee, to the Guarantor's board of directors.
 - (ii) shall be chaired by a person who does not have responsibilities for, or within, any other telecommunication licensee or broadcasting licensee; and
 - (iii) shall direct NetLink NBN Management Pte Ltd in a way designed to secure compliance with the control and ownership restrictions set out in the FBO Licence held by the Licensee.

¹⁰ An Entity A, is an "**Associate**" of another Entity B, if:

- (i) A is the spouse or a parent, remoter lineal ancestor or step-parent or a son, daughter, remoter issue, step-son, stepdaughter or a brother or sister, of B;
- (ii) A is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- (iii) B is a corporation whose directors are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- (iv) A is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of B or, where B is a corporation, of the directors of B;
- (v) B is a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of A or, where A is a corporation, of the directors of A;
- (vi) A is a related corporation of B;
- (vii) A is a corporation in which B, alone or together with other associates of B as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in A;
- (viii) B is a corporation in which A, alone or together with other associates of A as described in sub-paragraphs (ii) to (vi), is in a position to control not less than 30%, as the case may be, of the voting power in B; or
- (ix) A is a person with whom B has an agreement or arrangement, whether oral or in writing and whether express or implied, to act together with respect to acquisition, holding or disposal of shares or other interests in, or with respect to the exercise of their voting power in relation to, the telecommunication licensee or broadcasting licensee (as the case may be).

- (e) NLT Trustee's board of directors shall:
- (i) comprise wholly of directors who must be independent from the management and business relationships with any Relevant Licensee (other than NetLink NBN Trust, NLT, the Guarantor and/or the NLT Trustee) (which for the avoidance of doubt shall include the director not having responsibilities for, or within, any Relevant Licensee, other than NetLink NBN Trust, NLT, the Guarantor and/or the NLT Trustee); and
 - (ii) direct NetLink Management Pte Ltd in a way designed to secure compliance with the control and ownership restrictions set out in the FBO Licence held by the Licensee.
- (f) The Licensee's key management shall be wholly independent and separate from the key management of any other telecommunication licensee or broadcasting licensee. The Licensee's key management shall work solely on matters pertaining to the Licensee, and shall not have responsibilities for, or within, any other telecommunication licensee or broadcasting licensee.
- (g) The Licensee shall ensure that its employees do not work for any other telecommunication licensee or broadcasting licensee in any capacity whatsoever and that the employees of other telecommunication licensees or broadcasting licensees do not work for the Licensee in any capacity whatsoever.
- (h) The Licensee shall not offer for sale, sell or otherwise provide the following services without IMDA's prior written approval:
- (i) retail telecommunication systems and/or services to any End-User; or
 - (ii) wholesale transmission services.
- (i) The Licensee shall ensure that any amendment to the NLT Trust Deed and/or the NetLink NBN Trust Deed:
- (i) in relation to the provisions in the NLT Trust Deed and/or the NetLink NBN Trust Deed which are stated to require IMDA's approval prior to any amendment being effected, shall not be effected without the prior approval of IMDA; and
 - (ii) shall be notified to IMDA.
- (j) The Licensee is required to notify any other telecommunication licensee or broadcasting licensee and/or its Associates who are looking to acquire:
- (i) at least 25% of the unitholding in the NetLink NBN Trust; or
 - (ii) at least 25% of the shareholding in the Guarantor;

that no such unitholding and/or shareholding (as the case may be) shall be acquired, unless IMDA's prior written approval has been obtained.

For the avoidance of doubt, references to "any other telecommunication licensee or broadcasting licensee" within the FBO Licence held by the Licensee shall not include such persons who are the Guarantor, the NLT Trustee, the NetLink NBN Trust or NLT.

14. KEY CODES OF PRACTICE APPLICABLE TO THE NETLINK GROUP

The following section sets out various key codes of practice applicable to the NetLink Group's business. It does not purport to be an exhaustive list of the codes of practice applicable to the NetLink Group.

Telecom Competition Code

The Telecom Competition Code sets out IMDA's regulatory principles relating to competition and contains provisions relating to, *inter alia*, duties of telecommunication licensees to their end-users, required cooperation amongst telecommunication licensees to promote competition, duty to interconnect with other telecommunication licensees, infrastructure sharing, competition rules and enforcement mechanisms. IMDA has the right to review and modify the Telecom Competition Code on its own initiative at any time, and to exempt any FBO licensee from any or all provisions of the Telecom Competition Code subject to such terms as IMDA may specify.

NetCo Interconnection Code

As the NetCo for the Next Gen NBN, the Licensee is subject to the NetCo Interconnection Code which governs, *inter alia*, the pricing, terms and conditions offered by the Licensee for access and connectivity, the obligations and responsibilities on the Licensee in relation to its services, and the enforcement measures that IMDA may take against the Licensee for breach. IMDA has the right to review and modify the NetCo Interconnection Code on its own initiative at any time, and to exempt the Licensee from any or all provisions of the NetCo Interconnection Code subject to such terms as IMDA may specify. The obligations imposed on the Licensee under the NetCo Interconnection Code are in addition to the Licensee's obligations under the Telecom Competition Code.

Provision of services

Pursuant to the NetCo Interconnection Code, the Licensee shall only provide the Mandated Services to Qualifying Persons:

- (a) on the terms of the Licensee's Interconnection Offer;
- (b) on the terms of a Customised Agreement approved by IMDA; or
- (c) on the same terms as an existing Customised Agreement between the Licensee and a similarly situated Qualifying Person.

The NetCo Interconnection Code also imposes obligations on the Licensee to provide a Qualifying Person that requests Mandated Services with any information that is reasonably necessary to enable the Qualifying Person to understand the process for the provision and use of the Mandated Services and to make an informed decision as to the Mandated Services. The NetCo Interconnection Code also states that the Licensee may not refuse to provide Mandated Services requested by a person entitled to obtain Mandated Services except in certain specific circumstances, and that the Licensee may not unreasonably restrict the manner in which a Qualifying Person utilises the Mandated Services.

Interconnection Offer review procedures

IMDA may review and require the Licensee to modify the terms of the Interconnection Offer (other than as to price) at any appropriate time, including upon any review and amendment of the Telecom Competition Code or the Telecommunications Act. Upon such decision, IMDA shall issue a direction requesting the Licensee to submit any proposed modifications within 60 days for IMDA's approval. IMDA will generally seek public comments regarding such proposed modifications, which it shall take into account when deciding whether or not to grant approval. If IMDA rejects any proposed modifications, it will provide the Licensee with an explanation of the basis for the rejection and the modifications required to bring the Interconnection Offer into compliance with IMDA's requirements.

Interconnection Offer

In fulfilling its obligations, the Licensee shall be guided by the principles and intent of the NetCo Interconnection Code. The Interconnection Offer sets out the procedures necessary for a Qualifying

Person to become a Requesting Licensee and accept the Interconnection Offer, allowing such Requesting Licensee to obtain services from the Licensee. As of 31 March 2020, there were a total of 13 Requesting Licensees for the purposes of the Interconnection Offer.

If a Requesting Licensee has any specific customised requirements for the provisioning of Interconnection Offer services by the Licensee, a Requesting Licensee may request to enter into a customised arrangement with the Licensee, the terms of which are subject to the review and approval of IMDA. The NetCo Interconnection Code sets out the procedures that Requesting Licensees must follow to enter into a customised agreement with the Licensee. As of 31 March 2020, the Licensee had entered into 39 customised agreements covering a range of services relating to, amongst others, non-residential connection services, co-location arrangements and data centres. The Interconnection Offer is reviewed regularly by IMDA, with input from the industry.

15. QUALITY OF SERVICE (QOS) STANDARDS

The NetLink Group is required to meet prescribed QoS Standards relating to the provision of its residential and non-residential connections, including the QoS Timeframe Standards and QoS Installation Standards.

The QoS Timeframe Standards relating to the NetLink Group's residential business are as follows:

<u>QoS Standard</u>	<u>Description</u>
"T+3"/"RFA"	The Licensee is required to fulfil 98% of all service orders for residential end-user connections within three business days of receipt of the request from a Requesting Licensee or by a stated, later "request for activation" date selected by the Requesting Licensee.
"T+7"/"RFA+4"	The Licensee is required to fulfil 100% of all service orders for residential end-user connections within seven business days of receipt of the request from a Requesting Licensee or within four business days of a stated, later "request for activation" date selected by the Requesting Licensee.

The QoS Timeframe Standards relating to the Licensee's non-residential business are as follows:

<u>QoS Standard</u>	<u>Description</u>
"T+4 weeks"/ "RFA"	The Licensee is required to fulfil 80% of all service orders for non-residential end-user connections within four weeks of receipt of the request from a Requesting Licensee or by a stated, later "request for activation" date selected by the Requesting Licensee.
"T+8 weeks"/ "RFA+4 weeks"	The Licensee is required to fulfil 100% of all service orders for non-residential end-user connections within eight weeks of receipt of the request from a Requesting Licensee or within four weeks of a stated, later "request for activation" date selected by the Requesting Licensee.

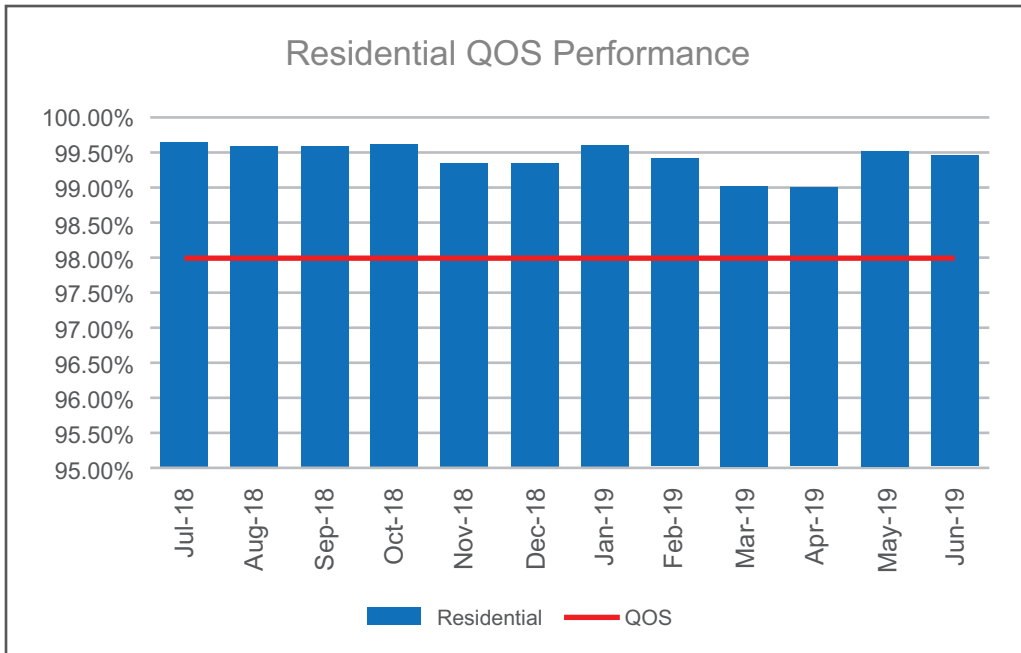
The QoS Installation Standards requires the NetLink Group to deliver 98% of residential end-user connections and 99% of non-residential end-user connections to Requesting Licensees in working condition. The last incident where the NetLink Group was found by IMDA to have breached QoS Installation Standards occurred in January 2014 and February 2014.

QoS Timeframe Standards Assessment

IMDA assesses the NetLink Group's performance of QoS Timeframe Standards on a monthly basis, based on data provided to IMDA by the NetLink Group. The assessment by IMDA of the NetLink Group's performance of QoS Timeframe Standards is a continuous process. While the NetLink Group reports performance results monthly, IMDA's assessment as to the penalties that should be imposed on the NetLink Group for the failure to meet the QoS Timeframe Standards, to the extent applicable, is expected to be undertaken on a 12-month basis. See *"Risk Factors—Risks Relating to the NetLink Group's Business—The Licensee, under relevant regulations, is subject to QoS Standards and certain conditions in relation to the Licensee's FBO Licence, for which there have been instances of non-compliance, both historically and potentially in the future"*.

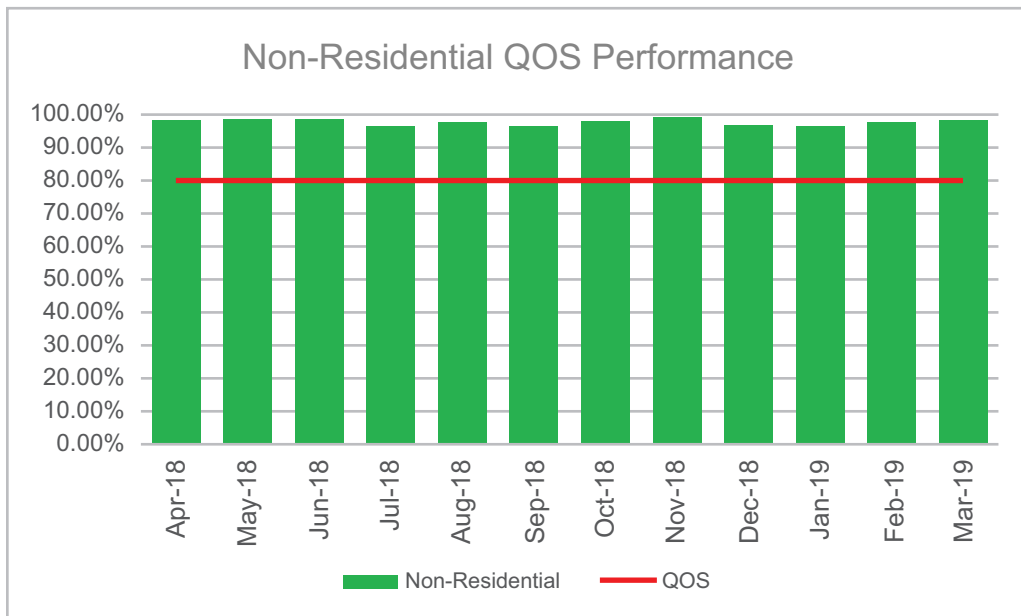
Residential QoS Performance

The table below sets out the NetLink Group’s residential QoS Timeframe Standards performance for the periods indicated, based on published IMDA information. As of the Latest Practicable Date, the last residential QoS Timeframe Standards performance information published by IMDA was for the 12-month period from July 2018 to June 2019.



Non-Residential QoS Performance

The table below sets out the NetLink Group’s non-residential QoS Timeframe Standards performance for the periods indicated, based on published IMDA information. As of the Latest Practicable Date, the last non-residential QoS Timeframe Standards performance information published by IMDA was for the 12-month period from April 2018 to March 2019.



Financial Penalties

The failure to achieve QoS Timeframe Standards has resulted in the imposition of financial penalties by IMDA. Most recently, on 5 December 2019, the NetLink Group was found to have failed to comply

with the QoS standards for residential end-user connections for the period July 2018 to June 2019, and IMDA imposed a financial penalty of S\$10,000. There were no fines imposed for non-compliance with the QoS standards for non-residential end-user connections. The abovementioned penalty has been paid.

Over the past three years, the NetLink Group has implemented various initiatives such as the roll-out of additional fibre capacity to residential homes across its nationwide network, the pre-laying of fibre infrastructure to non-residential buildings to speed up service provisioning as well as the constant enhancement of work processes to improve its QoS performance. As a result of these proactive efforts, the NetLink Group has been able to achieve appreciable improvements to the service provisioning timeframe for fibre services to residential and non-residential premises, bringing the NetLink Group closer to meeting its QoS standards, and consequently in the reduction of financial penalties.

16. PRICING

The NetCo Interconnection Code sets out the procedures for the review and modification of the prices of the Mandated Services under the ICO. A price review shall be held every five years following the last price review or at such time as IMDA may consider appropriate (which may include a mid-term review in the third year from the last price review) (such price review date, a “**price review point**” and the period between each price review point, a “**price control period**”).

At each price review point, IMDA will specify the pricing methodology to be used to review the prices of Mandated Services under the ICO at each price review point and determine the prices to apply at the end of the price control period immediately following each price review point. The Licensee shall file any changes to the prices of Mandated Services under the ICO for IMDA’s approval prior to effecting such changes in the ICO. IMDA will either accept or reject the proposed changes to the prices as filed within 30 days and will provide a statement of the basis of any rejection. The Licensee shall, subject to the exercise of IMDA’s rights under section 12.9 of the NetCo Interconnection Code, publish any changes to the prices of Mandated Services offered in the ICO within 7 days of IMDA’s approval and effect all price changes within 6 months of IMDA’s approval unless otherwise directed by IMDA.

Section 12.9 of the NetCo Interconnection Code provides that IMDA reserves the right to require the Licensee to effect any price changes in an incremental and phased manner where, in IMDA’s opinion, there is a material change in prices that may have an adverse effect on any segment of the industry, or End-Users, or both.

2017 price review

The ICO prices of the NetLink Group have been regulated using the Regulatory Asset Base (“**RAB**”) model for the five-year period starting on or around January 2018. The RAB model has been employed taking into consideration that the technology for the underlying passive civil infrastructure network of the NetLink Group (mainly ducts, manholes and fibre) is not expected to change significantly over the near term.

As of the Latest Practicable Date, the monthly recurring charges for fibre connections are reflected below:

	Without GST	With GST
Residential	S\$13.80 per connection per month	S\$14.77 per connection per month
Non-residential	S\$55 per connection per month	S\$58.85 per connection per month
NBAP	S\$73.80 per connection per month	S\$78.97 per connection per month

The RAB model allows the NetLink Group to recover these cost components: (a) return of capital deployed (i.e. depreciation); (b) return on capital employed; and (c) operating expenditure. Key assumptions in the RAB model include the following:

- (a) the base year of the RAB is 2012. Assets purchased up to and including 2012 are valued at 2012 prices, whereas assets purchased after 2012 are valued at actual cost. The annuity method is

used for the purpose of regulatory depreciation. In computing the regulatory depreciation, the useful life of ducts and manholes is assumed to be 35 years and fibre (and related infrastructure) is assumed to be 25 years; and

- (b) the return on capital is based on a nominal pre-tax weighted average cost of capital (“**WACC**”) derived using the Capital Asset Pricing Model (“**CAPM**”) approach. The pre-tax WACC for the five-year period starting on or around January 2018 is 7%. The formula is as follows:

$$\text{Nominal Pre-tax WACC} = \text{Cost of equity} \times \frac{(1 - \text{gearing})}{(1 - \text{tax})} + \text{Cost of debt} \times \text{gearing}$$

IMDA may change rate of applicable pre-tax WACC in future periods.

As the NetLink Group recovers a portion of its capital expenditure and operating expenditure in relation to the ducts and manholes via the ducts and manholes services agreement with Singtel, IMDA does not include that portion in its computation of the ICO prices.

NLT is required by IMDA to set aside monies into a capital expenditure reserve fund amounting to an aggregate of S\$40 million over the five-year period from 2018 to 2022, to meet regulatory requirements from IMDA or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT’s network infrastructure.

IMDA may exercise its discretion or the NetLink Group may propose to conduct a mid-term adjustment in the third year, in the event that there is any significant change in cost inputs or if any changes to cost or demand forecasts are required due to unforeseen circumstances.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The tables set forth selected consolidated financial information of the Group for the Financial Period from 19 June 2017 (date of constitution of NNBNT) to 31 March 2018 (“**FP2018**”), FY2019 and FY2020. This selected financial information has been derived from, and should be read in conjunction with, the Audited Consolidated Financial Statements of the Group for FY2019 and FY2020, including the notes thereto, which appear in Appendices II and III of this Information Memorandum.

1. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited		
	FY2020	FY2019	FP2018 ¹
	S\$'000	S\$'000	S\$'000
Revenue	370,192	353,580	228,587
Other income	7,543	3,458	1,521
Expenses			
Operation and maintenance costs	(19,787)	(20,834)	(9,400)
Installation costs	(10,639)	(14,376)	(9,198)
Diversion costs	(6,318)	(9,152)	(2,142)
Depreciation and amortisation	(167,782)	(160,792)	(111,811)
Staff costs	(27,438)	(24,229)	(12,848)
Finance costs	(20,504)	(19,126)	(12,180)
Management fee	(998)	(982)	(948)
Other operating expenses	(52,400)	(37,797)	(27,772)
Total expenses	(305,866)	(287,288)	(186,299)
Profit before income tax	71,869	69,750	43,809
Income tax credit	6,244	7,609	6,141
Profit after income tax	78,113	77,359	49,950
Profit attributable to:			
Unitholders of the Trust	78,113	77,359	49,950
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	(6,165)	(537)	7,250
Total comprehensive income attributable to:			
Unitholders of the Trust	71,948	76,822	57,200
Earnings per unit:			
—Basic and diluted	2.00 cents	1.99 cents	1.28 cents

¹ For the financial period from 19 June 2017 (Date of Constitution) to 31 March 2018.

2. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited		
	31 March 2020	31 March 2019	31 March 2018
	S\$'000	S\$'000	S\$'000
ASSETS			
Current assets			
Cash and bank deposits	168,624	148,621	166,449
Trade and other receivables	46,029	46,925	39,835
Contract assets	27,382	28,909	23,676
Finance lease receivables	234	221	208
Inventories	4,302	4,738	3,889
Other current assets	4,615	4,116	4,076
	<u>251,186</u>	<u>233,530</u>	<u>238,133</u>
Non-current assets			
Finance lease receivables	87,425	87,659	87,880
Property, plant and equipment	3,026,656	3,124,527	3,210,668
Right-of-use assets	12,104	—	—
Rental deposits	220	667	713
Goodwill	746,854	746,854	746,854
Licence	84,326	88,564	92,802
	<u>3,957,585</u>	<u>4,048,271</u>	<u>4,138,917</u>
Total assets	<u>4,208,771</u>	<u>4,281,801</u>	<u>4,377,050</u>
LIABILITIES			
Current liabilities			
Trade and other payables	58,502	56,023	48,374
Deferred revenue	19,208	14,946	5,082
Derivative financial instruments	6,945	—	—
Loans	509,411	—	—
Lease liabilities	1,821	—	—
Current tax liabilities	6,927	1,696	—
	<u>602,634</u>	<u>72,665</u>	<u>53,456</u>
Non-current liabilities			
Deferred revenue	6,675	7,043	7,403
Derivative financial instruments	—	780	244
Loans	155,377	634,554	588,742
Lease liabilities	12,284	—	—
Deferred tax liabilities	524,863	536,907	552,827
	<u>699,199</u>	<u>1,179,284</u>	<u>1,149,216</u>
Total liabilities	<u>1,301,833</u>	<u>1,251,949</u>	<u>1,202,672</u>
NET ASSETS	<u>2,906,938</u>	<u>3,029,852</u>	<u>3,174,378</u>
UNITHOLDERS' FUNDS			
Units in issue	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/Retained earnings	(211,101)	(94,039)	49,950
Hedging reserves	861	6,713	7,250
Total Unitholders' funds	<u>2,906,938</u>	<u>3,029,852</u>	<u>3,174,378</u>

3. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited		
	FY2020	FY2019	FP2018 ¹
	S\$'000	S\$'000	S\$'000
Operating activities			
Profit before income tax	71,869	69,750	43,809
Adjustments for:			
—Depreciation and amortisation	167,782	160,792	111,811
—Amortisation of transaction fees	864	812	573
—Provision for/ (write-back of) loss allowance for trade receivables	213	(100)	(58)
—(Write-back of provision)/ provision for stock obsolescence	(110)	46	59
—Interest expense	19,640	18,314	11,607
—Interest income	(1,730)	(1,792)	(525)
—Gain on disposal of property, plant and equipment	(4)	(4)	(5)
—Property, plant and equipment written off	16,746	2,075	1,514
Operating cash flows before working capital changes	275,270	249,893	168,785
Changes in working capital:			
—Trade and other receivables	784	(7,303)	4,170
—Contract assets	1,527	(5,233)	12,275
—Trade and other payables	1,954	15,734	2,636
—Inventories	546	(895)	1,977
Cash generated from operations	280,081	252,196	189,843
Interest received	1,798	1,792	525
Interest paid	(18,792)	(18,285)	(20,407)
Income tax paid	(569)	(6,061)	(11,510)
Net cash generated from operating activities	262,518	229,642	158,451
Investing activities			
Acquisition of subsidiaries, net of cash	—	—	(1,095,044)
Purchase of property, plant and equipment (Note A)	(75,535)	(71,100)	(212,181)
Proceeds from sale of property, plant and equipment	4	6	5
Net cash used in investing activities	(75,531)	(71,094)	(1,307,220)
Financing activities			
Payment of loan arrangement fee	(680)	(28)	(23)
Repayment of lease liabilities	(3,014)	—	—
Repayment of bank loans	(126,000)	—	—
Repayment of Unitholder's loan	—	—	(1,100,477)
Proceeds from issuance of units, net of listing expenses	—	—	2,334,718
Distribution paid	(193,290)	(221,348)	—
Proceeds from bank loans	156,000	45,000	81,000
Net cash (used in)/generated from financing activities	(166,984)	(176,376)	1,315,218
Net increase/(decrease) in cash and cash equivalents	20,003	(17,828)	166,449
Cash and cash equivalents at beginning of financial year/period	148,621	166,449	—
Cash and cash equivalents at end of financial year/period	168,624	148,621	166,449

Note A

	Audited		
	FY2020	FY2019	FP2018 ¹
	S\$'000	S\$'000	S\$'000
Purchase of property, plant and equipment	79,789	72,490	210,190
Less: Accruals for property, plant and equipment at end of financial year/period	(20,174)	(15,920)	(14,530)
Add: Payment of accruals for property, plant and equipment at beginning of financial year/ acquisition date	15,920	14,530	16,521
	<u>75,535</u>	<u>71,100</u>	<u>212,181</u>

¹ For the financial period from 19 June 2017 (Date of Constitution) to 31 March 2018.

4. CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised standards

FY2020

On 1 April 2019, the Trustee-Manager adopted all the new and revised SFRS (I) pronouncements that are relevant to the Group's and the Trust's operations. The adoption 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 discussed below.

SFRS(I) 16 Leases

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting: it introduces significant changes to lease accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of the SFRS(I) 16 on the Group's consolidated financial statements is described below.

The Trustee-Manager 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 retained earnings 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) INT 4.

(a) Impact of the new definition of a lease

The Trustee-Manager 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 1 April 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 and SFRS(I) INT 4.

The Trustee-Manager 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 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Trustee-Manager 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:

- i. Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining 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);

- ii. Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- iii. 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) which includes short term office rental with remaining lease less than 12 months, 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 Trustee-Manager 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.

- 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 used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) 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.

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate is 3.2% applied to the lease liabilities recognised in the statements of financial position on 1 April 2019.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statements of financial position at the date of initial application.

	\$'000
Operating lease commitments at 31 March 2019	20,362
Less: Short-term leases	(16)
Less: Effect of discounting the above amounts	(3,786)
Lease liabilities recognised at 1 April 2019	<u>16,560</u>

At lease commencement date, 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 statements of financial position immediately before the date of initial application. Consequently, right-of-use assets of S\$14.7 million were recognised on 1 April 2019 and the net impact on accumulated deficit of S\$1.9 million was recognised on 1 April 2019.

FY2019

The Group and NNBNT adopted the new financial reporting framework – SFRS(I) for the first time for financial year ended 31 March 2019, and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 19 June 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements. As NNBNT was only constituted on 19 June 2017 and commenced business operations from 19 July 2017, no additional statement of financial position as at 19 June 2017 is presented. The transition from the previous financial reporting framework to the SFRS(I) does not affect its reported financial position, financial performance and cash flows. Accordingly, no adjustments were made in preparing the opening SFRS(I) statement of financial positions as at 19 June 2017 and 1 April 2018.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I), interpretations of SFRS(I) which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*;
- SFRS(I) 9 *Financial Instruments*.

The application of the above standards and interpretations do not have a material effect on the financial statements.

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, there was no significant impact to the way revenue is recognised. Accordingly, the Group has reclassified unbilled revenue of S\$23.7 million classified as “Trade and other receivables” as at 31 March 2018 to “Contract assets” as at 31 March 2018 and included more extensive disclosures.

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group adopted SFRS(I) 9 from 1 April 2018.

- (i) The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018:
 - The determination of the business model within which a financial asset is held;
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- (ii) New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 March 2018 met the criteria for hedge accounting under SFRS(I) 9 at 1 April 2018 and was regarded as continuing hedging relationships.

Accordingly, there were no material adjustments to the accounting policy, no change in classification and measurement of financial assets and liabilities and no change in numbers, except for disclosures relating to the expected credit loss (“ECL”) of financial assets and more extensive disclosures on hedge accounting.

5. REVIEW OF THE GROUP’S PERFORMANCE

FY2020 compared with FY2019

Revenue of S\$370.2 million for FY2020 rose 4.7% mainly due to higher residential connections and non-residential connections. This was partially offset by lower installation-related revenue, diversion revenue and ducts and manholes service revenue.

Residential connections revenue increased by S\$24.7 million mainly due to the higher number of connections. As at 31 March 2020, there were 1,427,445 connections as compared to 1,327,732 connections as at 31 March 2019. Non-residential connections revenue increased by S\$1.2 million mainly due to the higher number of connections. As at 31 March 2020, there were 47,681 connections as compared to 46,207 connections as at 31 March 2019. Installation-related revenue was S\$0.9 million lower mainly due to lower installation charges from fewer orders requiring installation. Lower diversion revenue of S\$2.4 million was mainly due to the completion of fewer projects in FY2020 as compared to FY2019. Ducts and manholes service revenue decreased by S\$7.1 million mainly due to the completion of fewer joint-build projects in FY2020 coupled with a decrease in service revenue from reduced cable length chargeable to a customer leasing space in NLT’s ducts.

Total expenses for FY2020 were S\$18.6 million higher mainly due to higher other operating expenses, depreciation and amortisation costs, staff costs and finance costs, partially offset by lower operation and maintenance costs, installation costs and diversion costs. Other operating expenses were S\$14.6 million higher mainly due to a one-time write-off of capitalised project cost of S\$15.4 million in relation to the discontinuation of the contract with a vendor for the replacement of business and operation support systems. Depreciation and amortisation costs were S\$7.0 million higher mainly due to a higher fixed asset base, accelerated depreciation for existing IT software and the adoption of SFRS(I) 16. Staff costs for FY2020 were S\$3.2 million higher mainly due to annual salary increment, lower capitalisation of staff costs as there were fewer spare capacity fibre top up projects completed in FY2020 as compared to FY2019 and lower labour capitalisation from the discontinued IT project. Finance costs were higher by S\$1.4 million mainly due to a longer interest period in FY2020 as compared to 7 months in FY2019 for the S\$45.0 million loan taken up in August 2018, additional interest expenses on lease liabilities arising from the adoption of SFRS(I) 16 and loss arising from discontinuation of cash flow hedge as a result of the repayment of S\$126.0 million loan. Installation costs were S\$3.7 million lower as part of the installation costs was reclassified to operations and maintenance costs. In spite of the reclassified costs, operation and maintenance costs were lower by S\$1.0 million mainly due to fewer joint-build projects completed during the year. Diversion costs were S\$2.8 million lower, in line with lower diversion revenue.

Lower income tax credit of S\$1.4 million mainly from higher profit before tax of S\$71.9 million in FY2020 as compared to S\$69.8 million in FY2019.

The Group achieved a profit after tax of S\$78.1 million for FY2020, which was 1.0% higher than FY2019.

FY2019 compared with FP2018

Although NetLink NBN Trust was constituted on 19 June 2017, operating activities only commenced upon the acquisition of NLT which was completed on Listing Date, 19 July 2017. The financial year ended 31 March 2018 has a shorter financial period of 256 days (calculated from the Listing Date to 31 March 2018) as compared to 365 days for the financial year ended 31 March 2019. As the number of days making up financial year ended 31 March 2019 is different from the number of days in the comparative period ended 31 March 2018, it is not meaningful to make a comparison.

REVIEW OF STATEMENTS OF FINANCIAL POSITION

FY2020 compared with FY2019

The Group reported total assets as at 31 March 2020 of S\$4,208.8 million, S\$73.0 million lower than total assets of S\$4,281.8 million as at 31 March 2019 mainly because of a decrease in property, plant and equipment due to depreciation and amortisation, partially offset by an increase in cash and the recognition of right-of-use assets arising from the adoption of SFRS(I) 16 from 1 April 2019.

The Group reported total liabilities as at 31 March 2020 of S\$1,301.8 million, S\$49.9 million higher than total liabilities of S\$1,251.9 million as at 31 March 2019 mainly due to S\$30.0 million increase in borrowings, S\$14.1 million increase due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16 from 1 April 2019, S\$6.2 million increase in derivative financial instruments for obligations on interest rate swap till maturity date and S\$5.2 million increase in current tax liabilities partially offset by S\$12.0 million lower deferred tax liabilities.

The Group secured a new 3-year S\$210.0 million revolving credit facility (“RCF”) maturing on 19 March 2023 and S\$156.0 million was drawn down on 31 March 2020 of which S\$126.0 million was utilised to repay the RCFs due in June 2020. The outstanding term loan of S\$510.0 million was reclassified to current liabilities as the term loan was to have matured on 24 March 2021. On 21 July 2020, the Group entered into a one-year extension for the outstanding term loan of S\$510.0 million, such that the term loan will instead mature on 24 March 2022.

Total Unitholders’ funds stood at S\$2,906.9 million as at 31 March 2020, lower than S\$3,029.9 million as at 31 March 2019 mainly due to the distribution paid, partially offset by profit recognised for the financial year ended 31 March 2020.

FY2019 compared with FP2018

The Group reported total assets as at 31 March 2019 of S\$4,281.8 million, S\$95.3 million lower than total assets of S\$4,377.1 million as at 31 March 2018 mainly due to decrease in cash and bank deposits and property, plant and equipment.

The Group reported total liabilities as at 31 March 2019 of S\$1,251.9 million, S\$49.2 million higher than total liabilities of S\$1,202.7 million as at 31 March 2018 mainly due to a debt drawdown of S\$45.0 million in Q2 FY2019.

Total unitholders’ funds stood at S\$3,029.9 million as at 31 March 2019, lower than S\$3,174.4 million as at 31 March 2018 mainly due to distributions paid, partially offset by profit recognised for the financial year ended 31 March 2019.

CAPITALISATION AND INDEBTEDNESS

Capitalisation of NetLink NBN Trust

As at 31 March 2020, NetLink NBN Trust had total units in issue of S\$3,117 million consisting of 3,896,971,100 units.

The table below sets forth the consolidated capitalisation of NetLink NBN Trust as at 31 March 2020. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Information Memorandum.

	As at 31 March 2020
	(\$'000)
Short-Term Borrowings (repayable within one year)	
Short-term bank borrowings	509,411
Current portion of lease liabilities	1,821
Total short-term borrowings	511,232
Long-Term Borrowings (repayable after one year)	
Bank borrowings	155,377
Lease liabilities	12,284
Total long-term borrowings	167,661
Total Borrowings	678,893
Total Unitholders' Funds	
Units in issue	3,117,178
Hedging reserves	861
Accumulated deficits	(211,101)
Equity attributable to unitholders of NetLink NBN Trust	2,906,938
Total capitalisation	2,906,938
Total capitalisation and indebtedness	3,585,831

USE OF PROCEEDS

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for the Group's general corporate purposes, including refinancing of existing borrowings and financing of investments, acquisitions, general working capital and/or capital expenditure of the Group or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance 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 global certificate for persons holding the Securities in securities accounts with CDP ("**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 be effected through securities sub-accounts held with corporate depositors ("**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 Guarantor, the Principal Paying Agent 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 Principal Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

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 IRAS and 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. 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 of 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 Guarantor, 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.

Singapore Taxation

1. Taxation relating to payments on Notes

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% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% 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.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“**prepayment fee**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means 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**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“**break cost**”, in relation to debt securities, qualifying debt securities and qualifying project debt securities, means 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.

Any references to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

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 (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Notes issued under the Programme during the period from the date of this Information Memorandum to 31 December 2023 (“**Relevant Notes**”) would be, pursuant to the ITA and the Income Tax (Qualifying Debt Securities) Regulations (the “**QDS Regulations**”), 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 Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes 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 QDS shall not apply if the non-resident person acquires the Relevant Notes 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 “**Qualifying Income**”) from the Relevant Notes 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 Notes are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore 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 Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore, other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0% (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 Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes 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 Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of the Relevant Notes, the Relevant Notes is issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though the Relevant Notes is QDS, if, at any time during the tenure of the Relevant Notes, 50.0% or more of such Relevant Notes 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, Qualifying Income derived from such Relevant Notes 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 Notes 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 Qualifying Income) is derived from the Relevant Notes by any person who is not 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 Notes using the funds of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

2. Taxation relating to payments on Perpetual Securities

Singapore tax classification of Hybrid Instruments

The ITA 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 an e-Tax Guide: Income Tax Treatment of Hybrid Instruments 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.

Tax treatment if the Perpetual Securities are characterised as debt instruments

In the event that any tranche of the Perpetual Securities (the "**Relevant Perpetual Securities**") is characterised as debt instruments for income tax purposes, payment of distributions (including Arrears of Distribution) in respect of such Relevant Perpetual Securities (hereafter referred to as "**Distributions**") and Additional Distribution Amounts should be regarded as interest payments and the disclosure under "Taxation relating to payments on Notes" summarises the income tax treatment that may be applicable on the Distributions and Additional Distribution Amounts. For the purposes of such application, all references to "Notes" and "Relevant Notes" in the disclosure under "Taxation relating to payments on Notes" shall be construed as references to "Perpetual Securities" and "Relevant Perpetual Securities" and all references to "Qualifying Income" in the aforesaid disclosure shall include Distributions.

Tax treatment if the Perpetual Securities are characterised as equity instruments

In the event that the Relevant Perpetual Securities is characterised as equity instruments for Singapore income tax purposes and the Distributions are to be treated as dividends in the hands of Perpetual Securityholders, the payment of dividends will not be subject to withholding of tax, irrespective of the profile of Perpetual Securityholders. Where the Issuer is a Singapore tax resident company, the amount of such Distributions therefrom, should be exempt from Singapore income tax in the hands of Perpetual Securityholders.

Additional Distribution Amounts, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, may be subject to withholding tax in Singapore on the

basis that such amounts are interest in nature. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is the prevailing corporate tax rate, currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

Application for tax ruling

The Issuer may apply to the IRAS for an advance tax ruling to confirm the classification of the Relevant Perpetual Securities for Singapore income tax purposes and the Singapore tax treatment of the payment of the Distributions.

If such an application is made, the Issuer will provide relevant details of the tax ruling issued by the IRAS on its website <https://www.netlinknb.com/> or via an announcement shortly after the receipt of the tax ruling.

3. Gains on disposal of the Securities

Singapore does not impose tax on 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 the sale of the Securities will depend on the facts and circumstances of each holder of the Securities. Holders of the Securities who have adopted or who are adopting the Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (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. IRAS has also issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and 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. IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

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 Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” 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 these rules to securities such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on securities 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 securities such as the Securities, such withholding would not apply prior to 1 January 2019 and Securities issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional 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. 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.

Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities.

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 Dealer(s) 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.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer, the Guarantor, NNBNT and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor, NNBNT and/or their respective affiliates in the ordinary course of the Issuer's, the Guarantor's, NNBNT's or their respective affiliates' business. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

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 that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

In connection with the issue of any Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer and the Guarantor that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arrangers, the Dealers or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arrangers, the Dealers or any of their respective affiliates may hold long or short positions relating to the Securities.

The Arrangers, Dealer(s) and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor, NNBNT and/or their respective subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealer(s) and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, the Guarantor, NNBNT or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Arrangers, the Dealers and/or their respective affiliates for their own

account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arrangers, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arrangers, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. The Arrangers, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

United States

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions not subject to the registration requirements of Regulation S of the Securities Act (“**Regulation S**”). Terms used in this paragraph have the meanings given to them by Regulation S.

The 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 a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Principal Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out 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 the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of any identifiable tranche of Securities within the United States by any dealer that is not participating in the offering of such tranche of Securities may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

Prohibition of sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 or in the United Kingdom. For the purposes of this provision:

- (i) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, “**MiFID II**”); or
 - (b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, 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
 - (c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and
- (ii) the expression “**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 “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “**Relevant State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Relevant State except that it may make an offer of such Securities to the public in that Relevant State:

- (i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant 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 Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Securities to the public**” in relation to any Securities in any Relevant 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 “**Prospectus Regulation**” means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Securities which have a maturity of less than one year, (a) 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 (b) 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 Financial Services and Markets Act 2000 (“FSMA”) by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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
- (iii) 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.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) 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 acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 (i) to an institutional investor (as defined in Section 4A of 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 to 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, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

The selling restrictions herein contained may be modified, varied or amended from time to time by notification from the Issuer to the Dealers and each Dealer has undertaken that it will at all times comply with all such selling restrictions.

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 part thereof) or any offer document (or any part thereof) or any Pricing Supplement (or any part thereof), 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 this Information Memorandum (or any part thereof), any Pricing Supplement (or any part thereof) or any other document (or any part thereof) in connection with the offer or sale, or invitation for subscription or purchase, of the Securities.

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.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer are set out below:

<u>Name</u>	<u>Designation</u>
Mr Tong Yew Heng	Executive Director
Mr Wong Hein Jee	Executive Director

2. The name and position of each of the Directors of the Guarantor are set out below:

<u>Name</u>	<u>Designation</u>
Mr Chaly Mah Chee Kheong	Chairman and Non-Executive and Independent Director
Mr Eric Ang Teik Lim	Non-Executive and Independent Director
Ms Koh Kah Sek	Non-Executive and Independent Director
Mr Yeo Wico	Non-Executive and Independent Director
Ms Ku Xian Hong	Non-Executive and Independent Director
Mr Arthur Lang Tao Yih	Non-Executive and Non-Independent Director
Mr Sean Patrick Slattery	Non-Executive and Non-Independent Director
Mr Tong Yew Heng	Chief Executive Officer and Executive and Non-Independent Director

SHARE CAPITAL

3. As at the date of this Information Memorandum, there is only one class of ordinary shares in NetLink Treasury Pte. Ltd. The rights and privileges attached to the shares are stated in the Constitution of NetLink Treasury Pte. Ltd.
4. As at the Latest Practicable Date, there are five ordinary shares of the Issuer in issue and the Issuer is a wholly owned subsidiary of NNBNT.

ISSUED UNITS

5. As at the date of this Information Memorandum, there is only one class of units in NNBNT. The rights and privileges attached to the units are stated in the NNBNT Trust Deed.
6. As at the Latest Practicable Date, there are 3,896,971,100 units of NNBNT issued and outstanding.

BORROWINGS

7. Save as disclosed in Appendix III, as at 31 March 2020, NNBNT had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

8. The Issuer and the Guarantor are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, NNBNT will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

9. Save as disclosed in the section "Selected Consolidated Financial Information" and Appendix III, there have been no significant changes in the accounting policies of NNBNT since its audited financial accounts for the year ended 31 March 2020.

LITIGATION

10. As at the date of this Information Memorandum, there are no legal or arbitration proceedings pending or, so far as the Issuer is aware, threatened against the Issuer, the Guarantor, NNBNT or any of their respective subsidiaries 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, the Guarantor, NNBNT or the Group taken as a whole.

MATERIAL ADVERSE CHANGE

11. As at the date of this Information Memorandum, there has been no material adverse change in the financial condition or business of the Issuer, the Guarantor, NNBNT or the Group since 31 March 2020.

CONSENT

12. Deloitte & Touche LLP, the auditors of NNBNT, have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

LEGAL ENTITY IDENTIFIER

13. The Legal Entity Identifier of the Issuer is 254900XB3TCDX9PIMQ15.

DOCUMENTS AVAILABLE FOR INSPECTION

14. Copies of the following documents may be inspected by prior appointment (email: investor@netlinknbn.com) at the registered office of the Issuer at 750E Chai Chee Road, #07-03 Viva Business Park, Singapore 469005 during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Constitutions of the Issuer and the Guarantor;
 - (b) the NNBNT Trust Deed;
 - (c) the Trust Deed;
 - (d) the letter of consent referred to in paragraph 12 above;
 - (e) the audited financial statements of NNBNT and its subsidiaries for the financial year ended 31 March 2019; and
 - (f) the audited financial statements of NNBNT and its subsidiaries for the financial year ended 31 March 2020.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

15. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2019**

The information in this Appendix II has been extracted and reproduced from the audited financial statements of NetLink NBN Trust and its subsidiaries for the financial year ended 31 March 2019 and has not been specifically prepared for inclusion in this Information Memorandum.

NetLink NBN Trust and its Subsidiaries

**Annual Financial Statements
For the Financial Year Ended
31 March 2019**

Index	Page
<u>Report of the Trustee-Manager of NetLink NBN Trust</u>	<u>1</u>
<u>Statement by the Trustee-Manager of NetLink NBN Trust</u>	<u>4</u>
<u>Statement by the Chief Executive Officer</u>	<u>5</u>
<u>Independent Auditor's Report</u>	<u>6</u>
<u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>	<u>11</u>
<u>Statements of Financial Position</u>	<u>12</u>
<u>Statements of Changes in Unitholders' Funds</u>	<u>13</u>
<u>Consolidated Cash Flow Statement</u>	<u>15</u>
<u>Notes to the Financial Statements</u>	<u>17</u>

NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

The Directors of NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust ("NetLink" or the "Trust") are pleased to present their report to the Unitholders of the Trust, together with the consolidated financial statements of NetLink NBN Trust and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2019.

Directors

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

Mr Chaly Mah Chee Kheong	(Chairman and Independent Director)
Ms Koh Kah Sek	(Independent Director)
Mr Ang Teik Siew @ Ang Teik Lim Eric	(Independent Director)
Ms Ku Xian Hong	(Independent Director)
Mr Yeo Wico	(Independent Director)
Mr Lang Tao Yih, Arthur	(Non-Executive Director)
Mr Slattery Sean Patrick	(Non-Executive Director)
Mr Tong Yew Heng	(Chief Executive Officer and Executive Director)

Arrangements to enable Directors to acquire units and debentures

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all 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

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act (Cap 31A) (the "Act"), particulars of the interests of Directors who held office at the end of the financial year held units in, or debentures of, the Trust are as follows:

	Holdings registered in name of Director		Holdings in which Director is deemed to have an interest	
	At 1 April 2018	At 31 March 2019	At 1 April 2018	At 31 March 2019
Number of units				
Mr Chaly Mah Chee Kheong	300,000	300,000	-	-
Ms Koh Kah Sek	100,000	100,000	-	-
Mr Yeo Wico	300,000	300,000	-	-
Mr Lang Tao Yih, Arthur	200,000	-	-	200,000
Mr Slattery Sean Patrick	200,000	200,000	-	-
Mr Tong Yew Heng	200,000	300,000	-	-

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2019.

NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

Audit committee

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

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

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

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the Group for the year ended 31 March 2019;
- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018) constituting the Trust, the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and
- the financial statements of NetLink NBN Trust and its subsidiaries, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 March 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 Group and the Trust for the financial year ended 31 March 2019 before their submission to the Board of Directors of the Trustee-Manager.


NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

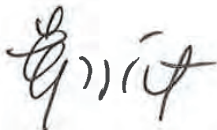
Independent auditor

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

On behalf of the Board of Directors of the Trustee-Manager



Chaly Mah Chee Kheong
Chairman



Koh Kah Sek
Director

Singapore
13 May 2019

NetLink NBN Trust and its Subsidiaries

Statement by NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

In our opinion,

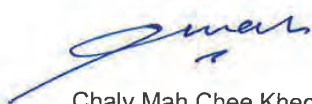
- (a) the consolidated statement of profit or loss and other comprehensive income set out on page 11 is drawn up so as to give a true and fair view of the results of the business of the Group for the financial year ended 31 March 2019;
- (b) the statement of financial position set out on page 12 is drawn up so as to give a true and fair view of the state of affairs of NetLink NBN Trust and of the Group as at 31 March 2019;
- (c) the consolidated cash flow statement set out on pages 15 to page 16 is drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2019; and
- (d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

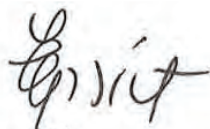
- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the interested person transactions entered into by the Group during the financial year are not detrimental to the interest of the Unitholders of the Trust 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 interest of the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the Group as at and for the financial year ended 31 March 2019 for issue.

On behalf of the Board of Directors of the Trustee-Manager



Chaly Mah Chee Kheong
Chairman



Koh Kah Sek
Director

Singapore
13 May 2019

NetLink NBN Trust and its Subsidiaries

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 interest of the Unitholders of the Trust as a whole.



Tong Yew Heng
Chief Executive Officer

Singapore
13 May 2019

NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2019

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 March 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 11 to 76.

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 the Business Trusts Act, Chapter 31A of Singapore (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 31 March 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 *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 period. 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 of these matters.

NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2019

Key Audit Matters

Our audit performed and responses thereon

Goodwill Impairment Review

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.

As at 31 March 2019, goodwill recorded on acquisition of NetLink amounted to \$746.9 million, constituting approximately 17% of the Group's total assets.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 20 to the financial statements.

We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and comparing the independent expectations to those used by management.

We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.

We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.

NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2019

Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of our auditor's report on the financial statements.

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 identified above when it becomes available 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.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the Trustee-Manager and Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager 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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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 management 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 Responsibilities 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.

NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2019

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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.
- 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.
- 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 period 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.

NetLink NBN Trust and its Subsidiaries

**Independent Auditor's Report to the Unitholders of NetLink NBN Trust
For the financial year ended 31 March 2019**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.


Public Accountants and
Chartered Accountants
Singapore

13 May 2019

NetLink NBN Trust and its Subsidiaries

**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 March 2019**

		Group	
	Note	2019	2018^(a)
		\$'000	\$'000
Revenue	4	353,580	228,587
Other income	6	3,458	1,521
Expenses			
Operation and maintenance costs		(20,834)	(9,400)
Installation costs		(14,376)	(9,198)
Diversion costs		(9,152)	(2,142)
Depreciation and amortisation		(160,792)	(111,811)
Staff costs	7	(24,229)	(12,848)
Finance costs	8	(19,126)	(12,180)
Management fee	9	(982)	(948)
Other operating expenses		(37,797)	(27,772)
Total expenses		(287,288)	(186,299)
Profit before income tax	10	69,750	43,809
Income tax credit	11	7,609	6,141
Profit after income tax		77,359	49,950
Profit attributable to:			
Unitholders of the Trust		77,359	49,950
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	26	(537)	7,250
Total comprehensive income attributable to:			
Unitholders of the Trust		76,822	57,200
Earnings per unit:			
- Basic and diluted	30	1.99 cents	1.28 cents

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

Statements of Financial Position
As at 31 March 2019

		Group		Trust	
	Note	31 March 2019	31 March 2018 (Restated)	31 March 2019	31 March 2018
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current assets					
Cash and bank deposits	12	148,621	166,449	223	861
Trade and other receivables	13	46,925	39,835	57,624	81,102
Contract assets	14	28,909	23,676	-	-
Finance lease receivables	15	221	208	-	-
Inventories	16	4,738	3,889	-	-
Other current assets	17	4,116	4,076	310	360
		<u>233,530</u>	<u>238,133</u>	<u>58,157</u>	<u>82,323</u>
Non-current assets					
Finance lease receivables	15	87,659	87,880	-	-
Property, plant and equipment	18	3,124,527	3,210,668	-	-
Rental deposits	19	667	713	-	-
Goodwill	20	746,854	746,854	-	-
Licence	21	88,564	92,802	-	-
Investment in subsidiaries	22	-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary	23	-	-	1,100,000	1,100,000
		<u>4,048,271</u>	<u>4,138,917</u>	<u>3,113,673</u>	<u>3,113,673</u>
Total assets		<u>4,281,801</u>	<u>4,377,050</u>	<u>3,171,830</u>	<u>3,195,996</u>
LIABILITIES					
Current liabilities					
Trade and other payables	24	56,023	48,374	521	685
Deferred revenue	25	21,989	12,485	-	-
Current tax liabilities		1,696	-	-	-
		<u>79,708</u>	<u>60,859</u>	<u>521</u>	<u>685</u>
Non-current liabilities					
Derivative financial instruments	26	780	244	-	-
Loans	27	634,554	588,742	-	-
Deferred tax liabilities	28	536,907	552,827	-	-
		<u>1,172,241</u>	<u>1,141,813</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,251,949</u>	<u>1,202,672</u>	<u>521</u>	<u>685</u>
NET ASSETS		<u>3,029,852</u>	<u>3,174,378</u>	<u>3,171,309</u>	<u>3,195,311</u>
UNITHOLDERS' FUNDS					
Units in issue	29	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficit)/Retained earnings		(94,039)	49,950	54,131	78,133
Hedging reserves	26	6,713	7,250	-	-
Total Unitholders' funds		<u>3,029,852</u>	<u>3,174,378</u>	<u>3,171,309</u>	<u>3,195,311</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Statements of Changes in Unitholders' Funds
For the financial year ended 31 March 2019**

Group	Units in issue \$'000	Retained earnings \$'000	Hedging reserves \$'000	Total \$'000
2019				
At 1 April 2018	3,117,178	49,950	7,250	3,174,378
Total comprehensive income for the year:				
Profit for the year	-	77,359	-	77,359
Other comprehensive loss for the year	-	-	(537)	(537)
Distribution paid (Note 34)	-	(221,348)	-	(221,348)
At 31 March 2019	3,117,178	(94,039)	6,713	3,029,852
2018^(a)				
At 19 June 2017 (date of constitution)	*	-	-	*
Total comprehensive income for the period:				
Profit for the period	-	49,950	-	49,950
Other comprehensive income for the period	-	-	7,250	7,250
Total	-	49,950	7,250	57,200
Transactions with Unitholders, recognised directly in equity:				
Issue of units	3,156,547	-	-	3,156,547
Less: listing expenses	(39,369)	-	-	(39,369)
At 31 March 2018	3,117,178	49,950	7,250	3,174,378

* Amount less than \$1,000

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

NetLink NBN Trust and its Subsidiaries

**Statements of Changes in Unitholders' Funds
For the financial year ended 31 March 2019**

	Units in issue \$'000	Retained earnings \$'000	Total \$'000
Trust 2019			
At 1 April 2018	3,117,178	78,133	3,195,311
Total comprehensive income for the year:	-		
Profit for the year	-	197,346	197,346
Distribution paid (Note 34)	-	(221,348)	(221,348)
At 31 March 2019	3,117,178	54,131	3,171,309
2018^(a)			
At 19 June 2017 (date of constitution)	*	-	*
Total comprehensive income for the period:			
Profit for the period	-	78,133	78,133
Total	-	78,133	78,133
Transactions with Unitholders, recognised directly in equity:			
Issue of units	3,156,547	-	3,156,547
Less: listing expenses	(39,369)	-	(39,369)
At 31 March 2018	3,117,178	78,133	3,195,311

* Amount less than \$1,000

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Consolidated Cash Flow Statement
For the financial year ended 31 March 2019**

	Note	Group 2019 \$'000	2018 ^(a) (Restated) \$'000
Operating activities			
Profit before income tax		69,750	43,809
Adjustments for:			
- Depreciation and amortisation		160,792	111,811
- Amortisation of transaction fees	8	812	573
- Write-back of loss allowance for trade receivables	13	(100)	(58)
- Provision for stock obsolescence	16	46	59
- Interest expense	8	18,314	11,607
- Interest income	6	(1,792)	(525)
- Gain on disposal of property, plant and equipment		(4)	(5)
- Property, plant and equipment written off	18	2,075	1,514
Operating cash flows before working capital changes		249,893	168,785
Changes in working capital:			
- Trade and other receivables		(7,303)	4,170
- Contract assets		(5,233)	12,275
- Trade and other payables		15,734	2,636
- Inventories		(895)	1,977
Cash generated from operations		252,196	189,843
Interest received		1,792	525
Interest paid		(18,285)	(20,407)
Income tax paid		(6,061)	(11,510)
Net cash generated from operating activities		229,642	158,451
Investing activities			
Acquisition of subsidiaries, net of cash	20	-	(1,095,044)
Purchase of property, plant and equipment (Note A)		(71,100)	(212,181)
Proceeds from sale of property, plant and equipment		6	5
Net cash used in investing activities		(71,094)	(1,307,220)
Financing activities			
Repayment of Unitholder's loan		-	(1,100,477)
Proceeds from issuance of units, net of listing expenses		-	2,334,718
Payment of loan arrangement fee		(28)	(23)
Distribution paid		(221,348)	-
Proceeds from bank loans	27	45,000	81,000
Net cash (used in)/generated from financing activities		(176,376)	1,315,218
Net (decrease)/increase in cash and cash equivalents		(17,828)	166,449
Cash and cash equivalents at beginning of financial year/ period		166,449	-
Cash and cash equivalents at end of financial year/ period	12	148,621	166,449

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Consolidated Cash Flow Statements
For the financial year ended 31 March 2019**

Note A

		Group	
	Note	2019 \$'000	2018^(a) \$'000
Purchase of property, plant and equipment	18	72,490	210,190
Less: Accruals for property, plant and equipment at end of financial year/ period	24	(15,920)	(14,530)
Add: Payment of accruals for property, plant and equipment at beginning of financial year/ acquisition date		14,530	16,521
		<u>71,100</u>	<u>212,181</u>

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

1. Corporate information

NetLink NBN Trust ("NetLink" or the "Trust") was constituted by a trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018) (collectively, the "Trust Deed"). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. NetLink is regulated by the Business Trusts Act, Chapter 31A of Singapore and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017 (the "Listing Date"). The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousands ("S'000"), except when otherwise stated.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the "Trustee-Manager") has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, Viva Business Park, Singapore 469005.

The principal activities of the Trust is that of investment holding. The principal activities of the Trust's subsidiaries are disclosed in Note 22 to the financial statements.

These financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 13 May 2019.

For the first financial period from 19 June 2017 (date of constitution) to 31 March 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended 31 March 2019 are the first set that the Group and the Trust have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 2.1.

2. Summary of significant accounting policies

2.21 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and 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 the measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for 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*.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

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:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) 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
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

Adoption of new and revised standards – The Group and Trust adopted the new financial reporting framework – SFRS(I) for the first time for financial year ended 31 March 2019, and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) 1 with 19 June 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 March 2019 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements. As the Trust was only constituted on 19 June 2017 and commenced business operations from 19 July 2017, no additional statement of financial position as at 19 June 2017 is presented. The transition from the previous financial reporting framework to the SFRS(I) does not affect its reported financial position, financial performance and cash flows. Accordingly, no adjustments were made in preparing the opening SFRS(I) statement of financial positions as at 19 June 2017 and 1 April 2018.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I), interpretations of SFRS(I) which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers*;
- SFRS(I) 9 *Financial Instruments*.

The application of the above standards and interpretations do not have a material effect on the financial statements.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, there was no significant impact to the way revenue is recognised. Accordingly, the Group has reclassified unbilled revenue of \$23.7 million classified as "Trade and other receivables" as at 31 March 2018 to "Contract assets" as at 31 March 2018 and included more extensive disclosures.

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group adopted SFRS(I) 9 from 1 April 2018.

(i) The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018:

- The determination of the business model within which a financial asset is held;
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;

(ii) New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 March 2018 met the criteria for hedge accounting under SFRS(I) 9 at 1 April 2018 and was regarded as continuing hedging relationships.

Accordingly, there was no material adjustments to the accounting policy, no change in classification and measurement of financial assets and liabilities and no change in numbers, except for disclosures relating to the expected credit loss ("ECL") of financial assets and more extensive disclosures on hedge accounting.

2.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group in the periods of their initial application.

Effective for annual periods beginning on or after 1 January 2019

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

The Trustee-Manager anticipates that the adoption of the above SFRS(I) and amendments to SFRS(I) in future period will not have a material impact on the financial statements of the Group and Trust in the period of their adoption except for the following:

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.2 Standards issued but not yet effective (cont'd)

SFRS(I) 16 Leases

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

The Trustee-Manager will adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application and anticipates that the initial application of the new SFRS(I) 16 will result in changes to the accounting policies relating to operating leases, where the Group is a lessee. A leased asset will be recognised on statement of financial position, representing the Group's right to use the leased asset over the lease term and recognition of a corresponding liability. Additional disclosures may be made with respect of the Group's exposure to asset risk and credit risk, where the Group is the lessee or lessor. The Trustee-Manager does not plan to early adopt the new SFRS(I) 16 and the possible impact of implementing SFRS(I) 16 is as below.

Statement of Financial Position

	Impact as at 1 April 2019
	\$'000
Right-of-Use Asset	14,919
Lease Liability	(17,092)
Reduction in Retained Earnings	2,173

2.3 Basis of consolidation and business combinations

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust and 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation and business combination (cont'd)

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.

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

Profit or loss and each component of other comprehensive income are attributed to the unitholders of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholders of the Trust.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2 Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation and business combination (cont'd)

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 and 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.

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.

2.4 Property, plant and equipment

(a) Measurement

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.4 Property, plant and equipment (cont'd)

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and buildings	Over the remaining leasehold period of 57 to 77 years
Network assets	23 to 50 years
Exchange equipment	8 to 15 years
Leasehold improvements	5 years
Furniture, fittings and equipment	3 to 7 years
Motor vehicles	10 years

Assets under construction included in property, plant and equipment are carried at cost, less any recognised impairment loss. Asset under construction are not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each year end. The effects of any changes in estimate are accounted for prospectively.

(c) Subsequent expenditure

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 the profit or loss when incurred.

(d) Disposal

On disposal of a property, plant and equipment, the difference between sale proceeds and its carrying amount is recognised in the profit or loss.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.5 Investment in subsidiaries

Investment in subsidiary is carried at cost less any impairment in net recoverable value in the Trust's statement of financial position. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's profit or loss.

2.6 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.

2.7 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.

The Group's Facilities-Based Operator ("FBO") licence has finite useful lives, over which the assets are amortised using the straight-line method, over their estimated useful lives of 23 years. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is included in the line item "depreciation and amortisation" in profit or loss.

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.

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of tangible and intangible assets excluding goodwill

As at each reporting date, 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.

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.

2.9 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) 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
- 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting 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).

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 and at FVTOCI. 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 and is included in the "other income" line item.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 or at FVTOCI, contract assets and lease receivables. 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 recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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. 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-months ECL represents the portion of lifetime ECL that is expected to result from possible default events on a financial instrument 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 customers operate, obtained from financial analysts, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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;
- 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 foregoing, 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 fulfill 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.

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 90 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:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) 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;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) 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 one year past due, whichever occurs sooner. 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.

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 customers, 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) 1-17 *Leases*.

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, contract assets, finance lease 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; and
- External credit ratings where available.

The grouping is regularly reviewed by management 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(i) Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(ii) Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) 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 premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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.

2.10 Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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. The Group designates certain derivatives as hedges of interest rate risk (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

2. Summary of significant accounting policies (cont'd)

2.10 Derivative financial instruments (cont'd)

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of 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 26 set out details of the fair values of the derivative instruments used for hedging purposes.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.10 Derivative financial instruments (cont'd)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge.

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. 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.

2.11 Offsetting arrangements

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

2.12 Contract assets

A contract asset is recognised for the revenue recognised but not yet invoiced.

2.13 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.15 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.

2.16 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability 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.

2. Summary of significant accounting policies (cont'd)

2.17 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 lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see Note 2.21). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.18 Taxes

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, 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 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 as 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.18 Taxes (cont'd)

Income tax (cont'd)

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, 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.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.19 Foreign currency transactions and translation

Functional or presentation currency

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 and equity 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. As at each reporting date, 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.20 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

2.21 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.

2.22 Revenue recognition

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and central office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Reference Access Offer, Customised Agreement and the ducts and manholes services revenue. Revenues received pursuant to the Interconnection Offer and Reference Access Offer are subject to regulated pricing determined by Info-communications Media Development Authority ("IMDA"). The tariff and Customised Agreement for providing fibre connection services and the ducts and manholes services revenue was approved by IMDA. Non-regulated revenues comprise central office revenue, diversion income and other revenue that is not regulated or approved by IMDA.

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. There is no significant impact to the way revenue is recognised by the Group as a result of adoption of SFRS(I) 1-15.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity. In addition, there are specific criteria that have to be met for revenue recognition for each of the Group's activities as described below:

- (a) Ducts and manholes service revenue includes the following:
 - (i) Revenue received from the provision of space in NetLink Trust's ("NLT") ducts and manholes. Revenue is recognised over time over the contract period on a straight line basis when the services are rendered. Invoices are issued on a monthly basis and are payable within 30 days.
 - (ii) Revenue received from substantial Unitholder for the recovery of ducts and manholes construction costs on joint-build projects and the provision of Reference Access Offer ("RAO") services. Revenue is recognised upon project completion. Invoices are issued on a monthly basis and are payable within 30 days.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.22 Revenue recognition (cont'd)

- (b) Central office revenue primarily comprises revenue received for the provision of ancillary services such as security, maintenance and administration services relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for central office revenue are issued on a quarterly basis and are payable within 30 days.
- (c) Service income and charges primarily comprises revenue received for the lease of machinery and equipment relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for service income and charges are issued on a quarterly basis and are payable within 30 days.
- (d) Connection revenue primarily comprises monthly recurring monthly fees received from Requesting Licensees for each residential, non-residential, NBAP and segment (i.e. point to point) connection. Revenue is recognised over time over the subscription period on a straight-line basis when the services are rendered. Invoices for connection revenue are issued on a monthly basis and are payable within 30 days.
- (e) Revenue from co-location includes the following:
 - (i) Monthly recurring charges received from Requesting Licensees to use space in co-location rooms in central office to house their equipment racks. Revenue is recognised over time over the lease term when the services are rendered;
 - (ii) Provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort charges at the central offices. Revenue from power is recognised over time using the rate and usage charged while cooling is recognised over time over the lease term when services are rendered. Revenue from site preparation and installation, fibre splicing and onsite work and escort charges at the central offices are recognised at a point in time when the services are rendered or upon completion of the services; and
 - (iii) Invoices for co-location revenue are issued on a monthly basis and are payable within 30 days.
- (f) Installation-related revenue includes the following:
 - (i) One-time charges imposed on Requesting Licensees for the installation of a termination point at residential home, non-residential home and/or NBAPs, and charges for the relocation, repair, replacement or removal of existing termination points and/or fibre cables within the same residential home, non-residential premises and/or NBAP location. Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer;
 - (ii) Service activation charge imposed on Requesting Licensees for each activation of service on any fibre which comprises of the patching and unpatching services relating to each new connection. This is a new charge which was effective for new connections from 1 January 2018. Revenue from the patching services is recognised upon activation of fibre connection, while revenue from the unpatching services is deferred until the unpatching work for the termination of fibre connection is completed; and
 - (iii) Invoices for installation-related revenue are issued in arrears on a monthly basis when the service is completed and/or rendered and are payable within 30 days.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

2. Summary of significant accounting policies (cont'd)

2.22 Revenue recognition (cont'd)

- (g) Diversion revenue primarily comprises income received from third parties, such as developers and the Government Agencies upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction. Revenue is recognised upon completion of diversion work for each customer. Invoices for diversion revenue to third parties are issued and payment to receive before work commencement. Invoices to Government Agencies are issued upon work completion and are payable within 30 days.
- (h) Fibre related and other revenue primarily comprise premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. Revenue is recognised at a point in time when the services are rendered or upon completion of fibre repair work. Invoices for fibre related and other revenue are issued on a monthly basis whenever the service is completed and/or rendered and are payable within 30 days.
- (i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (j) Dividend/distribution income from subsidiaries is recognised when the shareholders/unitholders' rights to receive payment have been established.
- (k) Deferred revenue relates to unearned revenue and is recognised in the profit or loss when Ducts and Manholes service, Installation-related and Diversion services are rendered.
- (l) Customer rebates and discount are recognised against the respective revenue.

2.23 Segment reporting

An operating segment is a component of the Group:

- (a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components,
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker and the Group to make decisions about resources to be allocated to the segment and assess its performance; and
- (c) for which discrete financial information is available.

2.24 Distributions to the Unitholders

Distributions to the Unitholders are recorded in equity in the period in which they are approved for payment.

3. Significant accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2, the Trustee-Manager is required to make 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 and key sources of estimation uncertainty in applying the entity's accounting policies

The following are the critical judgements and key sources of estimation uncertainty that Trustee-Manager has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Estimated useful lives of property, plant and equipment (Note 18)

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

(b) Goodwill impairment reviews

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value in use calculations of goodwill on acquisition of subsidiaries are disclosed in Note 20.

(c) Fair value of derivative financial instruments (Note 26)

The fair value of the interest rate swaps is derived using the discounted cash flow method, where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

4. Revenue

	Group	
	2019	2018 ^(a)
	\$'000	\$'000
Timing of revenue recognition		
At a point in time:		
- Ducts and manholes service revenue - Construction of joint-build and provision of RAO services	6,797	78
- Installation-related revenue	21,412	10,261
- Diversion revenue	13,507	3,655
- Co-location revenue – Others	1,028	1,055
- Fibre related revenue	2,782	2,886
- Other revenue	745	195
	46,271	18,130
Over time:		
- Ducts and manholes service revenue - Provision of space	30,579	22,117
- Central office service revenue	5,384	3,774
- Finance lease income	5,248	3,687
- Service income and charges	6,859	4,885
- Connection revenue – Residential	206,768	141,675
- Connection revenue – Non-residential	29,962	18,602
- Connection revenue – NBAP	1,202	742
- Connection revenue – Segment fibre	5,706	4,861
- Co-location revenue – Space, power and cooling	15,601	10,114
	307,309	210,457
	353,580	228,587

5. Segment Information

The chief operating decision maker has been determined as the Chief Executive Officer of the Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Group is principally engaged in the provision of duct and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Group operates in one single business and geographical segment.

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

6. Other income

	Group	
	2019	2018 ^(a)
	\$'000	\$'000
Interest income	1,792	525
Wage Credit Scheme	240	383
Fibre Readiness Certification	432	365
Restoration cost recovery	615	125
Plant Route Plans	107	73
Others	272	50
	<u>3,458</u>	<u>1,521</u>

7. Staff costs

	Group	
	2019	2018 ^(a)
	\$'000	\$'000
Salaries and wages	24,571	17,422
Employer's contribution to defined contribution plans including Central Provident Fund	3,030	2,099
Other short-term benefits	1,891	1,292
Less: Staff costs capitalised	<u>(5,263)</u>	<u>(7,965)</u>
	<u>24,229</u>	<u>12,848</u>

8. Finance costs

	Group	
	2019	2018 ^(a)
	\$'000	\$'000
Interest on bank loans	16,286	7,540
Interest on obligations under finance leases	140	102
Financing related costs	1,484	1,235
Realised loss on interest rate swaps	<u>1,216</u>	<u>3,303</u>
	<u>19,126</u>	<u>12,180</u>

For cash flow purposes, finance costs do not include amortisation of transaction fee of \$812,000 (2018: \$573,000).

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

9. Management fee

Management fees are payable quarterly in arrears and in accordance with the Trust Deed dated 19 June 2017.

10. Profit before income tax

The following items have been included in arriving at profit before income tax:

	Group	
	2019	2018^(a)
	\$'000	\$'000
Depreciation (Note 18)	156,554	108,633
Amortisation of Licence (Note 21)	4,238	3,178
Other operating expenses:		
Property tax	16,438	11,276
Operating lease expense (Note 31a)	3,889	2,094
Property, plant and equipment written off (Note 18)	2,075	1,514
Provision for stock obsolescence (Note 16)	46	59
Write-back of loss allowance for trade receivables (Note 13)	(100)	(58)
Total amount of fees paid/payable to auditors of the Trust:		
Audit fees paid/payable to auditors of the Trust	163	348
Non audit fees paid/payable to auditors of the Trust	10	15
Total	173	363*

* Includes audit fee of \$215,000 and non-audit fees of \$15,000 debited to listing expenses.

11. Income tax credit

The major components of income tax credit for the year ended 31 March 2019 is:

	Group	
	2019	2018^(a)
	\$'000	\$'000
Income tax is made up of:		
- Current income tax (expense)/credit	(581)	8,721
- (Under)/Over provision of current income tax in prior year	(7,730)	828
	(8,311)	9,549
- Deferred income tax due to origination and reversal of temporary differences (Note 28)	7,528	(2,980)
- Over/(under) provision of deferred income tax in prior year (Note 28)	8,392	(428)
Income tax credit recognised in profit or loss	7,609	6,141

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

11. Income tax credit (cont'd)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group	
	2019	2018 ^(a)
	\$'000	\$'000
Profit before income tax	69,750	43,809
Income tax expense calculated at a tax rate of 17%	(11,858)	(7,448)
Effect of:		
- Income not subject to taxation	18	18
- Expenses not deductible for tax purposes	(783)	(775)
- Tax relief	-	20
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 23)	19,635	13,771
- Over provision in prior year - net	662	400
- Others	(65)	155
	7,609	6,141

In December 2018, NLT received an amended assessment relating to Year of Assessment 2014 from the Inland Revenue Authority of Singapore where certain capital allowances claimed by NLT were reduced. These capital allowances were previously transferred to Singtel group under the group tax relief system. The additional assessments for the Singtel group amounts to \$120 million. The amended assessment does not result in any tax payable by NLT under the transfer agreement with Singtel group.

12. Cash and bank deposits

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Cash and bank balances	138,621	158,449	223	861
Capital expenditure reserve fund ^(b)	10,000	8,000	-	-
Cash at bank, representing cash and cash	148,621	166,449	223	861

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

(b) Capex Reserve comprises monies set aside for at least 20% of capital expenditure reserve fund per year cumulating to \$40 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from Info-communications Media Development Authority ("IMDA") or for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of \$8 million. As at 31 March 2019, NLT has set aside \$10 million for the Capex Reserve.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

13. Trade and other receivables

	Group		Trust	
	2019 \$'000	2018 (Restated) \$'000	2019 \$'000	2018 \$'000
Trade receivables:				
- Third parties	11,170	7,911	33	94
- Substantial Unitholder	21,186	15,906	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	9,144	7,840	-	-
Loss allowances	(81)	(181)	-	-
	<u>41,419</u>	<u>31,476</u>	<u>33</u>	<u>94</u>
Other receivables:				
- Third parties	5,506	8,359	-	-
- Subsidiaries	-	-	57,591	81,008
	<u>46,925</u>	<u>39,835</u>	<u>57,624</u>	<u>81,102</u>

Trade receivables due from third parties, substantial unitholder and subsidiary of a substantial shareholder of the substantial unitholder.

The average credit period is 30 days (2018: 30 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10.75% (2018: 10.75%) per annum on the outstanding balance for interconnection services which are regulated under IMDA which consist of connection revenue, co-location revenue, installation-related revenue and fibre related revenue. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer.

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 customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

13. Trade and other receivables (cont'd)

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	2019			2018		
	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Group						
Current	0.01	35,641	2	0.07	25,414	18
Past due 1-30 days	-	1,054	-	0.09	5,696	5
Past due 31-60 days	-	4,560	-	11.02	127	14
Past due 61-90 days	21.43	14	3	61.90	42	26
Past due above 90 days	50.67	150	76	59.90	197	118
		41,419	81		31,476	181

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL – Not credit-impaired			
	Collectively assessed \$'000	Individually assessed \$'000	Lifetime ECL – credit-impaired \$'000	Total \$'000
Group				
At 19 June 2017 (date of constitution)	-	-	-	-
Acquisition of subsidiary	-	224	15	239
Allowance utilised	-	(15)	(3)	(18)
Loss allowance recognised	-	147	-	147
Amounts recovered	-	(187)	-	(187)
At 31 March 2018	-	169	12	181
Allowance utilised	-	(23)	(12)	(35)
Loss allowance recognised	6	42	26	74
Amounts recovered	-	(139)	-	(139)
At 31 March 2019	6	49	26	81

Other receivables due from third parties and subsidiaries

Other receivables due from third parties and subsidiaries are unsecured, interest-free and are generally receivable on 30 days terms.

ECL is expected to be insignificant for other receivables due from third parties and subsidiaries.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

14. Contract assets

	Group 2019 \$'000	2018 (Restated) \$'000
Contract assets	28,909	23,676
Analysed as:		
Substantial Unitholder	12,699	10,093
Subsidiaries of a substantial shareholder of a substantial Unitholder	9,374	7,369
Third parties	6,836	6,214
	<u>28,909</u>	<u>23,676</u>

Movements in the contracts assets balances during the year are as follows:

	Group 2019 \$'000	2018 (Restated) \$'000
At the beginning of the year/ period	23,676	-
Acquisition of subsidiary	-	35,951
Contract assets recognised, net of reclassification from/(to) trade receivables	5,233	(12,275)
At the end of the year/ period	<u>28,909</u>	<u>23,676</u>

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

The increase in contract assets balances relate to increase in receivables derived against higher revenue from ducts and manholes service revenue, central office service revenue, service income and charges, connection revenue and co-location revenue during the financial year.

ECL is expected to be insignificant for contract assets.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

15. 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	
	2019	2018
	\$'000	\$'000
Minimum finance lease receivables:		
Not later than one year	5,456	5,456
Later than one year but not later than five years	21,825	21,825
Later than five years	271,493	276,949
Total minimum lease receivables (Note 31b)	298,774	304,230
Less: Future finance income	(210,894)	(216,142)
Present value of minimum lease receivables	87,880	88,088
Net investment in finance lease	87,880	88,088
Less: Present value of finance lease receivables not later than one year	(221)	(208)
Non-current finance lease receivables	87,659	87,880

Present value of the finance lease receivables is analysed as follows:

	Group	
	2019	2018
	\$'000	\$'000
Not later than one year	221	208
Later than one year but not later than five years	1,028	968
Later than five years	86,631	86,912
Present value of minimum lease receivables	87,880	88,088

The finance lease receivables relate to the rental agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the exchange buildings owned by the subsidiary. At acquisition, the exchange buildings have a remaining lease period of 50 to 70 years.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2% (2018: 6.2%).

Loss allowance for finance lease receivables has always been measured 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, the Group considers that no finance lease receivables is impaired.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

16. Inventories

Movement in provision for stock obsolescence

	Group	
	2019	2018
	\$'000	\$'000
Balance at beginning of the financial year/ period	139	-
Acquisition of subsidiary	-	80
Provision during the year/ period (Note 10)	46	59
Balance at the end of the financial year/ period	<u>185</u>	<u>139</u>

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to \$332,000 (2018: \$157,000).

17. Other current assets

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Deposits	144	117	-	-
Prepayments	3,972	3,432	310	360
Current tax receivables	-	527	-	-
	<u>4,116</u>	<u>4,076</u>	<u>310</u>	<u>360</u>

ECL is expected to be insignificant for deposits.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

18. Property, plant and equipment

Group	Leasehold land and buildings \$'000	Network Assets \$'000	Exchange equipment \$'000	Leasehold improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Asset under construction \$'000	Total \$'000
Cost:								
At 19 June 2017 (date of constitution)	-	-	-	-	-	-	-	-
Acquisition of subsidiary	8,949	3,440,559	111,856	2,369	20,653	886	69,600	3,654,872
Additions	-	152,876	8,449	-	251	-	48,614	210,190
Transfer	-	43,109	-	-	-	-	(43,109)	-
Disposals/Written off	-	(1,384)	(1,057)	-	(5)	-	-	(2,446)
At 31 March 2018	8,949	3,635,160	119,248	2,369	20,899	886	75,105	3,862,616
Additions	562	2,949	13,558	-	1,644	868	52,909	72,490
Transfer	-	56,799	-	-	-	-	(56,799)	-
Disposals/Written off	-	(1,514)	(1,888)	-	(97)	(125)	-	(3,624)
At 31 March 2019	9,511	3,693,394	130,918	2,369	22,446	1,629	71,215	3,931,482
Accumulated depreciation:								
At 19 June 2017 (date of constitution)	-	-	-	-	-	-	-	-
Acquisition of subsidiary	272	481,685	41,226	1,212	19,635	217	-	544,247
Depreciation charge	106	100,219	7,378	333	520	77	-	108,633
Disposals/Written off	-	(296)	(632)	-	(4)	-	-	(932)
At 31 March 2018	378	581,608	47,972	1,545	20,151	294	-	651,948
Depreciation charge	157	143,586	11,422	470	771	148	-	156,554
Disposals/Written off	-	(332)	(1,000)	-	(93)	(122)	-	(1,547)
At 31 March 2019	535	724,862	58,394	2,015	20,829	320	-	806,955

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

	Leasehold land and buildings \$'000	Network Assets \$'000	Exchange equipment \$'000	Leasehold improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Asset under construction \$'000	Total \$'000
Net carrying amount:								
At 31 March 2018	8,571	3,053,552	71,276	824	748	592	75,105	3,210,668
At 31 March 2019	8,976	2,968,532	72,524	354	1,617	1,309	71,215	3,124,527

The Group's leasehold improvements and asset under construction include a provision for reinstatement cost of \$525,000 (2018: \$525,000) and \$16,000 (2018: \$16,000) respectively.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

19. Rental deposits

	Group	
	2019	2018
	\$'000	\$'000
Subsidiary of a substantial shareholder of the substantial Unitholder	41	40
Substantial Unitholder	160	160
Third parties	466	513
	<u>667</u>	<u>713</u>

ECL is expected to be insignificant for rental deposits.

20. Goodwill

	Group	
	2019	2018
	\$'000	\$'000
Cost:		
Balance at beginning of year/ period	746,854	-
Acquisition of subsidiary	-	746,854
Balance at end of year/ period	<u>746,854</u>	<u>746,854</u>
Carrying amount:		
Balance at end of year/ period	<u>746,854</u>	<u>746,854</u>

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

20. Goodwill (cont'd)

On 19 July 2017, the Trust acquired 100% of the units in NLT and 100% of equity interest in NetLink Management Pte. Ltd. from Singtel. NLT's principal activities are disclosed in Note 22.

The aggregate consideration for the Trust Acquisition payable by the Trustee-Manager to Singtel for the Trust Acquisition is \$1,896.7 million. The fair value of the identifiable assets acquired and liabilities at the date of acquisition based on the final purchase price allocation report prepared by an independent party are as follows:

	2018 (Restated) \$'000
Cash and bank deposits	19,090
Trade and other receivables ⁽¹⁾	44,599
Contract assets	35,951
Finance lease receivables	88,236
Inventories	5,925
Other current assets	2,516
Property, plant and equipment	3,110,625
Licence	95,980
Rental deposits	946
Trade and other payables	(67,799)
Deferred revenue	(2,388)
Current tax liabilities	(19,304)
Loans	(507,169)
Unitholder's loan	(1,100,477)
Derivative financial instruments	(7,493)
Deferred tax liabilities	(549,419)
Total identifiable net assets acquired at fair value	<u>1,149,819</u>
Goodwill on acquisition	<u>746,854</u>
Total purchase consideration	<u>1,896,673</u>
Less: Cash and bank deposits acquired	(19,090)
Less: Issuance of consideration units to Singtel ⁽²⁾	(782,460)
Less: Consideration unpaid as at 31 March 2018	(79)
Net outflow of cash	<u><u>1,095,044</u></u>

Footnotes:

(1) The receivables acquired (which principally, comprised trade receivables) in these transactions with a fair value of \$44.6 million had gross contractual amounts of \$44.6 million. The best estimate at acquisition date of the contractual cash flow not expected to be collected was \$239,000.

(2) Singtel Consideration Units of 965,999,998 units issued at \$0.81.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

20. Goodwill (cont'd)

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

The Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 5.26% (2018: 5.44%). The time period used is 15 years (2018: 16 years) in line with the amortisation of the license. The terminal growth rates used of 1.5% (2018: 1.5%) do not exceed the long term average growth rates of the industry in which the Group operates.

As at 31 March 2019, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

21. Licence

	Group 2019 \$'000	2018 \$'000
Cost:		
Balance at beginning of year/ period	95,980	-
Acquisition of subsidiary	-	95,980
Balance at end of year/ period	<u>95,980</u>	<u>95,980</u>
Amortisation:		
Balance at beginning of year/ period	(3,178)	-
Amortisation	(4,238)	(3,178)
Balance at end of year/ period	<u>(7,416)</u>	<u>(3,178)</u>
Carrying amount:		
Balance at end of year/ period	<u>88,564</u>	<u>92,802</u>

The Group's FBO licence pertains to providing access to the ducts, manholes and central offices required by other FBOs in rolling out their network for specific telecommunication purposes.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

22. Investment in subsidiaries

	Trust	
	2019	2018
	\$'000	\$'000
Unquoted equity investments, at cost	2,013,673	2,013,673

Details of the subsidiaries are as follows:

Name of company/entity	Principal activities (Country of incorporation/ Place of business)	Effective interest held by the Trust (%)	
		2019	2018
Held by the Trust:			
NetLink Trust	See note 1 below. (Singapore)	100	100
NetLink Management Pte. Ltd.	Provision of management services to NLT (Singapore)	100	100
Held through NetLink Trust:			
NetLink Trust Operations Company Pte. Ltd. ("NTOC")	Provision of manpower services to NLT (Singapore)	100	100
NetLink Trust Management Services Company Pte. Ltd.	Provision of manpower services to NLT (Singapore). On 1 April 2018, the company was amalgamated with NTOC.	-	100
OpenNet Pte. Ltd. (In Members' Voluntary Liquidation)	Dormant, voluntary liquidation commenced on 10 January 2018. (Singapore)	100	100

All subsidiaries are audited by Deloitte & Touche LLP.

Note 1:

The principal activities are (i) The ducts and manholes business which entails the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities; and (ii) The ownership, installation, operation and maintenance of the passive portion of the Next Generation National Broadband Network of Singapore for the purposes of providing services to provide facilities based operations granted by the Info-communications Media Development Authority which is the successor-in-title of the Info-communications Development Authority of Singapore.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

23. Subordinated loan to a subsidiary

On 19 July 2017, the Trust subscribed for \$1.1 billion of subordinated notes due in year 2037 issued by NLT, which are qualifying project debt securities. The notes bear interest of 10.5% per annum, payable semi-annually in arrears on 31 March and 30 September each year.

24. Trade and other payables

	Group		Trust	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Trade payables				
- Third parties	16,242	13,507	26	6
- Substantial Unitholder	173	210	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	87	85	-	-
- Other related parties	1,590	1,266	291	225
Other payables				
- Third parties	648	719	-	-
- Substantial Unitholder	-	79	-	79
Accruals:				
- Property, plant and equipment	9,348	9,869	-	-
- Property, plant and equipment from substantial Unitholder	6,572	4,661	-	-
- Operating expenses	19,408	16,225	204	375
- Operating expenses from substantial Unitholder	1,281	1,076	-	-
Interest payable to third parties	149	136	-	-
Provision for reinstatement cost	525	541	-	-
	<u>56,023</u>	<u>48,374</u>	<u>521</u>	<u>685</u>

Trade and other payables pertaining to third parties, substantial Unitholder, Trustee-Manager of the Trust, related parties in which a subsidiary of a substantial Unitholder and subsidiaries of a substantial shareholder of the substantial Unitholder, are normally settled between 30 to 90 days terms and are non-interest bearing.

The trade payables for related parties consist of:

- Amount owing to a subsidiary of a substantial Unitholder is \$1,299,000 (2018: \$1,041,000).
- Amount owing to Trustee-Manager is \$291,000 (2018: \$225,000)

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

25. Deferred revenue

Group's revenue that was included in deferred revenue at the end of the year/ period:

	Group	
	2019	2018
	\$'000	\$'000
Amounts received/receivable for ducts and manholes services ⁽ⁱ⁾	7,555	7,778
Amounts received/receivable for diversion services ⁽ⁱⁱ⁾	3,031	3,037
Amounts received/receivable for service activation charge ⁽ⁱⁱⁱ⁾	7,788	1,219
Amounts receivable for which collection is uncertain ^(iv)	3,576	451
Amounts received in advance for installation-related revenue ^(v)	39	-
Balance at end of year/ period	21,989	12,485

- (i) Revenue received in advance from substantial Unitholder on Listing Date, which is recognised as revenue when the services are rendered.
- (ii) Revenue related to diversion services is recognised when the services are completed. When the customer initially prepays for the services, deferred revenue is recognised until the services are provided to the customer.
- (iii) The service activation charge (which came into effect from 1 January 2018) relating to the termination of fibre connections is deferred and recognised only upon completion of unpatching works required for the termination of fibre connections.
- (iv) Other invoices issued to customers for which services have yet to be rendered or collection is uncertain. Revenue is recognised upon service completion or probable collection. An example is the recovery of costs incurred for cable cut incidents by errant contractors.
- (v) Revenue related to installation-related is collected in advance and recognised only upon completion of installation works.

As at 31 March 2019, there was no performance obligations that was unsatisfied or partially satisfied, other than performance obligations relating to ducts and manholes services, diversion services, service activation charges and installation-related revenue as described above. As the Group has the right to invoice the customers, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

Group's revenue that was included in deferred revenue at the beginning of the year/ period:

	Group	
	2019	2018
	\$'000	\$'000
Amounts received/receivable for ducts and manholes services ⁽ⁱ⁾	223	222
Amounts received/receivable for diversion services ⁽ⁱⁱ⁾	1,936	1,655
Amounts received/receivable for service activation charge ⁽ⁱⁱⁱ⁾	164	-
Amounts receivable for which collection is doubtful ^(iv)	405	-
Amounts received in advance for installation-related revenue ^(v)	-	-
Recognised as revenue in profit or loss	2,728	1,877

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

26. Derivative Financial Instruments

	Group	
	2019	2018
	\$'000	\$'000
Non-current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	780	244

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" line item in the consolidated statement of financial position.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

26. Derivative Financial Instruments (cont'd)

Group

	Life to date values as at 31 March 2019				Year to date values recognised during the year ended 31 March 2019			
	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Hedge effectiveness in reserves	
					Liability	Cost of hedging reserve	Marked to market (loss)/gain through OCI	Fair value hedge/(income statement loss)
				\$'000	\$'000	\$'000	\$'000	\$'000
2019								
Cash flow hedge								
Interest rate swaps	SGD	1-2	2.86%	636,000	780	6,713	(537)	(1,216)
2018								
Cash flow hedge								
Interest rate swaps	SGD	2-3	2.91%	510,000	244	7,250	7,250	(3,303)

The cost of hedging reserves is the hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

27. Loans

		Effective Average Interest rate		2019	2018
		2019	2018	2019	2018
		%	%	\$'000	\$'000
Unsecured borrowings					
Repayable after one year					
-	Bank loans (unsecured)	2.82	2.62	634,554	588,742
	Maturity		Terms	Utilised 2019 \$'000	Utilised 2018 \$'000
	March 2021		\$510 million Five-Year Term Loan	510,000	510,000
	March 2021		\$90 million Five-Year RCF	-	-
	June 2020		\$210 million Three-Year RCF	126,000*	81,000
				636,000	591,000
			Transaction costs	(1,446)	(2,258)
				634,554	588,742

*\$45 million was drawn down in the financial year ended 31 March 2019 to fund capital expenditure.

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.

	1 April 2018	Financing cash flows	Non-cash amortisation of transaction fees	31 March 2019	
	\$'000	\$'000	\$'000	\$'000	
Loans	588,742	45,000	812	634,554	
	588,742	45,000	812	634,554	
	19 June 2017	Acquisition of subsidiary	Financing cash flows	Non-cash amortisation of transaction fees	31 March 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Unitholder's loan	-	1,100,477	(1,100,477)	-	-
Loans	-	507,169	81,000	573	588,742
	-	1,607,646	(1,019,477)	573	588,742

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

28. 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 relates to the same fiscal authority.

	Group	
	2019	2018
	\$'000	\$'000
Movement in deferred tax account is as follows:		
Balance at beginning of year/ period	552,827	-
Acquisition of subsidiary	-	549,419
(Credited)/charged to profit or loss	(15,920)	3,408
Balance at end of year/ period	<u>536,907</u>	<u>552,827</u>

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year/ period were as follows:

Deferred income tax liabilities

Group	Accelerated tax depreciation	Finance lease receivables	Licence	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 19 June 2017 (date of constitution)	-	-	-	-	-
Acquisition of subsidiary	517,720	15,000	16,317	382	549,419
Charged/(Credited) to profit or loss	3,972	(25)	(540)	1	3,408
At 31 March 2018	521,692	14,975	15,777	383	552,827
Credited to profit or loss	(12,549)	(35)	(720)	(137)	(13,441)
At 31 March 2019	<u>509,143</u>	<u>14,940</u>	<u>15,057</u>	<u>246</u>	<u>539,386</u>

Deferred income tax assets

Group	Deferred revenue	Total
	\$'000	\$'000
At 19 June 2017 (date of constitution) and 31 March 2018	-	-
Credited to profit or loss	(2,479)	(2,479)
At 31 March 2019	<u>(2,479)</u>	<u>(2,479)</u>
Net deferred income tax liabilities		
At 31 March 2018		552,827
At 31 March 2019		<u>536,907</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

29. Units in issue

	2019 Number of units	2018 Number of units	2019 Units in Issue \$'000	2018 Units in Issue \$'000
Group and Trust				
Balance at beginning of year/ period	3,896,971,100	1	3,117,178	*
Issue of units	-	3,896,971,099	-	3,156,547
Less: listing expenses	-	-	-	(39,369)#
Balance at end of year/ period	3,896,971,100	3,896,971,100	3,117,178	3,117,178

*Amount less than \$1,000.

#Includes audit fee of \$230,000 in connection with the listing of the Trust.

Units in issue comprises 1 initial subscriber Unit, 2,898,000,001 units issued in connection with the initial public offering of the Trust ("IPO"), 965,999,998 Singtel consideration units issued in connection with the purchase of all the units in NLT, and 32,971,100 units issued pursuant to the exercise of an over-allotment option granted in connection with the IPO. All issued units are fully paid and rank *pari passu* in all respects.

30. Earnings per unit

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year/ period. Diluted earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year/ period (adjusted for the effects of dilutive unit options).

The calculation of the basic earnings per unit attributable to the unitholders of the Trust is based on the following data:

Earnings	2019 \$'000	2018^(a) \$'000
Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation	77,359	49,950
Number of Units	2019 '000	2018^(a) '000
Weighted average number of units on issue applicable for basic and diluted earnings per unit computation	3,896,971	3,892,463

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

31. Commitments

(a) Operating lease commitments – as lessee

The Group leases certain premises under non-cancellable operating lease agreements. The Group also leases photocopier machines from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2019 amounted to \$3,889,000 (2018: \$2,094,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payable, are as follows:

	2019 \$'000	2018 \$'000
Not later than one year	3,028	3,085
Later than one year but not later than five years	6,385	8,073
More than five years	10,949	9,648
	<u>20,362</u>	<u>20,806</u>

Included in the future minimum lease payments under non-cancellable operating leases comprise mainly future minimum lease payments with substantial Unitholder which amounted to \$16,318,000 (2018: \$14,939,000) and with subsidiaries of a substantial shareholder of the substantial Unitholder that has significant influence which amounted to \$1,170,000 (2018: \$1,217,000).

(b) Finance lease commitments – as lessor

The Group's finance lease commitments as lessor are shown in Note 15.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables with substantial Unitholder which amounted to \$298,774,000 (2018: \$304,230,000).

(c) Capital commitments

Capital expenditure contracted for at the statement of financial position date but not recognised in the financial statements are as follows:

	Group 2019 \$'000	2018 \$'000
Property, plant and equipment	<u>38,811</u>	<u>41,759</u>

There is capital commitment of \$25,000 (2018: \$7,652,000) with substantial Unitholder as at 31 March 2019.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

32. Related party transactions

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year/ period:

	Group	
	2019	2018^(a)
	\$'000	\$'000
Services rendered to a substantial Unitholder	166,550	112,137
Services rendered to subsidiaries of a substantial shareholder of a substantial Unitholder	94,698	61,987
Purchase of services from a Unitholder	6,241	5,014
Purchase of fixed assets from a Unitholder	10,609	150,910
Management fee paid or payable to Trustee-Manager of the Trust	982	948
Purchase of services from subsidiaries of a substantial shareholder of a substantial Unitholder	3,760	1,082
Purchases of goods from subsidiaries of a substantial Unitholder	4,227	2,453

- (b) Compensation of directors and key management personnel compensation are as follows:

	Group	
	2019	2018^(a)
	\$'000	\$'000
Wages and salaries	2,077	1,651
Employer's contribution to defined contribution plans, including Central Provident Fund	40	33
Other benefits	131	85

The remuneration of directors and key management are determined by the remuneration committee having regard to the performance of individuals and market trends.

(a) For the financial period from 19 June 2017 (date of constitution) to 31 March 2018.

33. Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. 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 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 and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

The Group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk, market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk management

(i) Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore Dollars ("SGD"). Foreign currency transactions are minimised and settled using spot rate. There is no significant foreign currency risk.

(ii) Interest rate risk

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (c) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments. The Group sometimes borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 26 to the financial statements.

The Group has no significant exposure to interest rates cash flow risk as the risk has been hedged through the fixed interest rates obtained by the Group.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2019

33. Finance risk management policies and objectives (cont'd)

(a) Market risk management (cont'd)

(iii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates. 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.

Interest from 100% (2018: 86%) of bank loans has been hedged as at 31 March 2019 and the interest rate is fixed at an average of 2.86% (2018: 2.91%).

With regard to the remaining interest from 14% of bank loan not hedged in 2018, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Profit for the period ended 31 March 2018 would decrease/increase by \$405,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) 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 31 March 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 arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

For the Group, there is a significant concentration of credit risk to their major customers which is a substantial Unitholder and subsidiary of a substantial shareholder of a substantial Unitholder of the Trust for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

33. Finance risk management policies and objectives (cont'd)

(b) Overview of the Group's exposure to credit risk (cont'd)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL
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

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

33. Finance risk management policies and objectives (cont'd)

(b) Overview of the Group's exposure to credit risk (cont'd)

The tables 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	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group							
2019							
Trade receivables							
Substantial Unitholder	13	A+*	(i)	Lifetime ECL	21,186	-	21,186
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,144	-	9,144
Third parties	13	N.A.	(i)	Lifetime ECL	11,170	(81)	11,089
Other receivables	13	N.A.	Performing	12-month ECL	5,506	-	5,506
Contract assets	14	N.A.	(i)	Lifetime ECL	28,909	-	28,909
Finance lease receivables	15	N.A.	(i)	Lifetime ECL	87,880	-	87,880
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	144	-	144
Rental deposit	19	N.A.	Performing	12-month ECL	667	-	667
						(81)	
2018							
Trade receivables							
Substantial Unitholder	13	A+*	(i)	Lifetime ECL	15,906	-	15,906
Subsidiaries of a substantial shareholder of the substantial Unitholder	13	N.A.	(i)	Lifetime ECL	7,840	-	7,840
Third parties	13	N.A.	(i)	Lifetime ECL	7,911	(181)	7,730
Other receivables	13	N.A.	Performing	12-month ECL	8,359	-	8,359
Contract assets	14	N.A.	(i)	Lifetime ECL	23,676	-	23,676
Finance lease receivables	15	N.A.	(i)	Lifetime ECL	88,088	-	88,088
Other current asset							
Deposit	17	N.A.	Performing	12-month ECL	117	-	117
Rental deposit	19	N.A.	Performing	12-month ECL	713	-	713
						(181)	

* The external credit rating is based on Standard and Poor's rating as at 31 March 2019.

N.A. = Not applicable

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

33. Finance risk management policies and objectives (cont'd)

(b) Overview of the Group's exposure to credit risk (cont'd)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount (i) \$'000	Loss allowance \$'000	Net carrying amount \$'000
Trust							
2019							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	33	-	33
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	57,591	-	57,591
2018							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	94	-	94
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	81,008	-	81,008

- (i) As per Note 2.9(i), NetLink Group recognises lifetime ECL for trade receivables, contract assets and finance lease receivables, and has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix and taking into account the historical default experience. Notes 13, 14 and 15 include further details on the loss allowance for these assets respectively. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL.

(c) Credit risk management

Of the trade and other receivables and contract assets balance at the end of the year, \$52.4 million (2018: \$41.2 million) is due from substantial Unitholder and subsidiary of a substantial shareholder of a substantial Unitholder of the Group. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to substantial Unitholder and subsidiary of a substantial shareholder of a substantial Unitholder of the Group did not exceed 69.1% (2018: 64.9%) of total trade and other receivables and contract assets at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

N.A. = *Not applicable*

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

33. Finance risk management policies and objectives (cont'd)

(c) Credit risk management (cont'd)

Collateral held as security and other credit enhancements

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statement of financial position less collateral held. Collaterals in the form of cash are obtained from counterparties where appropriate.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

(d) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

The Group has \$174 million (2018: \$219 million) of undrawn committed borrowing facilities available for working capital and general corporate use.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2019

33. Finance risk management policies and objectives (cont'd)

(d) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

	Effective interest rate	Within 1 year	Between 2 and 5 years	Adjustment	Total
	%	\$'000	\$'000	\$'000	\$'000
2019					
Group					
Loans	2.82	17,123	650,636	(33,205)	634,554
Trade and other payables	-	56,023	-	-	56,023
		<u>73,146</u>	<u>650,636</u>	<u>(33,205)</u>	<u>690,577</u>
Trust					
Trade and other payables	-	521	-	-	521
		<u>521</u>	<u>-</u>	<u>-</u>	<u>521</u>
2018					
Group					
Loans	2.62	14,648	618,884	(44,790)	588,742
Trade and other payables	-	48,374	-	-	48,374
		<u>63,022</u>	<u>618,884</u>	<u>(44,790)</u>	<u>637,116</u>
Trust					
Trade and other payables	-	685	-	-	685
		<u>685</u>	<u>-</u>	<u>-</u>	<u>685</u>

All non-derivative financial assets are recoverable within 1 year except for finance lease receivables disclosed in Note 15.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

33. Finance risk management policies and objectives (cont'd)

(e) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Group

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair Value as at (\$'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 March 2019	31 March 2018				
Interest rate swaps	780	244	Level 2	Note 1	N.A.	N.A.

Note 1: Discounted cash flow where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

The Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

(f) Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern and to ensure that all externally imposed capital requirements are complied with.

The capital requirements of the capital structure of the Group consists of equity attributable to unitholders, comprising units in issue, retained earnings and hedging reserves.

N.A. = Not applicable

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2019**

33. Finance risk management policies and objectives (cont'd)

- (g) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Please refer to Note 33(h).

The carrying value less loss allowance of trade receivables approximates their fair values. The carrying amounts of finance lease receivables, subordinated loan to a subsidiary and bank loans approximate their fair value.

- (h) Categories of financial instruments

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

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Financial Assets				
Financial assets at amortised cost	313,146	318,878	1,157,847	1,181,963
Financial Liabilities				
Financial liabilities at amortised cost	690,577	637,116	521	685
Derivative Instruments:				
Designated in hedge accounting relationships	780	244	-	-

34. Distribution to Unitholders

Distribution paid during the year:

	Group and Trust	
	2019 \$'000	2018 \$'000
Distribution of 3.24 Singapore cents per unit for the period from 19 July 2017 to 31 March 2018 and paid on 8 June 2018	126,262	-
Distribution of 2.44 Singapore cents per unit for the period from 1 April 2018 to 30 September 2018 and paid on 27 November 2018	95,086	-
	<u>221,348</u>	<u>-</u>

35. Subsequent event

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of \$95,086,095 or 2.44 Singapore cents per unit in respect of financial period from 1 October 2018 to 31 March 2019 and it has not been adjusted for the current financial year in accordance with SFRS(I) 10 *Events After the Reporting Period*.

**AUDITED FINANCIAL STATEMENTS OF NETLINK NBN TRUST AND ITS SUBSIDIARIES FOR
THE FINANCIAL YEAR ENDED 31 MARCH 2020**

The information in this Appendix III has been extracted and reproduced from the audited financial statements of NetLink NBN Trust and its subsidiaries for the financial year ended 31 March 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

NetLink NBN Trust and its Subsidiaries

Annual Financial Statements
For the Financial Year Ended
31 March 2020

NetLink NBN Trust and its Subsidiaries

Annual Financial Statements

Index	Page
<u>Report of the Trustee-Manager of NetLink NBN Trust</u>	<u>1</u>
<u>Statement by the Trustee-Manager of NetLink NBN Trust</u>	<u>4</u>
<u>Statement by the Chief Executive Officer</u>	<u>5</u>
<u>Independent Auditor's Report</u>	<u>6</u>
<u>Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>	<u>11</u>
<u>Statements of Financial Position</u>	<u>12</u>
<u>Statements of Changes in Unitholders' Funds</u>	<u>13</u>
<u>Consolidated Cash Flow Statement</u>	<u>15</u>
<u>Notes to the Financial Statements</u>	<u>17</u>

NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

The Directors of NetLink NBN Management Pte. Ltd., the Trustee-Manager of NetLink NBN Trust (the "Trust") are pleased to present their report to the Unitholders of the Trust, together with the consolidated financial statements of NetLink NBN Trust and its subsidiaries (collectively, the "NetLink Group") and the statement of financial position and statement of changes in Unitholders' funds of the Trust for the financial year ended 31 March 2020.

Directors

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

Mr Chaly Mah Chee Kheong	(Chairman and Independent Director)
Ms Koh Kah Sek	(Independent Director)
Mr Ang Teik Siew @ Ang Teik Lim Eric	(Independent Director)
Ms Ku Xian Hong	(Independent Director)
Mr Yeo Wico	(Independent Director)
Mr Lang Tao Yih, Arthur	(Non-Executive Director)
Mr Sean Patrick Slattery	(Non-Executive Director)
Mr Tong Yew Heng	(Chief Executive Officer and Executive Director)

Arrangements to enable Directors to acquire units and debentures

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable any or all 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

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act (Cap 31A) (the "Act"), particulars of the interests of Directors who held office at the end of the financial year held units in, or debentures of, the Trust are as follows:

	Holdings registered in name of Directors		Holdings in which Directors are deemed to have an interest	
	At 31 March 2019	At 31 March 2020	At 31 March 2019	At 31 March 2020
Number of units				
Mr Chaly Mah Chee Kheong	300,000	300,000	-	-
Ms Koh Kah Sek	100,000	100,000	-	-
Mr Ang Teik Siew @ Ang Teik Lim Eric	-	100,000	-	-
Ms Ku Xian Hong	-	40,000	-	-
Mr Yeo Wico	300,000	300,000	-	-
Mr Lang Tao Yih, Arthur	-	-	200,000	200,000
Mr Sean Patrick Slattery	200,000	200,000	-	-
Mr Tong Yew Heng	300,000	350,000	-	-

There are no changes in any of the abovementioned interest in the Trust between the end of the financial year and 21 April 2020.

NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

Audit committee

The members of the Audit Committee of the Trustee-Manager during the financial year and as at the date of this report were as follows:

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

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

The Audit Committee carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the Audit Committee has reviewed (among other things):

- with the Independent Auditor of the Trust, the audit plan of the Trust, the Independent Auditor's evaluation of the design and implementation of internal accounting controls of the Trust and the Independent Auditor's report on the consolidated financial statements of the NetLink Group for the year ended 31 March 2020;
- the assistance given by the officers of the Trustee-Manager to the Independent Auditor of the Trust, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018) constituting the Trust, the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interest of the Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and
- the financial statements of NetLink NBN Trust and its subsidiaries, which comprise the consolidated statement of financial position of the NetLink Group and the statement of financial position of the Trust as at 31 March 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 NetLink Group and the statement of changes in Unitholders' funds of the NetLink Group and the Trust for the financial year ended 31 March 2020 before their submission to the Board of Directors of the Trustee-Manager.

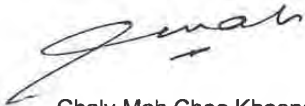
NetLink NBN Trust and its Subsidiaries

Report of NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

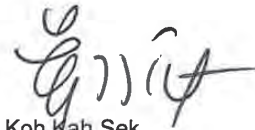
Independent auditor

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

On behalf of the Board of Directors of the Trustee-Manager



Chaly Mah Chee Kheong
Chairman



Koh Kah Sek
Director

Singapore
Date: 29 May 2020

NetLink NBN Trust and its Subsidiaries

Statement by NetLink NBN Management Pte. Ltd. (as Trustee-Manager of NetLink NBN Trust)

In our opinion,

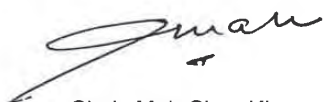
- (a) the consolidated statement of profit or loss and other comprehensive income set out on page 11 is drawn up so as to give a true and fair view of the results of the business of the NetLink Group for the financial year ended 31 March 2020;
- (b) the statement of financial position set out on page 12 is drawn up so as to give a true and fair view of the state of affairs of NetLink NBN Trust and of the NetLink Group as at 31 March 2020;
- (c) the consolidated cash flow statement set out on page 15 to page 16 is drawn up so as to give a true and fair view of the cash flow of the business of the NetLink Group for the financial year ended 31 March 2020; and
- (d) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

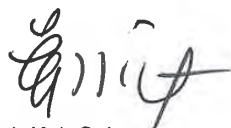
- (a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed;
- (b) the interested person transactions entered into by the NetLink Group during the financial year are not detrimental to the interest of the Unitholders of 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 interest of the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement, authorised the above statements and the consolidated financial statements of the NetLink Group as at and for the financial year ended 31 March 2020 for issue.

On behalf of the Board of Directors of the Trustee-Manager



Chaly Mah Chee Kheong
Chairman



Koh Kah Sek
Director

Singapore
Date: 29 May 2020

NetLink NBN Trust and its Subsidiaries

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 interest of the Unitholders of the Trust as a whole.



Tong Yew Heng
Chief Executive Officer

Singapore
Date: 29 May 2020

NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2020

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying financial statements of NetLink NBN Trust (the "Trust") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 March 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 11 to 80.

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 the Business Trusts Act, Chapter 31A of Singapore (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 31 March 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 period. 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 of these matters.



NetLink NBN Trust and its Subsidiaries

**Independent Auditor's Report to the Unitholders of NetLink NBN Trust
For the financial year ended 31 March 2020**

Key Audit Matters

Our audit performed and responses thereon

Goodwill Impairment Review

Under SFRS(I) 1-36 *Impairment of Assets*, the Group is required to test goodwill for impairment at least annually or earlier when there is indication of impairment. This assessment requires the exercise of significant judgement about future market conditions, including discount and long-term growth rates.

As at 31 March 2020, goodwill recorded on acquisition of NetLink Trust amounted to \$746.9 million, constituting approximately 18% of the Group's total assets.

The key assumptions to the impairment test and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 21 to the financial statements.

We involved our valuation specialists to develop an independent view of the key assumptions driving the value in use calculation, in particular the discount and long-term growth rates, and compare the independent expectations to those used by management.

We challenged the cash flow forecasts used by management, with comparison to recent performance and trend analysis.

We also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

Based on our procedures, we noted management's key assumptions to be within a reasonable range of our expectations, and the disclosures made in the financial statements are adequate and appropriate.



NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2020

Information other than the financial statements and auditor's report thereon

The Trustee-Manager is responsible for the other information. The other information comprises all the information included in the Annual Report, excluding the financial statements and our auditor's report thereon.

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 identified above when it becomes available 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 Directors of the Trustee-Manager for the Financial Statements

The Trustee-Manager 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 a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair 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 management 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 Responsibilities 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.



NetLink NBN Trust and its Subsidiaries

Independent Auditor's Report to the Unitholders of NetLink NBN Trust For the financial year ended 31 March 2020

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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.
- 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.
- 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 period 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.



NetLink NBN Trust and its Subsidiaries

**Independent Auditor's Report to the Unitholders of NetLink NBN Trust
For the financial year ended 31 March 2020**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager of the Trust have been properly kept in accordance with provisions of the Act.

The engagement partner on the audit resulting in this Independent Auditor's Report is Mr Yang Chi Chih.

Public Accountants and
Chartered Accountants
Singapore

29 May 2020

NetLink NBN Trust and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 March 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	370,192	353,580
Other income	6	7,543	3,458
Expenses			
Operation and maintenance costs		(19,787)	(20,834)
Installation costs		(10,639)	(14,376)
Diversion costs		(6,318)	(9,152)
Depreciation and amortisation		(167,782)	(160,792)
Staff costs	7	(27,438)	(24,229)
Finance costs	8	(20,504)	(19,126)
Management fee	9	(998)	(982)
Other operating expenses		(52,400)	(37,797)
Total expenses		(305,866)	(287,288)
Profit before income tax	10	71,869	69,750
Income tax credit	11	6,244	7,609
Profit after income tax		78,113	77,359
Profit attributable to:			
Unitholders of the Trust		78,113	77,359
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges	27	(6,165)	(537)
Total comprehensive income attributable to:			
Unitholders of the Trust		71,948	76,822
Earnings per unit:			
- Basic and diluted	32	2.00 cents	1.99 cents

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Statements of Financial Position
As at 31 March 2020**

	Note	Group		Trust	
		31 March 2020 \$'000	31 March 2019 \$'000	31 March 2020 \$'000	31 March 2019 \$'000
ASSETS					
Current assets					
Cash and bank deposits	12	168,624	148,621	58,786	223
Trade and other receivables	13	46,029	46,925	67	57,624
Contract assets	14	27,382	28,909	-	-
Finance lease receivables	15	234	221	-	-
Inventories	16	4,302	4,738	-	-
Other current assets	17	4,615	4,116	252	310
		<u>251,186</u>	<u>233,530</u>	<u>59,105</u>	<u>58,157</u>
Non-current assets					
Finance lease receivables	15	87,425	87,659	-	-
Property, plant and equipment	18	3,026,656	3,124,527	-	-
Right-of-use assets	19	12,104	-	-	-
Rental deposits	20	220	667	-	-
Goodwill	21	746,854	746,854	-	-
Licence	22	84,326	88,564	-	-
Investment in subsidiaries	23	-	-	2,013,673	2,013,673
Subordinated loan to a subsidiary	24	-	-	1,100,000	1,100,000
		<u>3,957,585</u>	<u>4,048,271</u>	<u>3,113,673</u>	<u>3,113,673</u>
Total assets		<u>4,208,771</u>	<u>4,281,801</u>	<u>3,172,778</u>	<u>3,171,830</u>
LIABILITIES					
Current liabilities					
Trade and other payables	25	58,502	56,023	680	521
Deferred revenue	26	19,028	14,946	-	-
Derivative financial instruments	27	6,945	-	-	-
Loans	28	509,411	-	-	-
Lease liabilities	29	1,821	-	-	-
Current tax liabilities		6,927	1,696	52	-
		<u>602,634</u>	<u>72,665</u>	<u>732</u>	<u>521</u>
Non-current liabilities					
Deferred revenue	26	6,675	7,043	-	-
Derivative financial instruments	27	-	780	-	-
Loans	28	155,377	634,554	-	-
Lease liabilities	29	12,284	-	-	-
Deferred tax liabilities	30	524,863	536,907	-	-
		<u>699,199</u>	<u>1,179,284</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>1,301,833</u>	<u>1,251,949</u>	<u>732</u>	<u>521</u>
NET ASSETS		<u>2,906,938</u>	<u>3,029,852</u>	<u>3,172,046</u>	<u>3,171,309</u>
UNITHOLDERS' FUNDS					
Units in issue	31	3,117,178	3,117,178	3,117,178	3,117,178
(Accumulated deficits)/ Retained earnings		(211,101)	(94,039)	54,868	54,131
Hedging reserves	27	861	6,713	-	-
Total Unitholders' funds		<u>2,906,938</u>	<u>3,029,852</u>	<u>3,172,046</u>	<u>3,171,309</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

Statements of Changes in Unitholders' Funds
For the financial year ended 31 March 2020

	Units in issue \$'000	(Accumulated deficits)/ Retained earnings \$'000	Hedging reserves \$'000	Total \$'000
Group				
2020				
At 1 April 2019	3,117,178	(94,039)	6,713	3,029,852
Adoption of SFRS(I) 16 <i>Leases</i>	-	(1,885)	-	(1,885)
As adjusted at 1 April 2019	3,117,178	(95,924)	6,713	3,027,967
Total comprehensive income for the year:				
Profit for the year	-	78,113	-	78,113
Loss arising from discontinuation of cash flow hedge	-	-	313	313
Other comprehensive loss for the year	-	-	(6,165)	(6,165)
Distribution paid (Note 36)	-	(193,290)	-	(193,290)
At 31 March 2020	3,117,178	(211,101)	861	2,906,938
2019				
At 1 April 2018	3,117,178	49,950	7,250	3,174,378
Total comprehensive income for the year:				
Profit for the year	-	77,359	-	77,359
Other comprehensive loss for the year	-	-	(537)	(537)
Distribution paid (Note 36)	-	(221,348)	-	(221,348)
At 31 March 2019	3,117,178	(94,039)	6,713	3,029,852

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Statements of Changes in Unitholders' Funds
For the financial year ended 31 March 2020**

	Units in issue \$'000	Retained earnings \$'000	Total \$'000
Trust			
2020			
At 1 April 2019	3,117,178	54,131	3,171,309
Total comprehensive income for the year:			
Profit for the year	-	194,027	194,027
Distribution paid (Note 36)	-	(193,290)	(193,290)
At 31 March 2020	<u>3,117,178</u>	<u>54,868</u>	<u>3,172,046</u>
2019			
At 1 April 2018	3,117,178	78,133	3,195,311
Total comprehensive income for the year:			
Profit for the year	-	197,346	197,346
Distribution paid (Note 36)	-	(221,348)	(221,348)
At 31 March 2019	<u>3,117,178</u>	<u>54,131</u>	<u>3,171,309</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Consolidated Cash Flow Statement
For the financial year ended 31 March 2020**

	Note	2020 \$'000	2019 \$'000
Operating activities			
Profit before income tax		71,869	69,750
Adjustments for:			
- Depreciation and amortisation	10	167,782	160,792
- Amortisation of transaction fees	8	864	812
- Provision for/ (write-back of) loss allowance for trade receivables	10,13	213	(100)
- (Write-back of provision)/ provision for stock obsolescence	10,16	(110)	46
- Interest expense	8	19,640	18,314
- Interest income	6	(1,730)	(1,792)
- Gain on disposal of property, plant and equipment		(4)	(4)
- Property, plant and equipment written off	10,18	16,746	2,075
Operating cash flows before working capital changes		275,270	249,893
Changes in working capital:			
- Trade and other receivables		784	(7,303)
- Contract assets		1,527	(5,233)
- Trade and other payables		1,954	15,734
- Inventories		546	(895)
Cash generated from operations		280,081	252,196
Interest received		1,798	1,792
Interest paid		(18,792)	(18,285)
Income tax paid		(569)	(6,061)
Net cash generated from operating activities		262,518	229,642
Investing activities			
Purchase of property, plant and equipment (Note A)		(75,535)	(71,100)
Proceeds from sale of property, plant and equipment		4	6
Net cash used in investing activities		(75,531)	(71,094)
Financing activities			
Payment of loan arrangement fee		(680)	(28)
Repayment of lease liabilities		(3,014)	-
Repayment of bank loans	28	(126,000)	-
Distribution paid		(193,290)	(221,348)
Proceeds from bank loans	28	156,000	45,000
Net cash used in financing activities		(166,984)	(176,376)
Net increase/ (decrease) in cash and cash equivalents		20,003	(17,828)
Cash and cash equivalents at beginning of financial year		148,621	166,449
Cash and cash equivalents at end of financial year	12	168,624	148,621

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

**Consolidated Cash Flow Statement
For the financial year ended 31 March 2020**

Note A

	Note	2020 \$'000	2019 \$'000
Purchase of property, plant and equipment	18	79,789	72,490
Less: Accruals for property, plant and equipment at end of financial year	25	(20,174)	(15,920)
Add: Payment of accruals for property, plant and equipment at beginning of financial year		15,920	14,530
		<u>75,535</u>	<u>71,100</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

1. Corporate information

NetLink NBN Trust (the “Trust”) was constituted by a trust deed dated 19 June 2017 (as amended and restated by the First Amending and Restating Deed dated 25 July 2018) (collectively, the “Trust Deed”). It was registered as a business trust with the Monetary Authority of Singapore on 29 June 2017. The Trust is regulated by the Business Trusts Act, Chapter 31A of Singapore and is domiciled in Singapore. The Trust was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 19 July 2017 (the “Listing Date”). The financial statements are presented in Singapore dollars and all values are rounded to the nearest thousands (“\$’000”), except when otherwise stated.

Under the Trust Deed, NetLink NBN Management Pte. Ltd. (the “Trustee-Manager”) has declared that it shall hold the authorised business on trust for the Unitholders as the Trustee-Manager of the Trust. The registered address of the Trustee-Manager is at 750E Chai Chee Road, #07-03, Viva Business Park, Singapore 469005.

The principal activities of the Trust is that of investment holding. The principal activities of the Trust’s subsidiaries are disclosed in Note 23 to the financial statements.

Since early January 2020, COVID-19 has affected many businesses worldwide. At the date of this report, the business of the Group was not significantly impacted by the outbreak and management believes that this will continue to be so. However, given the inherent uncertainties, the Group will closely monitor the development of the COVID-19 outbreak and continue to assess its impact on its operations.

These financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 29 May 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore and 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 the measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis, except for 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*.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

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:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) 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
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Adoption of new and revised standards

On 1 April 2019, the Trustee-Manager adopted all the new and revised SFRS (I) pronouncements that are relevant to the Group's and the Trust's operations. The adoption 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 discussed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting: it introduces significant changes to lease accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of the SFRS(I) 16 on the Group's consolidated financial statements is described below.

The Trustee-Manager 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 retained earnings 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) INT 4.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and revised standards (cont'd)

(a) Impact of the new definition of a lease

The Trustee-Manager 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 1 April 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 and SFRS(I) INT 4.

The Trustee-Manager 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 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SFRS(I) 16 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SFRS(I) 16 changes how the Trustee-Manager 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:

- i. Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining 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);
- ii. Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and
- iii. 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*.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and revised standards (cont'd)

(b) Impact on lessee accounting (cont'd)

For short-term leases (lease term of 12 months or less) which includes short term office rental with remaining lease less than 12 months, 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 Trustee-Manager 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.

- 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 used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(c) 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.2 Adoption of new and revised standards (cont'd)

(d) Financial impact of initial application of SFRS(I) 16

The weighted average lessee's incremental borrowing rate is 3.2% applied to the lease liabilities recognised in the statements of financial position on 1 April 2019.

The following table shows the operating lease commitments disclosed applying SFRS(I) 1-17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statements of financial position at the date of initial application.

	\$'000
Operating lease commitments at 31 March 2019	20,362
Less: Short-term leases	(16)
Less: Effect of discounting the above amounts	(3,786)
Lease liabilities recognised at 1 April 2019	<u>16,560</u>

At lease commencement date, 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 statements of financial position immediately before the date of initial application. Consequently, right-of-use assets of \$14.7 million were recognised on 1 April 2019 and the net impact on accumulated deficit of \$1.9 million was recognised on 1 April 2019.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust and 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

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.

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

Profit or loss and each component of other comprehensive income are attributed to the unitholders of the Trust. Total comprehensive income of subsidiaries is attributed to the unitholders of the Trust.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

2.4 Business combination

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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.4 Business combination (cont'd)

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 and 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.

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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment

(a) Measurement

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.

(b) Depreciation

Depreciation is calculated using a straight-line method to allocate their depreciable amounts over their estimated useful life as follows:

Leasehold land and buildings	Over the remaining leasehold period of 57 to 77 years
Network assets	23 to 50 years
Exchange equipment	8 to 15 years
Leasehold improvements	5 years
Furniture, fittings and equipment	3 to 7 years
Motor vehicles	10 years

Assets under construction included in property, plant and equipment are carried at cost, less any recognised impairment loss. Asset under construction are not depreciated as these assets are not yet available for use. Depreciation will commence when these assets are ready for use.

The residual values, estimated useful life and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each year end. The effects of any changes in estimate are accounted for prospectively.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

(c) Subsequent expenditure

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 the profit or loss when incurred.

(d) Disposal

On disposal of a property, plant and equipment, the difference between sale proceeds and its carrying amount is recognised in the profit or loss.

2.6 Investment in subsidiaries

Investment in subsidiary is carried at cost less any impairment in net recoverable value in the Trust's statement of financial position. On disposal of investment in subsidiary, the difference between disposal proceeds and the carrying amounts of the investment is recognised in the Trust's profit or loss.

2.7 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.

2. Summary of significant accounting policies (cont'd)

2.8 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.

The Group's Facilities-Based Operator ("FBO") licence has finite useful life, over which the assets are amortised using the straight-line method, over the estimated useful life of 23 years. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation expense is included in the line item "depreciation and amortisation" in profit or loss.

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.

2.9 Impairment of tangible and intangible assets excluding goodwill

As at each reporting date, 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.

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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 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.

(i) 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
- 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting 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").

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

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.

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.

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 and at FVTOCI. 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.

Interest income is recognised in profit or loss and is included in the "other income" line item.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 or at FVTOCI, contract assets and finance lease receivables. 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 recognises lifetime ECL for trade receivables, contract assets and finance lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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. 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-months ECL represents the portion of lifetime ECL that is expected to result from possible default events on a financial instrument 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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;
- 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 abovementioned, 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 fulfill 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.

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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 90 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;
- a breach of contract, such as a default or past due event;
- 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;
- 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 one year past due, whichever occurs sooner. 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

(i) Financial assets (cont'd)

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 customers, 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*.

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, contract assets, finance lease 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; and
- External credit ratings where available.

The grouping is regularly reviewed by management 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

- (i) Financial assets (cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

- (ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.10 Financial instruments (cont'd)

- (ii) Financial liabilities and equity instruments (cont'd)

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) 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 premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

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

2.11 Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk. Further details of derivative financial instruments are disclosed in Note 27.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.11 Derivative financial instruments (cont'd)

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of interest rate risk in 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 27 set out details of the fair values of the derivative instruments used for hedging purposes.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.11 Derivative financial instruments (cont'd)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of 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 realised in profit or loss, and is included in the 'finance costs' 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. 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.

2.12 Offsetting arrangements

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

2.13 Contract assets

A contract asset is recognised for the revenue recognised but not yet invoiced.

2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.16 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.

2.17 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability 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.

2.18 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received, and are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.19 Leases

Leases (Before 1 April 2019)

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 lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

Leases (From 1 April 2019)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to the lease of space occupied by the substantial Unitholder in central office buildings owned by the Group.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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). 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.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives; and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the statements 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.19 Leases (cont'd)

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 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 2.9.

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 applied this practical expedient.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.20 Taxes

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, 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 as 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 realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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, 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

2. Summary of significant accounting policies (cont'd)

2.20 Taxes (cont'd)

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.21 Foreign currency transactions and translation

Functional or presentation currency

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 and equity 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. As at each reporting date, 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.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.22 Units in issue

Proceeds from issuance of units are recognised in unitholders' funds, net of issue costs.

2.23 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.

2.24 Revenue recognition

Revenue consists primarily of (i) fibre business revenue, and (ii) ducts, manholes and central office revenue, both of which include regulated and non-regulated revenues. Regulated revenues comprise revenues received pursuant to the Interconnection Offer, Reference Access Offer, Customised Agreement and the ducts and manholes services revenue. Revenue received pursuant to the Interconnection Offer and Reference Access Offer are subject to regulated pricing determined by Infocomm Media Development Authority ("IMDA"). The tariff and Customised Agreement for providing fibre connection services and the ducts and manholes services revenue was approved by IMDA. Non-regulated revenue comprises central office revenue, diversion income and other revenue that is not regulated or approved by IMDA.

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.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that future economic benefits will flow to the entity. In addition, there are specific criteria that have to be met for revenue recognition for each of the Group's activities as described below:

- (a) Ducts and manholes service revenue includes the following:
 - (i) Revenue received from the provision of space in NetLink Trust's ("NLT") ducts and manholes. Revenue is recognised over time over the contract period on a straight line basis when the services are rendered. Invoices are issued on a monthly basis and are payable within 30 days.
 - (ii) Revenue received from the substantial Unitholder for the recovery of ducts and manholes construction costs on joint-build projects and the provision of Reference Access Offer ("RAO") services. Revenue is recognised upon project completion. Invoices are issued on a monthly basis and are payable within 30 days.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.24 Revenue recognition (cont'd)

- (b) Central office revenue primarily comprises revenue received for the provision of ancillary services such as security, maintenance and administration services relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for central office revenue are issued on a quarterly basis and are payable within 30 days.
- (c) Service income and charges primarily comprises revenue received for the lease of machinery and equipment relating to the central offices. Revenue relating to central office is recognised over time over the lease period on a straight-line basis when the services are rendered. Invoices for service income and charges are issued on a quarterly basis and are payable within 30 days.
- (d) Connection revenue primarily comprises monthly recurring fees received from Requesting Licensees for each residential, non-residential, Non-Building Address Points ("NBAP") and segment (i.e. point to point) connection. Revenue is recognised over time over the subscription period on a straight-line basis when the services are rendered. Invoices for connection revenue are issued on a monthly basis and are payable within 30 days.
- (e) Revenue from Co-location includes the following:
 - (i) Monthly recurring charges received from Requesting Licensees to use space in co-location rooms in central office to house their equipment racks. Revenue is recognised over time over the lease term when the services are rendered;
 - (ii) Provision of ancillary services such as power, cooling, project study works, site preparation and installation, fibre splicing and onsite work and escort charges at the central offices. Revenue from power is recognised over time using the rate and usage charged while cooling is recognised over time over the lease term when services are rendered. Revenue from site preparation and installation, fibre splicing and onsite work and escort charges at the central offices are recognised at a point in time when the services are rendered or upon completion of the services; and
 - (iii) Invoices for co-location revenue are issued on a monthly basis and are payable within 30 days.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements

For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.24 Revenue recognition (cont'd)

- (f) Installation-related revenue includes the following:
 - (i) One-time charges imposed on Requesting Licensees for the installation of a termination point at residential home, non-residential premises and/or NBAP locations, and charges for the relocation, repair, replacement or removal of existing termination points and/ or fibre cables within the same residential home, non-residential premises and/ or NBAP location. Revenue from the installation of network fibre is recognised upon completion of the installation of the network fibre for each customer;
 - (ii) Service activation charge imposed on Requesting Licensees for each activation of service on any fibre which comprises of the patching and unpatching services relating to each new connection. Revenue from the patching services is recognised upon activation of fibre connection, while revenue from the unpatching services is deferred until the unpatching work for the termination of fibre connection is completed; and
 - (iii) Invoices for installation-related revenue are issued in arrears on a monthly basis when the service is completed and/ or rendered and are payable within 30 days.
- (g) Diversion revenue primarily comprises income received from third parties, such as developers and the Government Agencies upon their request for the diversion of NLT's ducts, manholes and fibre cables due to events such as road works, the construction of MRT infrastructure and tunnels and building construction. Revenue is recognised upon completion of diversion work for each customer. Invoices for diversion revenue to third parties are issued and payment is received before work commencement. Invoices to Government Agencies are issued upon work completion and are payable within 30 days.
- (h) Fibre related and other revenue primarily comprise premature termination and cancellation charges received from Requesting Licensees following the termination of a connection, and charges imposed on third parties for the recovery of costs incurred for fibre repair work resulting from such third parties' damage to NLT's network. Revenue is recognised at a point in time when the services are rendered or upon completion of fibre repair work. Invoices for fibre related and other revenue are issued on a monthly basis whenever the service is completed and/ or rendered and are payable within 30 days.
- (i) Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- (j) Dividend/distribution income from subsidiaries is recognised when the shareholders/unitholders' rights to receive payment have been established.
- (k) Deferred revenue relates to unearned revenue and is recognised in the profit or loss when Ducts and Manholes service, Installation-related and Diversion services are rendered.
- (l) Customer rebates and discount are recognised against the respective revenue.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

2. Summary of significant accounting policies (cont'd)

2.25 Segment reporting

An operating segment is a component of the Group:

- (a) that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components,
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker and the Group to make decisions about resources to be allocated to the segment and assess its performance; and
- (c) for which discrete financial information is available.

2.26 Distributions to the Unitholders

Distributions to the Unitholders are recorded in equity in the period in which they are approved for payment.

3. Significant accounting estimates, assumptions and judgements

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 and key sources of estimation uncertainty in applying the entity's accounting policies

The following are the critical judgements and key sources of estimation uncertainty that Trustee-Manager has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

- (a) Estimated useful life of property, plant and equipment (Note 18)

The Group reviews annually the estimated useful life of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful life of property, plant and equipment would decrease the net profit and decrease the carrying value of property, plant and equipment.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

3. Significant accounting estimates, assumptions and judgements (cont'd)

(b) Goodwill impairment reviews

During an impairment review, the Group assesses whether the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. In making this judgement, the Group evaluates the value in use which is supported by the net present value of future cash flows derived from such assets or cash-generating units using cash flow projections which have been discounted at an appropriate rate. Forecasts of future cash flows are based on the Group's estimates using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The assumptions used by management to determine the value in use calculations of goodwill on acquisition of subsidiaries are disclosed in Note 21.

(c) Fair value of derivative financial instruments (Note 27)

The fair value of the interest rate swaps is derived using the discounted cash flow method, where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

4. Revenue

	Group	
	2020	2019
	\$'000	\$'000
Timing of revenue recognition		
At a point in time:		
- Ducts and manholes service revenue – joint-build construction and provision of RAO services	1,021	6,797
- Installation-related revenue	20,513	21,412
- Diversion revenue	11,127	13,507
- Co-location revenue – Others	1,216	1,028
- Fibre related revenue	2,740	2,782
- Other revenue	414	745
	<u>37,031</u>	<u>46,271</u>
Over time:		
- Ducts and manholes service revenue - Provision of space	29,261	30,579
- Central office revenue	5,383	5,384
- Finance lease income (Note 15)	5,236	5,248
- Service income and charges	7,240	6,859
- Connection revenue - Residential	231,496	206,768
- Connection revenue - Non-residential	31,204	29,962
- Connection revenue - NBAP	1,405	1,202
- Connection revenue - Segment fibre	5,841	5,707
- Co-location revenue - Space, power and cooling	16,095	15,600
	<u>333,161</u>	<u>307,309</u>
	<u>370,192</u>	<u>353,580</u>

5. Segment information

The chief operating decision maker has been determined as the Chief Executive Officer of the Group. The Chief Executive Officer reviews the internal management reports in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

As the Group is principally engaged in the provision of duct and manholes, central offices and space in central offices and fibre related services in Singapore, management considers that the Group operates in one single business and geographical segment.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

6. Other income

	Group 2020 \$'000	2019 \$'000
Interest income	1,730	1,792
Government grants ^(a)	2,912	240
Third party compensation ^(b)	1,791	779
Fibre Readiness Certification	455	432
Plant Route Plans	273	107
Notice for Commencement of Earthworks	212	97
Others	170	11
	<u>7,543</u>	<u>3,458</u>

(a) Government grants consists mainly of Wage Credit Scheme, Jobs Support Scheme and property tax rebate.

(b) Third party compensation consists mainly of compensation received for construction works performed on behalf of Land Transport Authority ("LTA"), proceeds from land purchased by Singapore Land Authority ("SLA") for the purpose of the construction of an MRT track in Jurong West and from third parties for cable cuts.

7. Staff costs

	Group 2020 \$'000	2019 \$'000
Salaries and wages	26,028	24,571
Employer's contribution to defined contribution plans including Central Provident Fund	3,033	3,030
Other short-term benefits	1,670	1,891
Less: Staff costs capitalised	(3,293)	(5,263)
	<u>27,438</u>	<u>24,229</u>

8. Finance costs

	Group 2020 \$'000	2019 \$'000
Interest on bank loans	17,206	16,286
Interest on lease liabilities (Note 29)	500	-
Interest cost attributable to advanced payment received for ducts and manholes services	133	140
Financing related costs	1,489	1,484
Loss arising from discontinuation of cash flow hedge	313	-
Realised loss on interest rate swaps	863	1,216
	<u>20,504</u>	<u>19,126</u>

For cash flow purposes, finance costs do not include amortisation of transaction fee of \$864,000 (2019: \$812,000).

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

9. Management fee

Management fees are payable quarterly in arrears and in accordance with the Trust Deed dated 19 June 2017.

10. Profit before income tax

The following items have been included in arriving at profit before income tax:

	Group 2020 \$'000	2019 \$'000
<u>Total depreciation and amortisation:</u>		
Depreciation of property, plant and equipment (Note 18)	160,914	156,554
Depreciation of right-of-use assets (Note 19)	2,630	-
Amortisation of Licence (Note 22)	4,238	4,238
	<u>167,782</u>	<u>160,792</u>
<u>Other operating expenses:</u>		
Property tax	16,309	16,438
Operating lease expense (Note 33a)	-	3,889
Expense relating to short-term lease (Note 33a)	74	-
Property, plant and equipment written off (Note 18)	16,746	2,075
(Write-back of provision)/ provision for stock obsolescence (Note 16)	(110)	46
Provision for/ (write-back of) loss allowance for trade receivables (Note 13)	213	(100)
<u>Total amount of fees paid/ payable to auditors of the Trust:</u>		
Audit fees paid/ payable to auditors of the Trust	170	163
Non audit fees paid/ payable to auditors of the Trust	155	10
	<u>325</u>	<u>173</u>
Total	<u>325</u>	<u>173</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

11. Income tax credit

The major components of income tax credit for the year ended 31 March 2020 is:

	Group 2020 \$'000	2019 \$'000
Income tax is made up of:		
- Current income tax expense	(5,786)	(581)
- Under provision of current income tax in prior year	(14)	(7,730)
	<u>(5,800)</u>	<u>(8,311)</u>
- Deferred income tax due to origination and reversal of temporary differences (Note 30)	12,490	7,528
- (Under)/ over provision of deferred income tax in prior year (Note 30)	(446)	8,392
	<u>6,244</u>	<u>7,609</u>
Income tax credit recognised in profit or loss	<u>6,244</u>	<u>7,609</u>

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year is as follows:

	Group 2020 \$'000	2019 \$'000
Profit before income tax	<u>71,869</u>	<u>69,750</u>
Income tax expense calculated at a tax rate of 17%	(12,218)	(11,858)
Effect of:		
- Income not subject to taxation	240	18
- Expenses not deductible for tax purposes	(1,029)	(783)
- Tax relief and tax rebate	52	-
- Tax benefit on the tax exempted interest income derived from qualifying project debt securities (Note 24)	19,689	19,635
- (Under)/ over provision in prior year – net	(460)	662
- Others	(30)	(65)
	<u>6,244</u>	<u>7,609</u>

In December 2018, NLT received an amended assessment relating to Year of Assessment 2014 from the Inland Revenue Authority of Singapore (“IRAS”) where certain capital allowances claimed by NLT were reduced. These capital allowances were previously transferred to Singtel group under the group tax relief system. The additional assessments for the Singtel group amount to \$120 million.

In May 2020, Singtel finalised the tax position with IRAS. The amended assessment does not result in any tax payable by NLT under the transfer agreement with Singtel group.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

12. Cash and bank deposits

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash and bank balances	160,353	138,621	58,786	223
Capital expenditure reserve fund ^(a)	8,271	10,000	-	-
Cash at bank, representing cash and cash equivalents	<u>168,624</u>	<u>148,621</u>	<u>58,786</u>	<u>223</u>

(a) Capex Reserve comprises monies set aside each year for at least 20% of capital expenditure reserve fund, which cumulates to \$40.0 million over the five-year period from 1 January 2018 to 31 December 2022, to meet regulatory requirements from Infocomm Media Development Authority ("IMDA") for any new network infrastructure projects that improve the capacity, technology, capability or resilience of NLT's network infrastructure. On a quarterly basis, NLT will set aside additional funds in the capital expenditure reserve on a pro-rata basis computed based on the yearly requirement of \$8.0 million. As at 31 March 2020, NLT has set aside \$18.0 million for capital expenditure reserve of which approximately \$9.7 million were utilised to increase network resiliency and capacity.

13. Trade and other receivables

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade receivables:				
- Third parties	9,068	11,170	20	33
- Substantial Unitholder	14,760	21,186	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	9,740	9,144	-	-
Loss allowances	(294)	(81)	-	-
	<u>33,274</u>	<u>41,419</u>	<u>20</u>	<u>33</u>
Other receivables:				
- Third parties	6,366	5,506	-	-
- Subsidiaries	-	-	47	57,591
Grant receivables	6,389	-	-	-
	<u>46,029</u>	<u>46,925</u>	<u>67</u>	<u>57,624</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

13. Trade and other receivables (cont'd)

Trade receivables due from third parties, substantial unitholder and subsidiary of a substantial shareholder of the substantial unitholder.

The average credit period is 30 days (2019: 30 days). No interest is charged on the trade receivables for the first 30 days from the date of the invoice. Thereafter, interest is charged at 10.75% (2019: 10.75%) per annum on the outstanding balance for interconnection services which are regulated under IMDA which consist of connection revenue, co-location revenue, installation-related revenue and fibre related revenue. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for factors that are specific to the customer.

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 customer is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	2020			2019		
	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000	Weighted average loss rate %	Gross carrying amount \$'000	Loss allowance \$'000
Group						
Current	0.07	28,798	19	0.01	35,644	2
Past due 1-30 days	2.10	667	14	-	1,054	-
Past due 31-60 days	11.09	1,308	145	-	4,560	-
Past due 61-90 days	76.92	13	10	17.65	17	3
Past due above 90 days	3.81	2,782	106	33.78	225	76
		<u>33,568</u>	<u>294</u>		<u>41,500</u>	<u>81</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

13. Trade and other receivables (cont'd)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	Lifetime ECL - Not credit-impaired			Total \$'000
	Collectively assessed \$'000	Individually assessed \$'000	Lifetime ECL - credit-impaired \$'000	
At 1 April 2018	-	169	12	181
Allowance utilised	-	(23)	(12)	(35)
Loss allowance recognised	6	42	26	74
Amounts recovered	-	(139)	-	(139)
At 31 March 2019	6	49	26	81
Allowance utilised	-	(10)	(5)	(15)
Loss allowance recognised	184	2	95	281
Amounts recovered	(4)	(39)	(10)	(53)
At 31 March 2020	186	2	106	294

Grant receivables and other receivables due from third parties and subsidiaries

Grant receivables pertains to Jobs Support Scheme and property tax rebates announced by the Singapore Government and are unsecured and interest-free.

Other receivables due from third parties and subsidiaries are unsecured, interest-free and are generally receivable on 30 days terms.

ECL for grant receivables and other receivables due from third parties and subsidiaries are expected to be insignificant.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

14. Contract assets

	Group 2020 \$'000	2019 \$'000
Contract assets	27,382	28,909
Analysed as:		
Substantial Unitholder	9,613	12,699
Subsidiaries of a substantial shareholder of the substantial Unitholder	9,177	9,374
Third parties	8,592	6,836
	<u>27,382</u>	<u>28,909</u>

Movements in the contract assets balances during the year are as follows:

	Group 2020 \$'000	2019 \$'000
At the beginning of the year	28,909	23,676
Contract assets recognised, net of reclassification (to)/ from trade receivables	(1,527)	5,233
At the end of the year	<u>27,382</u>	<u>28,909</u>

The contract assets primarily relate to the Group's rights to consideration for goods and services provided but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customers.

ECL is not expected to be significant for contract assets.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

15. Finance lease receivables

	Group	
	2020	2019
	\$'000	\$'000
Amounts receivable under finance leases		
Year 1	5,456	5,456
Year 2	5,456	5,456
Year 3	5,456	5,456
Year 4	5,456	5,456
Year 5	5,456	5,456
Year 6 and onwards	<u>266,038</u>	<u>271,494</u>
Undiscounted lease payments and gross investment in the lease (Note 33b)	293,318	298,774
Less: Unearned finance income	<u>(205,659)</u>	<u>(210,894)</u>
Net investment in the lease	<u>87,659</u>	<u>87,880</u>
Undiscounted lease payments analysed as:		
Recoverable within 12 months	5,456	5,456
Recoverable after 12 months	<u>287,862</u>	<u>293,318</u>
	<u>293,318</u>	<u>298,774</u>
Net investment in the lease analysed as:		
Recoverable within 12 months	234	221
Recoverable after 12 months	<u>87,425</u>	<u>87,659</u>
	<u>87,659</u>	<u>87,880</u>

The following table presents the amounts included in profit or loss.

	Group	
	2020	2019
	\$'000	\$'000
Finance income on the net investment in finance leases (Note 4)	<u>5,236</u>	<u>5,248</u>

The Group's finance lease arrangements do not include variable payments.

The finance lease receivables relate to the rental agreements on the land and building between a subsidiary and the substantial Unitholder in relation to the space occupied by the substantial Unitholder in the central office buildings owned by the subsidiary. As at 31 March 2012, the exchange buildings have a remaining lease period of 50 to 70 years.

The interest rate inherent in the leases is fixed at the contract date for all of the lease term. The average effective interest rate contracted is approximately 6.2% (2019: 6.2%).

Loss allowance for finance lease receivables has always been measured 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, management 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.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

16. Inventories

Movement in provision for stock obsolescence

	Group	
	2020	2019
	\$'000	\$'000
Balance at beginning of the financial year	185	139
(Write-back of provision)/ provision for obsolescence during the year (Note 10)	(110)	46
Utilised during the year	(20)	-
Balance at the end of the financial year	<u>55</u>	<u>185</u>

The cost of inventories recognised as an expense includes \$115,000 (2019: \$Nil), in respect of write-downs of inventory to net realisable value.

The cost of inventories recognised as an expense and included in operation and maintenance costs amounted to \$238,000 (2019: \$332,000).

17. Other current assets

	Group		Trust	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Deposits	523	144	-	-
Prepayments	4,092	3,972	252	310
	<u>4,615</u>	<u>4,116</u>	<u>252</u>	<u>310</u>

ECL is expected to be insignificant for deposits.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

18. Property, plant and equipment

Group	Leasehold land and buildings \$'000	Network assets \$'000	Exchange equipment \$'000	Leasehold improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Asset under construction \$'000	Total \$'000
Cost:								
At 1 April 2018	8,949	3,635,160	119,248	2,369	20,899	886	75,105	3,862,616
Additions	562	2,949	13,558	-	1,644	868	52,909	72,490
Transfer	-	56,799	-	-	-	-	(56,799)	-
Disposals/ written off	-	(1,514)	(1,888)	-	(97)	(125)	-	(3,624)
At 31 March 2019	9,511	3,693,394	130,918	2,369	22,446	1,629	71,215	3,931,482
Additions	127	2,239	2,881	-	2,041	-	72,501	79,789
Transfer	-	58,039	-	-	-	-	(58,039)	-
Disposals/ written off	(64)	(905)	(1,693)	-	(76)	-	(15,468)	(18,206)
At 31 March 2020	9,574	3,752,767	132,106	2,369	24,411	1,629	70,209	3,993,065
Accumulated depreciation:								
At 1 April 2018	378	581,608	47,972	1,545	20,151	294	-	651,948
Depreciation charge	157	143,586	11,422	470	771	148	-	156,554
Disposals/ written off	-	(332)	(1,000)	-	(93)	(122)	-	(1,547)
At 31 March 2019	535	724,862	58,394	2,015	20,829	320	-	806,955
Depreciation charge	161	145,846	11,714	324	2,561	162	146	160,914
Disposals/ written off	(4)	(284)	(1,096)	-	(76)	-	-	(1,460)
At 31 March 2020	692	870,424	69,012	2,339	23,314	482	146	966,409

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

18. Property, plant and equipment (cont'd)

Group	Leasehold land and buildings \$'000	Network assets \$'000	Exchange equipment \$'000	Leasehold improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Asset under construction \$'000	Total \$'000
Net carrying amount:								
At 31 March 2019	8,976	2,968,532	72,524	354	1,617	1,309	71,215	3,124,527
At 31 March 2020	8,882	2,882,343	63,094	30	1,097	1,147	70,063	3,026,656

Leasehold land and buildings include leases of land on which the Group's central office buildings are built on, with remaining lease terms of between 49 years to 68 years (2019: 50 to 69 years), and have a carrying amount of \$6,952,000 (2019: \$7,108,000)

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

19. Right-of-use assets

The Group leases several leasehold land and buildings and furniture, fittings and equipment. The average lease term is 9 years.

	Leasehold land and buildings \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Group			
Cost:			
At 1 April 2019	23,335	208	23,543
Additions	39	20	59
At 31 March 2020	<u>23,374</u>	<u>228</u>	<u>23,602</u>
Accumulated depreciation:			
At 1 April 2019	8,771	97	8,868
Depreciation charge	2,577	53	2,630
At 31 March 2020	<u>11,348</u>	<u>150</u>	<u>11,498</u>
Carrying amount:			
At 31 March 2020	<u>12,026</u>	<u>78</u>	<u>12,104</u>

20. Rental deposits

	Group	
	2020 \$'000	2019 \$'000
Subsidiary of a substantial shareholder of the substantial Unitholder	45	41
Substantial Unitholder	160	160
Third parties	15	466
	<u>220</u>	<u>667</u>

ECL is expected to be insignificant for rental deposits.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

21. Goodwill

	Group	
	2020	2019
	\$'000	\$'000
Cost:		
Balance at beginning/ end of year	746,854	746,854
	<u>746,854</u>	<u>746,854</u>
Carrying amount:		
Balance at beginning/ end of year	746,854	746,854
	<u>746,854</u>	<u>746,854</u>

Goodwill arose in the acquisition of NLT because the consideration paid effectively included amounts in relation to the benefits of expected revenue growth which do not meet the recognition criteria for separate intangible assets.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. There is only one cash-generating unit and management considers that the Group operates in one single business unit.

The recoverable amount of the cash-generating unit is determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate and the expected cash flows. The long-term cash flow forecasts are based on revenue, operating and capital expenditure assumptions which are mainly driven by growth rates and operating margins.

The Group prepares cash flow forecasts which are derived from the most recent financial budget approved by the Board. The discount rates applied to the cash flow projections are based on Weighted Average Cost of Capital ("WACC") where the cost of a company's debt and equity capital are weighted to reflect its capital structure.

The WACC used to discount the cash flows is 5.04% (2019: 5.26%). The time period used is 14 years (2019: 15 years) in line with the amortisation of the licence. The terminal growth rates used of 1.5% (2019: 1.5%) do not exceed the long-term average growth rates of the industry in which the Group operates.

As at 31 March 2020, any reasonably possible change to the key assumptions applied are not likely to cause the recoverable amounts to be below the carrying amounts of the cash-generating unit.

22. Licence

	Group	
	2020	2019
	\$'000	\$'000
Cost:		
Balance at beginning/ end of year	95,980	95,980
	<u>95,980</u>	<u>95,980</u>
Amortisation:		
Balance at beginning of year	(7,416)	(3,178)
Amortisation	(4,238)	(4,238)
Balance at end of year	(11,654)	(7,416)
	<u>(11,654)</u>	<u>(7,416)</u>
Carrying amount:		
Balance at end of year	84,326	88,564
	<u>84,326</u>	<u>88,564</u>

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

22. Licence (cont'd)

The Group's Facilities-based Operations ("FBO") licence pertains to providing access to the ducts, manholes and central offices required by other FBOs in rolling out their network for specific telecommunication purposes.

23. Investment in subsidiaries

	Trust	
	2020	2019
	\$'000	\$'000
Unquoted equity investments, at cost	2,013,673	2,013,673

Details of the subsidiaries are as follows:

Name of company/ entity	Principal activities (Country of incorporation/ Place of business)	Effective interest held by the Trust (%)	
		2020	2019
Held by the Trust:			
NetLink Trust [#]	See Note 1 below (Singapore)	100	100
NetLink Management Pte. Ltd. [#]	Provision of management services to NLT (Singapore)	100	100
NetLink Treasury Pte. Ltd. (incorporated on 29 November 2019)*	Provision of treasury management activities (Singapore)	100	-
Held through NetLink Trust:			
NetLink Trust Operations Company Pte. Ltd. [#]	Provision of manpower services to NLT (Singapore)	100	100
OpenNet Pte. Ltd. (In Members' Voluntary Liquidation)	Dormant, voluntary liquidation commenced on 10 January 2018 (Singapore)	100	100

[#] Audited by Deloitte & Touche LLP.

* The first set of audited accounts shall be from date of incorporation, 29 November 2019 to 31 March 2021. The company has not commenced business as at 31 March 2020.

Note 1:

The principal activities are (i) The ducts and manholes business which entails the ownership, installation, operation and maintenance of ducts, manholes, central offices and space in central offices in Singapore for the purposes of telecommunication activities; and (ii) The ownership, installation, operation and maintenance of the passive portion of the Next Generation National Broadband Network of Singapore for the purposes of providing services to provide facilities based operations granted by the Infocomm Media Development Authority which is the successor-in-title of the Info-communications Development Authority of Singapore.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

24. Subordinated loan to a subsidiary

On 19 July 2017, the Trust subscribed for \$1.1 billion of subordinated notes due in year 2037 issued by NLT, which are qualifying project debt securities. The notes bear interest of 10.5% per annum, payable semi-annually in arrears on 31 March and 30 September each year.

25. Trade and other payables

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables				
- Third parties	10,698	16,242	52	26
- Substantial Unitholder	11	173	-	-
- Subsidiaries of a substantial shareholder of the substantial Unitholder	69	87	-	-
- Other related parties	94	1,590	19	291
Other payables	2,003	648		
Accruals:				
- Property, plant and equipment	9,359	9,348	-	-
- Property, plant and equipment from substantial Unitholder	10,815	6,572	-	-
- Operating expenses	19,449	19,408	609	204
- Operating expenses from substantial Unitholder	1,696	1,281	-	-
Interest payable to third parties	52	149	-	-
Deferred grant income	3,731	-	-	-
Provision for reinstatement cost	525	525	-	-
	<u>58,502</u>	<u>56,023</u>	<u>680</u>	<u>521</u>

Trade and other payables pertaining to third parties, substantial Unitholder, Trustee-Manager of the Trust, related parties in which a subsidiary of the substantial Unitholder and subsidiaries of a substantial shareholder of the substantial Unitholder, are normally settled between 30 to 90 days terms and are non-interest bearing.

The trade payables for related parties consist of:

- Amount owing to a subsidiary of the substantial Unitholder is \$76,000 (2019: \$1,299,000).
- Amount owing to Trustee-Manager is \$18,000 (2019: \$291,000).

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

26. Deferred revenue

Group's revenue that was included in deferred revenue at the end of the year:

	Group	
	2020	2019
	\$'000	\$'000
Current		
Amounts received/ receivable for ducts and manholes services ⁽ⁱ⁾	370	512
Amounts received/ receivable for diversion services ⁽ⁱⁱ⁾	5,266	3,031
Amounts received/ receivable for service activation charge ⁽ⁱⁱⁱ⁾	12,774	7,788
Amounts receivable for which collection is uncertain ^(iv)	599	3,576
Amounts received in advance for installation-related revenue ^(v)	19	39
	<u>19,028</u>	<u>14,946</u>
Non-current		
Amounts received/ receivable for ducts and manholes services ⁽ⁱ⁾	<u>6,675</u>	<u>7,043</u>

- (i) Revenue received in advance from substantial Unitholder, which is recognised as revenue when the services are rendered.
- (ii) Revenue related to diversion services is recognised when the services are completed. When the customer initially prepays for the services, deferred revenue is recognised until the services are provided to the customer.
- (iii) The service activation charge relating to the termination of fibre connections is deferred and recognised only upon completion of unpatching works required for the termination of fibre connections.
- (iv) Other invoices issued to customers for which services have yet to be rendered or collection is uncertain. Revenue is recognised upon service completion or probable collection. An example is the recovery of costs incurred for cable cut incidents by errant contractors.
- (v) Revenue related to installation-related is collected in advance and recognised only upon completion of installation works.

As at 31 March 2020, there was no performance obligations that was unsatisfied or partially satisfied, other than performance obligations relating to ducts and manholes services, diversion services, service activation charges and installation-related revenue as described above. As the Group has the right to invoice the customers, the Group has applied the practical expedient to not disclose the related unsatisfied performance obligations.

Group's revenue that was included in deferred revenue at the beginning of the year:

	Group	
	2020	2019
	\$'000	\$'000
Amounts received/ receivable for ducts and manholes services ⁽ⁱ⁾	510	223
Amounts received/ receivable for diversion services ⁽ⁱⁱ⁾	1,127	1,936
Amounts received/ receivable for service activation charge ⁽ⁱⁱⁱ⁾	969	164
Amounts receivable for which collection is uncertain ^(iv)	186	405
Amounts received in advance for installation-related revenue ^(v)	39	-
	<u>2,831</u>	<u>2,728</u>
Recognised as revenue in profit or loss		

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

27. Derivative financial instruments

	Group	
	2020	2019
	\$'000	\$'000
Current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	6,945	-
Non-current		
Interest rate swaps, designated in hedge accounting relationship (net-settled)	-	780

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

The following tables detail various information regarding interest rate swap contracts outstanding at the end of the reporting period and their related hedged items. Interest rate swap contract assets and liabilities are included in the "derivative financial instruments" line item in the consolidated statements of financial position.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

27. Derivative financial instruments (cont'd)

Group

	Currency	Maturity years	Average rate	Nominal amount of the hedging instrument	Life to date values as at	Year to date values recognised during the year ended		
					31 March 2020	31 March 2020		
					Carrying amount of the hedging instrument	Cost of hedging reserve	Hedge effectiveness in reserves	Fair value hedge/ (income statement loss)
				\$'000	\$'000	\$'000	\$'000	\$'000
2020								
Cash flow hedge								
Interest rate swaps	SGD	0-1	2.86%	636,000	6,945	861	(6,165)	(1,176)
2019								
Cash flow hedge								
Interest rate swaps	SGD	1-2	2.86%	636,000	780	6,713	(537)	(1,216)

The cost of hedging reserves is the hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy. The Group recognised a loss of \$313,000 (2019: \$Nil) arising from the discontinuation of hedging relationship due to repayment of the \$126 million Revolving Credit Facility ("RCF").

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the Singapore interbank rate. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

28. Loans

		Effective Average Interest rate		2020	2019
		2020	2019	\$'000	\$'000
		%	%		
Unsecured borrowings					
Repayable within one year					
-	Bank loans (unsecured)	2.88	-	509,411	-
Repayable after one year					
-	Bank loans (unsecured)	2.43	2.82	155,377	634,554
				<u>664,788</u>	<u>634,554</u>
Maturity	Terms			Utilised 2020	Utilised 2019
				\$'000	\$'000
March 2021	\$510 million Five-Year Term Loan			510,000	510,000
March 2021	\$90 million Five-Year RCF			-	-
June 2020	\$210 million Three-Year RCF			-*	126,000*
March 2023	\$210 million Three-Year RCF			156,000#	-
				<u>666,000</u>	<u>636,000</u>
Transaction costs				(1,212)	(1,446)
				<u>664,788</u>	<u>634,554</u>

* The \$126 million loan was fully repaid on 31 March 2020 and the \$210 million Three-Year RCF which commenced on 15 June 2017 was cancelled on 31 March 2020.

\$156 million was drawn down from a new Three-Year RCF which commenced on 19 March 2020 to repay the \$126 million loan and to fund capital expenditure.

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.

	1 April 2019	Financing cash flows	Non-cash amortisation of transaction fees (Note 8)	31 March 2020
	\$'000	\$'000	\$'000	\$'000
Loans	634,554	29,370	864	664,788
	<u>634,554</u>	<u>29,370</u>	<u>864</u>	<u>664,788</u>
	1 April 2018	Financing cash flows	Non-cash amortisation of transaction fees (Note 8)	31 March 2019
	\$'000	\$'000	\$'000	\$'000
Loans	588,742	45,000	812	634,554
	<u>588,742</u>	<u>45,000</u>	<u>812</u>	<u>634,554</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

29. Lease liabilities

	Group 2020 \$'000
Maturity analysis:	
Not later than one year	2,251
Later than one year but not later than five years	5,132
Later than five years	9,896
	<u>17,279</u>
Less: Unearned interest	(3,174)
	<u>14,105</u>
Analysed as:	
Current	1,821
Non-current	12,284
	<u>14,105</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's finance function.

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			
<u>1 April 2019 \$'000</u>	<u>Financing cash flows \$'000</u>	<u>Additions \$'000</u>	<u>Finance cost recognised (Note 8) \$'000</u>	<u>31 March 2020 \$'000</u>
Lease liabilities	16,560	(3,014)	59	500
				<u>14,105</u>

There is no lease liabilities as at 31 March 2019.

30. 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 relates to the same fiscal authority.

	Group	
	2020 \$'000	2019 \$'000
Movement in deferred tax account is as follows:		
Balance at beginning of year	536,907	552,827
Credited to profit or loss (Note 11)	(12,044)	(15,920)
Balance at end of year	<u>524,863</u>	<u>536,907</u>

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

30. Deferred tax liabilities (cont'd)

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 income tax liabilities

Group	Accelerated tax depreciation \$'000	Finance lease receivables \$'000	Licence \$'000	Others \$'000	Total \$'000
At 1 April 2018	521,692	14,975	15,777	383	552,827
Credited to profit or loss	(12,549)	(35)	(720)	(137)	(13,441)
At 31 March 2019	509,143	14,940	15,057	246	539,386
Credited to profit or loss	(9,354)	(38)	(720)	(40)	(10,152)
At 31 March 2020	499,789	14,902	14,337	206	529,234

Deferred income tax assets

Group	Deferred revenue \$'000	Total \$'000
At 1 April 2018	-	-
Credited to profit or loss	(2,479)	(2,479)
At 31 March 2019	(2,479)	(2,479)
Credited to profit or loss	(1,892)	(1,892)
At 31 March 2020	(4,371)	(4,371)
Net deferred income tax liabilities		
At 31 March 2019		536,907
At 31 March 2020		524,863

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

31. Units in issue

	Number of units		Units in Issue	
	2020	2019	2020 \$'000	2019 \$'000
Group and Trust				
Balance at beginning and end of year	<u>3,896,971,100</u>	<u>3,896,971,100</u>	<u>3,117,178</u>	<u>3,117,178</u>

All issued units are fully paid and rank *pari passu* in all respects.

32. Earnings per unit

Basic earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year. Diluted earnings per unit is calculated by dividing profit attributable to unitholders of the Trust by the weighted average number of units on issue during the financial year (adjusted for the effects of dilutive unit options).

The calculation of the basic earnings per unit attributable to the unitholders of the Trust is based on the following data:

Earnings	2020 \$'000	2019 \$'000
Profit attributable to unitholders of the Trust for basic and diluted earnings per unit computation	<u>78,113</u>	<u>77,359</u>
Number of Units	2020 '000	2019 '000
Weighted average number of units on issue applicable for basic and diluted earnings per unit computation	<u>3,896,971</u>	<u>3,896,971</u>

Without the effects of adoption of SFRS(I) 16 for the year ended 31 March 2020, profit after tax would have increased by \$116,000 and hence there is no material impact to basic earnings per unit.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

33. Commitments

- (a) Operating lease commitments – as lessee

Disclosure required by SFRS(I) 16

At 31 March 2020, the Group does not have any significant commitments to short-term leases.

Disclosure required by SFRS(I) 1-17

At 31 March 2019, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2019 \$'000
Not later than one year	3,028
Later than one year but not later than five years	6,385
More than five years	10,949
	<hr/>
	20,362
	<hr/> <hr/>

The future minimum lease payments under non-cancellable operating leases included future minimum lease payments with substantial Unitholder amounted to \$16,318,000 and subsidiaries of a substantial shareholder of the substantial Unitholder that has significant influence amounted to \$1,170,000.

- (b) Finance lease commitments – as lessor

The Group's finance lease commitments as lessor are shown in Note 15.

Included in the future minimum finance lease receivables comprise future minimum finance lease receivables with substantial Unitholder which amounted to \$293,318,000 (2019: \$298,774,000).

- (c) Capital commitments

Capital expenditure contracted for at the consolidated statement of financial position date but not recognised in the financial statements are as follows:

	Group 2020 \$'000	2019 \$'000
Property, plant and equipment	36,290	38,811
	<hr/>	<hr/>

There is capital commitment of \$25,000 (2019: \$25,000) with substantial Unitholder as at 31 March 2020.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

34. Related party transactions

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	Group	
	2020	2019
	\$'000	\$'000
Services rendered to a substantial Unitholder	161,479	166,550
Services rendered to subsidiaries of a substantial shareholder of the substantial Unitholder	112,470	94,698
Purchase of services from a substantial Unitholder	5,448	6,241
Purchase of fixed assets from a substantial Unitholder	2,239	10,609
Management fee paid or payable to Trustee-Manager of the Trust	998	982
Purchase of services from subsidiaries of a substantial shareholder of the substantial Unitholder	3,669	3,760
Purchases of goods from subsidiaries of the substantial Unitholder	430	4,227
	<u>430</u>	<u>4,227</u>

- (b) Compensation of directors and key management personnel compensation are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Wages and salaries	3,051	2,077
Employer's contribution to defined contribution plans, including Central Provident Fund	36	40
Other benefits	131	131
	<u>3,218</u>	<u>2,248</u>

The remuneration of directors and key management are determined by the Board Remuneration Committee having regard to the performance of individuals and market trends.

35. Financial risk management policies and objectives

The Group's activities expose it to a variety of financial risks arising from its operations. The key financial risks include credit risk, interest rate risk and liquidity risk. 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 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 and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors of the Trustee-Manager.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

35. Financial risk management policies and objectives (cont'd)

The Group uses a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including interest rate swaps to mitigate the risk of rising interest rates.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) Market risk management

(i) Foreign currency risk

The Group's revenue and expenditure are primarily transacted in Singapore Dollars ("SGD"). Foreign currency transactions are minimised and settled using spot rate. There is no significant foreign currency risk.

(ii) Interest rate risk

Summary quantitative data of the Group's interest-bearing financial instruments can be found in section (d) of this Note. The Group sometimes borrow at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The Group's policy is to maintain a mix of borrowings in both floating and fixed rate instruments to manage its overall exposure to interest rate risk. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Further details of the interest rate swaps can be found in Note 27 to the financial statements.

The Group has no significant exposure to interest rates cash flow risk as the risk has been substantially hedged through the fixed interest rates obtained by the Group.

(iii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates. 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.

Interest from 95.5% (2019: 100%) of bank loans has been hedged as at 31 March 2020 and the interest rate is fixed at an average of 2.86% (2019: 2.86%).

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements For the financial year ended 31 March 2020

35. Finance risk management policies and objectives (cont'd)

(a) Market risk management (cont'd)

(iii) Interest rate sensitivity (cont'd)

With regard to the remaining interest from 4.5% of bank loan not hedged in 2020, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Profit for the financial year ended 31 March 2020 would decrease/ increase by \$150,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(b) 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 31 March 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 arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

For the Group, there is a significant concentration of credit risk to their major customers which is a substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Trust for the duration of the respective service contracts entered into. The Group monitors the credit risk by ensuring that payments are received by the contracted payment date.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-months 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 >90 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

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

35. Finance risk management policies and objectives (cont'd)

(b) Overview of the Group's exposure to credit risk (cont'd)

The tables 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	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Group 2020							
Trade receivables							
Substantial Unitholder Subsidiaries of a substantial shareholder of the	13	A*	(i)	Lifetime ECL	14,760	-	14,760
substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,740	(2)	9,738
Third parties	13	N.A.	(i)	Lifetime ECL	9,068	(292)	8,776
Other receivables	13	N.A.	Performing	12-month ECL	6,366	-	6,366
Grant receivables	13	N.A.	Performing	12-month ECL	6,389	-	6,389
Contract assets	14	N.A.	(i)	Lifetime ECL	27,382	-	27,382
Finance lease receivables							
Other current asset	15	N.A.	(i)	Lifetime ECL	87,659	-	87,659
Deposit	17	N.A.	Performing	12-month ECL	523	-	523
Rental deposit	20	N.A.	Performing	12-month ECL	220	-	220
						(294)	
2019							
Trade receivables							
Substantial Unitholder Subsidiaries of a substantial shareholder of the	13	A+*	(i)	Lifetime ECL	21,186	-	21,186
substantial Unitholder	13	N.A.	(i)	Lifetime ECL	9,144	-	9,144
Third parties	13	N.A.	(i)	Lifetime ECL	11,170	(81)	11,089
Other receivables	13	N.A.	Performing	12-month ECL	5,506	-	5,506
Contract assets	14	N.A.	(i)	Lifetime ECL	28,909	-	28,909
Finance lease receivables							
Other current asset	15	N.A.	(i)	Lifetime ECL	87,880	-	87,880
Deposit	17	N.A.	Performing	12-month ECL	144	-	144
Rental deposit	20	N.A.	Performing	12-month ECL	667	-	667
						(81)	

* The external credit rating is based on Standard and Poor's rating as at 31 March 2020 and 31 March 2019.

N.A. = Not applicable.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

35. Finance risk management policies and objectives (cont'd)

(b) Overview of the Group's exposure to credit risk (cont'd)

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$'000	Loss allowance \$'000	Net carrying amount \$'000
Trust							
2020							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	20	-	20
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	47	-	47
2019							
Trade receivables							
Third parties	13	N.A.	(i)	Lifetime ECL	33	-	33
Other receivables – subsidiaries	13	N.A.	Performing	12-month ECL	57,591	-	57,591

- (i) As per Note 2.10(i), NetLink Group recognises lifetime ECL for trade receivables, contract assets and finance lease receivables, and has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix and taking into account the historical default experience. Note 13, 14, 15, 17 and 20 include further details on the loss allowance for these assets respectively. For all other financial assets, the Group measures the loss allowance applying an amount equal to 12-month ECL.

(c) Credit risk management

Of the trade and other receivables, finance lease receivable and contract assets balance at the end of the year, \$130.9 million (2019: \$140.3 million) is due from substantial Unitholder and subsidiary of the substantial shareholder of a substantial Unitholder of the Group. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to substantial Unitholder and subsidiary of a substantial shareholder of the substantial Unitholder of the Group did not exceed 81.3% (2019: 85.7%) of total trade and other receivables, finance lease receivable and contract assets at year end.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

N.A. = *Not applicable.*

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

35. Finance risk management policies and objectives (cont'd)

(c) Credit risk management (cont'd)

Collateral held as security and other credit enhancements

The maximum credit risk exposure is represented by the carrying value of each financial asset in the statements of financial position less collateral held. Collaterals in the form of cash are obtained from counterparties where appropriate.

Cash and fixed deposits are placed with banks which are regulated and with high credit ratings.

(d) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group manages their liquidity risk by maintaining a sufficient level of cash and cash equivalents deemed adequate by the Trustee-Manager to finance the Group's operations including servicing of financial obligations and to mitigate the effects of fluctuations in cash flow. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted.

As at 31 March 2020, current liabilities of the Group exceeded current assets by \$351 million due to the classification of the \$510 million loan as a short-term liability. The Trustee-Manager believes that the Group will be able to refinance the \$510 million loan and meet its current obligations as and when they fall due.

The Group has \$144 million (2019: \$174 million) of undrawn committed borrowing facilities available for working capital and general corporate use.

NetLink NBN Trust and its Subsidiaries

Notes to the Financial Statements
For the financial year ended 31 March 2020

35. Finance risk management policies and objectives (cont'd)

(d) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The table below analyses the maturity profile of the Group's and Trust's financial liabilities based on contractual undiscounted cash flows.

	Effective interest rate %	Within 1 year \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000	Adjustment \$'000	Total \$'000
2020						
Group						
Loans	2.83	527,408	163,049	-	(25,669)	664,788
Trade and other payables	-	54,771	-	-	-	54,771
Lease liabilities	3.28	2,251	5,132	9,896	(3,174)	14,105
		<u>584,430</u>	<u>168,181</u>	<u>9,896</u>	<u>(28,843)</u>	<u>733,664</u>
Trust						
Trade and other payables	-	680	-	-	-	680
		<u>680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>680</u>
2019						
Group						
Loans	2.82	17,123	650,636	-	(33,205)	634,554
Trade and other payables	-	56,023	-	-	-	56,023
		<u>73,146</u>	<u>650,636</u>	<u>-</u>	<u>(33,205)</u>	<u>690,577</u>
Trust						
Trade and other payables	-	521	-	-	-	521
		<u>521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>521</u>

All non-derivative financial assets are recoverable within 1 year except for finance lease receivables disclosed in Note 15.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

35. Finance risk management policies and objectives (cont'd)

(e) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Group

Some of the Group's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair Value as at (\$'000)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 March 2020	31 March 2019				
Interest rate swaps	6,945	780	Level 2	Note 1	N.A.	N.A.

Note 1: Discounted cash flow where the future cash flows are estimated based on various inputs, including the forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, the terms and maturity of each contract, and discounted at rates derived from observable yield curves.

The Trust has no financial assets or liabilities that are measured at fair value on a recurring basis.

(f) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern and to ensure that all externally imposed capital requirements are complied with.

The capital requirements of the capital structure of the Group consists of equity attributable to unitholders, comprising units in issue, retained earnings and hedging reserves.

(g) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

Please refer to Note 35(h).

The carrying value less loss allowance of trade receivables approximates their fair values. The carrying amounts of other receivables and finance lease receivables, subordinated loan to a subsidiary and bank loans approximate their fair values.

N.A. = Not applicable.

NetLink NBN Trust and its Subsidiaries

**Notes to the Financial Statements
For the financial year ended 31 March 2020**

35. Finance risk management policies and objectives (cont'd)

(h) Categories of financial instruments

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

	Group		Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Financial Assets				
Financial assets at amortised cost	330,437	313,146	1,158,853	1,157,847
Financial Liabilities				
Financial liabilities at amortised cost	719,559	690,577	680	521
Lease liabilities	14,105	-	-	-
Derivative Instruments: Designated in hedge accounting relationships	6,945	780	-	-
Total	740,609	691,357	680	521

36. Distribution to Unitholders

Distribution paid during the year:

	Group and Trust	
	2020 \$'000	2019 \$'000
Distribution of 3.24 Singapore cents per unit for the period from 19 July 2017 to 31 March 2018 and paid on 8 June 2018	-	126,262
Distribution of 2.44 Singapore cents per unit for the period from 1 April 2018 to 30 September 2018 and paid on 27 November 2018	-	95,086
Distribution of 2.44 Singapore cents per unit for the period from 1 October 2018 to 31 March 2019 and paid on 3 June 2019	95,086	-
Distribution of 2.52 Singapore cents per unit for the period from 1 April 2019 to 30 September 2019 and paid on 26 November 2019	98,204	-
	193,290	221,348

37. Subsequent events

Subsequent to the end of reporting year, the Trustee-Manager approved a distribution of \$98,593,369 or 2.53 Singapore cents per unit in respect of financial period from 1 October 2019 to 31 March 2020 and it has not been adjusted for the current financial year in accordance with SFRS(I) 1-10 *Events After the Reporting Period*.

38. Comparative figures

Certain reclassifications have been made to prior year's financial statements to enhance comparability with the current year's financial statements for better presentation purposes.

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